

**Report of
Property Condition Assessment**

For

**Yuma Arizona Project
10793 West County 20 ½ Street
Somerton, Arizona 85350**



December 21, 2010

**Provided By:
Faithful+Gould, Inc.**

Provided For:





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SECTION 1 - EXECUTIVE SUMMARY

1.0 Executive Summary

1.1 Introduction

Faithful+Gould was requested to complete a Property Condition Assessment Report (PCAR) of the site and site improvements of the Yuma Arizona Project (former Meadowcraft building) located at 10793 W. County 20 ½ Street in Somerton, Arizona (Property). This evaluation and report were completed in response to a request from Wells Fargo (Client).

On June 7, 2010 Messrs. Rob LeMarr and Herb Spitz, LEED AP of Faithful+Gould visited the Property to observe and document the condition of the building and site components. Faithful+Gould was unaccompanied during the visit. We also requested public records from the local fire marshal's office, building officials and zoning commission.

The primary purpose of the proposed PCAR is to identify visually apparent deficiencies in the building and site systems and provide an opinion of recommended actions over the agreed study period of 5 year.. The evaluation included a site visits to observe the building and site systems, and reviewing available maintenance systems, design and construction documents and plans.

1.2 Disclaimer

The evaluation and recommendations contained within this report is not intended to be exhaustive or guarantee the identification of every possible issue of potential concern, and may not be construed as a warranty or guarantee of the present or future condition of the subject property. The evaluation was visual in nature and is not intended to be destructive to the property to gain access to hidden conditions. We do not complete a calculation of the net rentable floor areas, or perform any destructive testing or uncover or expose any system members.

As the scope of services is limited to visual observations, the proposed assessment did not identify conditions hidden by interior finishes, exterior finishes or within any enclosed construction or equipment. In addition, as the assessment is limited in scope, time on site and fee, Faithful+Gould may not access all areas of the property, but will endeavor to access a sample of the areas. As such, the evaluation and resulting work product does not warrant or guarantee that conditions noted in the areas observed will not vary from other areas not observed. In addition, the findings and recommendations of the proposed evaluation are not based upon a comprehensive engineering study.

The evaluation and work product is not intended to be a complete review of all systems or a check of design professional's computations. The observations and resulting work product of the evaluation will not warrant or guarantee the performance of any building system or site improvement.

The evaluation does not include any environmental services such as (without limitation) sampling, testing, or evaluation of asbestos, lead-based paint, lead-in-water, indoor air quality, PCB's, radon, mold, or any other potentially hazard materials, air-borne toxins or issues not outlined in the previous scope of services.

THIS INVESTIGATION WAS PREPARED FOR THE SOLE USE AND BENEFIT OF WELLS FARGO AND IS BASED IN PART UPON DOCUMENTS, WRITINGS AND INFORMATION OWED AND POSSESSED BY WELLS FARGO,



NEITHER THIS REPORT, NOR ANY OF THE INFORMATION CONTAINED SHALL BE USED OR RELIED UPON FOR ANY PURPOSE BY ANY PERSON OR ENTITY OTHER THAN WELLS FARGO

1.3 Building Summary

The building is located at 10793 W. County 20 ½ Street in Somerton, Arizona ("Property"). It should be noted that during our assessment we learned that the property was annexed in 2008 by the City of San Luis, Arizona and its current address is 2301 N. Main Street, San Luis, Arizona.

The building consists of a high-bay steel-framed structure currently unoccupied except for a single tenant (Paranetics, a parachute manufacturer) in the warehouse area. The building was constructed circa 1998 and consists of a Butler pre-engineered steel (corrugated sheet metal) structure with a steel frame over a reinforced slab-on-grade. A corrugated sheet metal low-slope roof (Butler's MR-24 system) is supported by steel girder joists and steel beams.

The building contained a Heating, Ventilating, and Air Conditioning (HVAC) system consisting of pad-mounted package units at ground level that serve the office areas and roof-top evaporative coolers that serve the production area. The warehouse area is not served by these systems. The building also contains a wet fire suppression system. The main electrical system is situated in a dedicated electrical room on the west side (front) of the building and route to each area containing service switch panels, breakers, feeder and distribution electrical panel. Emergency power is not provided. Natural gas service is available to the property, but the gas service has been disconnected and the meter removed.

Table 1.3-1 Property Data Summary

Item	Description
Net Rentable Area (SF)	610,412
Site Area	35.43 acres
Property Type	Industrial
Property Name	Yuma Arizona Project (former Meadowcraft Building)
Property Address	10793 W. County 20 ½ Street, Somerton, Arizona 85350 (currently 2301 N. Main Street, San Luis, Arizona)
Topography	Generally level
Access	West County 20 ½ Street provides access to the site from the north
Buildings	One single-story high-bay industrial building configured for production and warehouse use.
Year Built	1998
Construction	Butler pre-engineered steel (sheet metal) construction with interior steel framing over a concrete slab on grade.
Floors	One
Units	Office – 10,412 sf, Manufacturing – 120,000 sf, Warehouse – 480,000 sf
Parking Spaces	101 standard and 7 ADA (surface)
Amenities	None
Zoning	Heavy Industrial
Seismic Zone	Zone 4
Flood Plain	The Property is located in shaded Flood Zone "X". Flood Zone "X" (shaded) is an area that is determined to be outside the 100- and 500-year floodplains



Current replacement Value	\$51,936,875 – <i>RSMeans year 2010 Quarter 2</i>
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Tenant Spaces	
Address (≈Square Footage)	Tenant Name
10793 W. County 20 ½ Street (610,412 SF)	One tenant (Paranetics, a parachute manufacturer) occupies approximately 150,000 sf in the eastern end of the warehouse area that is separated from the rest of the warehouse by a chainlink fence. The remainder of the building is vacant.

1.4 Summary of Public Records Review

Faithful+Gould spoke with representatives from the Yuma County Development Services Department and City of San Luis Planning and Zoning Department requesting copies of Certificates of Occupancy for the building. We were informed the property was recently annexed by the City of San Luis and all relevant documents have been transferred to that municipality. We requested copies of Certificates of Occupancy from the City of San Luis Community Development Department. We are awaiting the requested information as of the date of this report.

On June 7, 2010, Faithful+Gould submitted a request under the Freedom of Information Act (FOIA) to the City of Somerton Community Development Department to determine the presence of any recorded building code violations or open permits. On June 8, 2010, a similar request was made to the City of San Luis Community Development Department. We are awaiting the requested information as of the date of this report.

On June 7, 2010, Faithful+Gould submitted a request under the FOIA to the City of Somerton Fire Department. On June 8, 2010, a similar request was made to the City of San Luis Fire Department. The request asked that an authorized representative of the Fire Department state the presence of any recorded fire and life safety violations that negatively impact the building. We are awaiting the requested information as of the date of this report.

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Map Number 04027C1820E dated August 28, 2008, the building is located in shaded Flood Zone "X". Flood Zone "X" (shaded) is an area that is determined to be outside the 100- and 500-year floodplains. A copy of the FIRMETTE is included within Appendix C.



1.5 Summary of Observed Condition & Recommendations

Faithful+Gould has applied the following condition rating as a guide to evaluating the condition of systems at the Property.

Table 1.5-1 Condition Rating System

Rating	Description
Excellent	New or like New -systems are in excellent condition
Good	Average to above-average condition, functioning as intended and no material repair or replacement is expected within 12 months.
Fair	Average condition, functioning as intended, but material repair or replacement within 12 months should be expected.
Poor	Below average condition, material repair or replacement is identified as an immediate need.

The property was observed to be in fair condition.

Table 1.5-2 provides a summary of anticipated Health and Safety repairs and renewals over the five- year study period.
Table 1.5-3 provides a summary of anticipated Capital repairs and renewals over the five- year study period.

Table 1.5-2 Health and Safety Repair and Renewal Summary

Building Element	Cond. Rating	Recommendation	Year
H3060 Door Widths and Signage	Fair	Install accessible signage within building interior	2010

Table 1.5-3 Preservation of Asset Repair and Renewal Summary

Building Element	Cond. Rating	Recommendation	Year
A10 Foundations	Good	No projected actions are identified within the study period.	
B10 Super Structure	Good	No projected actions are identified within the study period.	
B20 Exterior Enclosure	Good	No projected actions are identified within the study period.	
B30 Roofing	Good	No projected actions are identified within the study period.	



Table 1.5-3 Preservation of Asset Repair and Renewal Summary

C10 Interior Construction	Good	No projected actions are identified within the study period.	
C20 Stairs	Good	No projected actions are identified within the study period.	
C30 Interior Finishes	Good	No projected actions are identified within the study period.	
D10 Conveying	Not Applicable	No projected actions are identified within the study period.	
D20 Plumbing	Good	Restore gas service and meter to the building as needed	2010
D30 HVAC	Fair to Poor	Replace 10 evaporative coolers on the building roof.	2010
D40 Fire Protection	Good	Re-commission fire pump and fire sprinkler system.	2010
D50 Electrical	Good	No projected actions are identified within the study period.	
E20 Furnishing	Good	No projected actions are identified within the study period.	
G20 Site Improvements	Fair	Repair cracking in main parking lot pavement west of building.	2010
	Fair	Asphalt crack filling, seal coating and re-striping	2011
G30 Site Mechanical Units	Fair	No project actions are identified within the study period.	

G40 Site Electrical Units	Good	No projected actions are identified within the study period.	
H10 Accessibility	Good	The property is in general conformance with the minimum ADA Accessibility requirements except as noted in the Health and Safety Table	
Mold	Good	No visible mold was observed or reported.	



Table 1.5-4 Marketing Repair and Renewal Summary

Building Element		Cond. Rating	Recommendation	Year
G2010	Roadways	Fair	Asphalt crack filling, seal coating and re-striping	2011
G2050	Landscaping	Poor	Remove weeds from around the building	2010



SECTION 3- DOCUMENT REVIEW

2.0 Scope of Services

Faithful+Gould was requested to complete Property Condition Assessment Report (PCAR) of the site and site improvements of the building at 10793 W. County 20 ½ Street in Somerton, Arizona. This evaluation and report were completed in response to a request from Wells Fargo. (Client).

This Building Evaluation has been conducted in general accordance with industry standards and American Society for Testing and Materials (ASTM) Standard E 2187-01 Standard Guide for Property Condition Assessment: Baseline Property Condition Assessment Process.

The primary purpose of the proposed Due Diligence Engineering Evaluation is to identify visually apparent deficiencies in the building and site systems and provide an opinion of required expenditures over the next twelve years. The evaluation will include site visits to observe the building and site systems, interviewing building management and maintenance personnel, and reviewing available maintenance systems, design and construction documents and plans.

We request that a member of the building management accompany us during our observation of the tenant suites. Tenant suites accessed will be chosen to ensure a representative sampling of in-use and down areas based upon condition, styles and locations.

We performed a visual non-destructive assessment of the interior, exterior and site components of the Property, including the following major components and systems:

- **Public Records Review.** We conducted a public records review, which will include contacting the local fire marshal's office, building official's office and zoning commission. We will also attempt to ascertain the recorded flood plain designation of the Property. Furthermore, we will request a zoning compliance letter from the municipality and will submit a request under the Freedom of Information Act (FOIA) to the designating building code office and fire code office for details of recorded code violations. Code-related issues identified will be based on codes in force at the time of construction unless any loss of grandfathered code status is anticipated.
- **Site Systems.** We visually observed site systems for the removal of storm water and evidence of poor drainage and / or erosion potential. We will also review the condition of pavements, site concrete, retaining walls, fencing, landscaping, site grading, storm water drainage features, parking structures and other site features.
- **Structural System.** We visually observed the structures for visible signs of distress (wall cracking, displacement, etc.) and will report our findings. We also propose to review available structural drawings for information regarding the design load criteria of the existing structures and the building codes to which the structures were designed.
- **Roof System.** We visually evaluated the condition of the roof system, accessories, and details. The evaluation will include discussion of applicable warranties. The evaluation will be completed from ground level and readily accessible low-slope roof areas. In addition, we propose to enter readily accessible attic spaces (where applicable) to visually evaluate the underside of the roof deck and roof structure. If we are not able to access the roof areas we will complete our evaluation from ground level.
- **Building Exterior Elements.** We visually observed the exterior wall system, balconies, window and door systems for visible evidence of deficiencies, continuity of seals, and other types of distress and will report our findings. We propose to



review available flashing and connection details for drainage design and observe the condition and placement of expansion joints. We propose that our visual observations will be based on those conditions that can be observed from ground level.

- **Interior Finishes.** We visually observed the interior finishes of the property and will report their condition. Where provided, we propose to review typical replacement schedules for interior finishes to project time frames for replacement.
- **Fire and Life Safety.** We observed the age and condition of the fire and life safety elements and will comment on their condition and visible deficiencies. The elements to be surveyed include structural fire protection, means of egress, fire suppression systems, and fire detection and alarm systems.
- **Mechanical / HVAC, Electrical, Plumbing (MEP) Systems.** We observed the age and condition of the MEP and related building systems and will comment on their condition and visible deficiencies. The proposed review will include discussion of utilities presently serving the property.
- **Conveyance Systems.** We observed where applicable the age and condition of the elevator systems, escalators and other conveyance systems and will comment on their condition and visible deficiencies.
- **Accessibility.** We completed a cursory level evaluation of the property to determine compliance with applicable accessibility guidelines including the American's with Disability Act (ADA) and applicable State statutes.

The scope of services was visual in nature and is not intended to be destructive to the property to gain access to hidden conditions. We do not propose to complete a calculation of the net rentable floor areas, or perform any destructive testing or uncover or expose any system members. We have documented the type and extent of visually apparent defects in the systems in order to perform the condition assessment.

As the scope of services is limited to visual observations, the proposed assessment will not identify conditions hidden by interior finishes, exterior finishes or within any enclosed construction or equipment. In addition, as the proposed assessment is limited in scope, time on site and fee, Faithful+Gould does not propose to access all areas of the property, but will endeavor to access a sample of the areas. As such, the evaluation and resulting work product will not warrant or guarantee that conditions noted in the areas observed will not vary from other areas not observed. In addition, the findings and recommendations of the proposed evaluation will not be based upon a comprehensive engineering study.

The evaluation and work product is not intended to be a complete review of all systems or a check of design professional's computations. The observations and resulting work product of the proposed evaluation will not warrant or guarantee the performance of any building system or site improvement.

The proposed scope of services includes only those items specifically indicated. The evaluation does not include any environmental services such as (without limitation) sampling, testing, or evaluation of asbestos, lead-based paint, lead-in-water, indoor air quality, PCB's, radon, mold, or any other potentially hazard materials, air-borne toxins or issues not outlined in the previous scope of services. Following the completion of our site work, we have prepared a report of condition assessment for the Property. The report is issued in draft and final form and summarizes the major deficiencies and code violations noted during our evaluation. The report also includes projections of major capital expenditures required over a 5-year horizon. The report will also include photographs of representative conditions.



SECTION 3-DOCUMENT REVIEW

3.0 Document Review

The following information was used to complete this report,

Drawings

- Architectural drawings prepared by Edais Engineering and dated December 1997. A2.1, A2.2, A2.3, A3.1, A3.2, A6.1, and A6.2.

Other Documentation

- City of San Luis Resolution #801, A Resolution of the Mayor and Council of the City of San Luis, Arizona approving a Development Agreement between the City of San Luis, Arizona and Gold Dredge, LLC and Jason Morehouse and Carol Morehouse, Husband and Wife, dated September 10, 2008.
- Development Agreement between the City of San Luis, Arizona and Gold Dredge, LLC and Jason Morehouse and Carol Morehouse, Husband and Wife, dated September 10, 2008.

Documents Requested for Review

Faithful+Gould requested various documents be provided to assist our review of the Property. The list of documents requested by Faithful+Gould includes the following (X = documents received and reviewed).

Building / Occupancy Permits

Original / As-built Drawings (including Civil, Architectural, Structural, Mechanical, Electrical, Plumbing and Fire Protection)

Warranty / guaranty Information (Roofs.)

Warranty / guaranty Information (Caulking, HVAC, Elevators etc.)

Service Contracts (including HVAC, Electrical PM, Fire & Life Safety Systems etc.)

Maintenance and Operation Manuals (including HVAC, Electrical, etc.)

ALTA Survey (including Legal Description of Property)

Letter of Zoning Compliance / Variance of Compliance



SECTION 4 - PUBLIC RECORDS REVIEW

4.0 PLANNING & ZONING - PUBLIC AND MUNICIPAL RECORDS REVIEW

Building Codes

On June 7, 2010, Faithful+Gould submitted a request under the Freedom of Information Act (FOIA) to the City of Somerton Community Development Department to determine the presence of any recorded building code violations or open permits. On June 8, 2010, a similar request was made to the City of San Luis Community Development Department. Specifically we requested the following:

1. Existing or pending building code issues that will require the building to be upgraded
2. The presence of any open permits
3. The date of the last building code inspection at the building

We are awaiting the requested information as of the date of this report.

Fire Code

On June 7, 2010, Faithful+Gould submitted a request under the FOIA to the City of Somerton Fire Department. On June 8, 2010, a similar request was made to the City of San Luis Fire Department. The request asked that an authorized representative of the Fire Department state the presence of any recorded fire and life safety violations that negatively impact the building. Specifically, we requested details of the following:

1. The date of the last fire inspection
2. The presence of any outstanding code violations on file for the building
3. The presence of any existing conditions that negatively impact the building, such as inadequate fire access, alarm systems, sprinklers or standpipes, deficiencies in pull stations or inadequate back-up systems or fire egress
4. Any existing or pending fire or life safety code issues that will require the building to be upgraded

We are awaiting the requested information as of the date of this report.

According to the Development Agreement dated September 10, 2008 annexing the Property into the City of San Luis, the Property was given provisional zoning as Heavy Industrial while the City rewrote its zoning code to accommodate such usage.

Certificate of Occupancy

Faithful+Gould spoke with representatives from the Yuma County Development Services Department and City of San Luis Planning and Zoning Department requesting copies of Certificates of Occupancy for the building. We requested copies of Certificates of Occupancy from the City of San Luis Community Development Department. We are awaiting the requested information as of the date of this report.



Flood Zone Information

According to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) Community Map Number 04027C1820E dated August 28, 2008, the building is located in shaded Flood Zone "X". Flood Zone "X" (shaded) is an area that is determined to be outside the 100- and 500-year floodplains. A copy of the FIRMETTE is included within Appendix C.

Easements

We were not provided an ALTA/ACSM Land Title Survey detailing the presence of any easements.



SECTION 5 - A SUBSTRUCTURE

A10 FOUNDATIONS

The description of the respective structural systems is based upon our review of available drawings, and our observation of exposed portions of the building structure.

DESCRIPTION

A1012 COLUMN FOUNDATIONS

Steel columns along the building's interior are set in concrete to spread the load over a larger area and thereby reduce the bearing pressure (reference Photographs 10 and 11 in Appendix B). The columns are on 50' spacing throughout the building.

A1030 SLAB-ON-GRADE

The floor consists of cast-in-place concrete slab-on-grade, reinforced with fiber mesh, which is placed over a vapor barrier and compacted gravel fill. The thickness of the slab is reportedly 6" throughout the building. Expansion joints are located at approximately 12' spacing (reference Photograph 12 in Appendix B).

CONDITION

A1012 COLUMN FOUNDATIONS

The column foundations systems appeared generally to be in good condition. No evidence of failure was noted.

A1030 SLAB ON GRADE

We walked the slab extensively looking for irregularities, cracks and uneven areas. Other than local surficial damage where bolted-down equipment had been removed, the slab-on-grade systems appeared generally to be in good condition. No evidence of failure was noted.

RECOMMENDATIONS

No projected actions are identified for A10 Foundations within the study period at this time



SECTION 6 - B SHELL

B10 SUPERSTRUCTURE

DESCRIPTION SECTION 7 - C INTERIORS

B1010 FLOOR CONSTRUCTION

The building is single-story construction throughout. The floor slab consists of cast-in-place concrete slab-on-grade, reinforced with fiber mesh, which is placed over a vapor barrier and compacted gravel fill. The thickness of the slab is reported to be 6" throughout the buildings.

B1020 ROOF CONSTRUCTION

The roof construction consists of a corrugated sheet metal low-slope roof (Butler's MR-24 system) supported by steel girder joists and steel beams. The beams are supported on interior steel columns. The low slope roof sections drain toward roof gutters and external downspouts.

B1030 STRUCTURAL FRAME

The buildings structure consists of load-bearing interior steel columns supporting steel beams and web joists (reference Photographs 10 and 13 in Appendix B). The interior steel columns are spaced on 50' centers throughout the building. The steel joists appear to be at 60" centers and are approximately 15" deep. They are supported by steel beams that rest on the steel columns.

CONDITION

B1010 FLOOR CONSTRUCTION

The floors are in good condition. No visually apparent problems with the systems was observed.

B1020 ROOF CONSTRUCTION

The structural systems at the low-sloped roof construction and supporting structures appear to be in good condition. Assuming no change in the loading profiles of the roof structures and maintaining of a weather tight roof covering, we do not anticipate a requirement to complete significant structural repair, replacement or supplementing of the systems within the study period.

B1030 STRUCTURAL FRAME

The buildings structures appear to be in good condition. There were no visible signs of degradation or failure.



RECOMMENDATIONS

No projected actions are identified for B10 Superstructure within the study period at this time

B20 EXTERIOR ENCLOSURES

DESCRIPTION

B2010 EXTERIOR WALLS

The buildings are enclosed with corrugated sheet metal walls assumed to be finished with a Butler-cote factory-applied finish. The walls are finished on the interior with 4" vinyl-backed insulation. Translucent fiberglass panels are present high on the walls in the production and warehouse areas and serve to let light into the windowless interior (reference Photograph 4 in Appendix B).

B2020 EXTERIOR WINDOWS

Windows are present in the office areas only; no windows are present in the production or warehouse portions of the building. The windows (reference Photograph 14 in Appendix B) are aluminum-framed. The window frames were not noted to be caulked around their perimeter. The main entry to the office on the west side of the building consists of a glazed aluminum storefront system which incorporates glazed entrance doors. The storefront system utilized insulated tinted fixed glass.

B2030 EXTERIOR DOORS

The main office entrance on the west side of the building contains aluminum framed glazed doors as part of a storefront system (reference Photograph 15 in Appendix B). The doors consisted of a rail and stile type construction and are single-action, opening outwards.

Service doors are painted metal hollow flush panel construction and are housed within painted hollow metal door frames and metal channel molding (reference Photograph 16 in Appendix B). The hollow metal door frames were not noted to be caulked around their perimeter. Door hardware typically consisted of keyed lever handles on the exterior and lever handles on the interior, with no deadbolts.

The production and warehouse areas as well as service areas on the west elevation have 30 exterior overhead metal doors that are manually operated (reference Photograph 17 in Appendix B).



CONDITION

B2010 EXTERIOR WALLS

The exterior walls appeared to be in good condition with generally no major signs of deterioration, water ingress or general failure.

B2020 EXTERIOR WINDOWS

The exterior windows appeared to be in good condition. The ultraviolet rays of the sun can generally cause deterioration of joints and glazing materials, however the joints and glazing panels appeared to be in good condition and free from deficiencies. We do not anticipate a requirement to replace the system during the study period.

B2030 EXTERIOR DOORS

The exterior door sets appeared to be in good condition. We do not anticipate any expenditure during the study period.

The overhead doors appeared to be in good condition. Minor impact damage was noted to the lower part of one overhead door west of Door # 1 on the north side of the production area. We do not anticipate any expenditure during the study period.

RECOMMENDATIONS

No projected actions are identified for B20 Exterior Enclosures within the study period at this time. .

DESCRIPTION

B3010 ROOF COVERINGS

The building contained three low-sloped roof areas. The roof areas are located at different levels across the building, roof level 1 being at a high level to the other three roofs. The following aerial plan details the general configuration of the roof areas:



Overview of Roof Locations & Configurations



The low-sloped roof areas 1, 2, 3 and 4 are all of the same roof membrane (corrugated sheet metal), but Roof 2 contains translucent fiberglass panels that function as skylights. Roof 2 contains the roof top HVAC equipment (evaporative coolers) that service the production area at the west end of the building. Roof 3 also includes translucent fiberglass panels that serve as skylights to let light into the warehouse area. Each roof field was covered with Butler's M-24 standing seam sheet metal roof system (reference Photographs 7 through 12 in Appendix B). No designated walkways are present. Table B30-1 provides a summary of the roof coverings:

Table B30-1 Summary of Roof Coverings

Roof Component	Roof 1, 2, & 3
Age	1998
Roof Area (total / approx. square footage)	610,412
Application/ Membrane	Butler M-24 System
Manufacturer / Model	Butler M-24



Surface	Exposed
Deck Type	Metal
Insulation	Rigid Insulation
Cover Board	None
Drainage	Perimeter roof gutters to external downspouts
Overflow Scuppers	Not observed
Base Flashings	Not observed
Cap Flashings	Metal
Perimeter Enclosure	Not observed
Warranty (Manufacturer)	Unknown
Warranty (Contractor)	Unknown

B3016 GUTTERS AND DOWNSPOUTS

Storm water drainage on Roofs 1 and 2 and on Roof 3 at the western main office area and northern shipping/receiving office was present to roof gutters and then down through external metal downspouts. On the south side of the building the downspouts connected to 4" PVC piping and then underground to discharge to the ground further to the south. On the north side of the building the downspouts discharge to the surrounding hardscape or landscaping that run along the elevations. At the western office the downspouts discharge to the surrounding hardscape or landscaping that run along the elevations (reference Photograph 18 in Appendix B).

CONDITION

B3010 ROOF COVERINGS

The roof coverings generally appeared to be in good condition, and were installed in 1998. We do not anticipate a requirement to replace the roof within the cost study period.

RECOMMENDATION 8 - D SERVICES AND ACTIONS

No projected actions are identified for B30 Roofing within the study period at this time.



SECTION 7 - C INTERIORS

C10 INTERIOR CONSTRUCTION

DESCRIPTION

C1010 PARTITIONS

Partitions consisting of sheet metal walls similar to the exterior walls are present between the main office area to the west and the adjoining production area to the east, and between the production area and warehouse area. Similar partitions are present within the production area around former powdercoating rooms (reference Photograph 19 in Appendix B).

The office areas on the western end of the building (main office) and northern end of the building (shipping and receiving office), as well as the breakroom within the northeast corner of the warehouse are assumed to contain metal stud with gypsum board partitions at varying thicknesses (reference Photograph 20 in Appendix B). We were unable to identify the spacing of the studs or thickness of the gypsum board. The restroom areas within the production and warehouse areas are of similar construction (reference Photograph 21 in Appendix B).

C1020 INTERIOR DOORS

Within the interior office spaces, we typically observed painted hollow wooden doors set in wooden frames.

The doors contained standard hardware consisting of lever door handles throughout the spaces.

CONDITION

C1010 PARTITIONS

The interior fixed partitions all appeared to be in fair to good condition throughout the occupied space. Minor damage was noted locally in the sheet metal walls of the production area from apparent impacts. There were no deficiencies found in relation to the wall structure or construction.

C1020 INTERIOR DOORS

The interior doors appeared to be in good condition with no deficiencies noted. We do not anticipate any expenditure in relation to the internal doors during the cost study period.

RECOMMENDATIONS

No projected actions are identified for C10 Interior Construction within the study period at this time.



C20 STAIRS

DESCRIPTION

C2010 STAIR CONSTRUCTION

Five concrete staircases are located along the northern elevation of the warehouse section of the building, that lead from the warehouse floor level down to the ground level near the loading dock ramps (reference Photograph 22 in Appendix B). Tubular steel handrails are mechanically fixed into the concrete at the side of the staircase by metal brackets.

C2020 STAIR FINISHES

The concrete staircases are unfinished. The metal handrails are painted.

CONDITION

C2010 STAIR CONSTRUCTION

The staircase structures appeared to be in good condition. We do not anticipate any expenditure during the study period.

The construction of the handrails to the staircases are in good condition and appears to be securely fixed to floor surfaces. We do not anticipate any expenditure during the study period.

C2020 STAIR FINISHES

The handrail finish is in good condition.

RECOMMENDATIONS

No projected actions are identified for C20 Stairs within the study period at this time.



C30 INTERIOR FINISHES

DESCRIPTION

C3010 WALL FINISHES

The interior partitions consisting of sheet metal are finished with a factory-applied coating.

Interior office walls primarily consisted of painted gypsum board throughout the completed interior areas.

The typical restrooms were finished with fiberglass-reinforced plastic wall panels (to a height of 4') and painted drywall walls above (reference Photograph 23 in Appendix B).

C3020 FLOOR FINISHES

The floors in the production and warehouse areas are unfinished concrete.

The office area flooring typically consist of vinyl composition tile (VCT) predominately in 12" squares.

The restrooms are finished with vinyl composition tile (VCT) floors.

C3030 CEILING FINISHES

The office spaces are finished with 2'x4' suspended ceiling tiles within a metal white enamel exposed grid system (reference Photograph 24 in Appendix B). The system is supported with wires from the underside of the roof structure. The ceiling panels are mineral board in fissured pattern and provide sound absorption. The ceiling system incorporated lighting and air-handling components.

The ceilings in the production and warehouse areas are open structure, with vinyl covered insulation between the ceiling joist structure (reference Photograph 25 in Appendix B).

CONDITION

C3010 WALL FINISHES

The interior wall finishes appeared to be in good condition generally throughout the spaces.

C3020 FLOOR FINISHES

We understand that the vinyl tiled floor covering is original to when the building was first constructed in 1998. The condition of the vinyl tile was noted to be in good condition. No visually apparent problems with the systems were observed.



C3030 CEILING FINISHES

The suspended ceiling systems appeared to be in good condition throughout the completed spaces. We do not anticipate a requirement to replace the ceiling system during the cost study period.

The ceilings in the production and warehouse areas appeared to be in good condition throughout the completed spaces. We do not anticipate a requirement to replace the ceiling system during the cost study period.

RECOMMENDATIONS

No projected actions are identified for C30 Interior Finishes within the study period at this time.



SECTION 8 - D SERVICES

DESCRIPTION

D10 CONVEYING

There is no conveying equipment.

D20 PLUMBING

D2010 PLUMBING FIXTURES

The main office area at the west end of the building contains two restrooms, each containing one vitreous china water closet and two vitreous china sinks. The water closets typically have flow rates of 1.6 gallons per flush with manual flush control. The sinks have lever handles and aerators installed.

The production area has two restrooms located at the northern and southern ends of the space that each contain 7 vitreous china water closets. The water closets typically have flow rates of 1.6 gallons per flush with manual flush control. Two stainless steel hand wash stations are present outside each of the restroom areas (reference Photograph 21 in Appendix B).

The warehouse area has three restrooms located along the northern wall of the building. Each restroom has three vitreous china water closets. The water closets typically have flow rates of 1.6 gallons per flush with manual flush control. A stainless steel hand wash station is present outside each of the three restroom areas.

The spaces did not contain showers.

D2020 DOMESTIC WATER DISTRIBUTION

The buildings' domestic cold water service is assumed to enter from the subsurface on the north side of the building near the on-site domestic water well. The cold water service is routed overhead to the fixtures throughout built-out spaces. The water piping is un-insulated. Cold water pressure for the facility is provided by the pressure of the incoming service from the water well pumps.

Domestic hot water is generated to restroom sinks by Bradford White electric hot water heaters located under the sink in the office area or above the ceilings in the restrooms in the production and warehouse areas. The water heaters were been installed as part of the original construction in 1998. Domestic hot water piping is typically insulated.

Hot water supply pressure into the occupied space relies on the pressure in the system as delivered from the pumps of the on-site water supply well. Table D20-1 provides a summary of the domestic water heating equipment in the primary tenant space.



Table D20-1 Summary of the Water Heaters

Location	Manufacturer	Model #	Fuel/ Rating	Capacity	Year of Install
Beneath office sink	Bradford White	MI-6E6SS13	Electric	6 gallons	1998
Above production/ warehouse area restroom ceilings	Bradford White		Electric	20 gallons (assumed)	1998

D2030 SANITARY WASTE

The sanitary connections are located on the north and west sides of the buildings. The buildings appear to utilize ABS and PVC piping. We understand that all waste piping was installed as part of the original construction in 1998.

D2040 RAIN WATER DRAINAGE

Rain water drainage on the north and west side of the building is from downspouts on the side of the building to the surrounding landscape and hardscape areas and then to stormwater detention areas. Rain water drainage on the south side of the building is from downspouts on the side of the building to underground PVC pipes that discharge to bare ground further south.

D2050 OTHER PLUMBING SYSTEMS

There is natural gas service to the property. A 4" gas riser pipe and valves that are plugged off were observed on the west side of the building near the south end (reference Photograph 26 in Appendix B). No gas meters were observed.

Two water treatment systems consisting of a water softener system and a 1,000 gallon plastic water tank are present at the north and south end of the warehouse area. These systems appear to pre-treat water provided to the evaporative coolers on the building rooftop.

CONDITION

D2010 PLUMBING FIXTURES

The water closets appeared to be in good condition throughout. Based upon observed conditions and with a typical estimated useful life (EUL) of thirty-five-years, we anticipate that there will be no requirement for replacement within the study period.

The sinks appeared to be in good condition. We anticipate that there will be no requirement for replacement within the study period.



The hand wash stations appeared to be in good condition. We anticipate that there will be no requirement for replacement within the study period.

D2020 DOMESTIC WATER DISTRIBUTION

The domestic cold water systems appeared to be in good condition. We do not anticipate a requirement to complete significant repair or replacement of the domestic water systems within the study period.

The domestic hot water heaters appeared to be in good condition. Note that there was no electrical power to much of the building areas, so we were unable to confirm they are operating correctly. We do not anticipate a requirement to complete significant repair or replacement of the domestic water systems within the study period.

Pipe insulation appeared to be in good condition. Visible inspection was possible only at a few locations. Where observed the piping system appeared to be in good condition. Based upon noted conditions and our experience with similar piping systems, we do not anticipate a requirement to replace or significantly repair the piping system within the study period.

D2030 SANITARY WASTE

No visually apparent problems with the sanitary waste piping were observed. No issues have been reported regarding performance; therefore we believe it will be serviceable, through the end of the study period.

D2040 RAIN WATER DRAINAGE

No visually apparent problems with the rain water drainage system were observed. No issues have been reported regarding performance; therefore we believe it will be serviceable, through the end of the study period.

D2050 OTHER PLUMBING SYSTEMS

Gas service is present, but no meter is present and the service appears to have been disconnected and plugged off. The gas service should be restored as needed for future use.

The water treatment system for the evaporative coolers appears to be in good condition.

RECOMMENDATIONS

Section 10 - F Special Construction

Following our field assessment of the observed conditions and component lifecycle analysis, we have scheduled below our recommended actions anticipated during the study period.

Building Element	Recommendation	Year	Cond. Rating
D2050 Other Plumbing Systems	Restore gas service and meter to the building as needed	2010	Fair



D30 HVAC

The following information was obtained through our visual observations of the rooftop mechanical equipment at each building, discussions with building management personnel and a review of available documentation.

The Heating, Ventilation and Air Conditioning (HVAC) systems serving the main office area at the west end of the building and portions of the production area consisted of package units (heat pumps). Evaporative coolers on the building roof service the main part of the production area. No HVAC systems were observed in the warehouse area.

DESCRIPTION

D3020 HEAT GENERATING SYSTEMS

Heating systems were not observed in the production or warehouse areas.

Primary heating within the main office area of the property is provided by electric heating sections in the package units. See more information in section D3050 Terminal and Package Units.

D3030 COOLING GENERATING SYSTEMS

Conditioned air to the main office area is supplied by 4 Goodman Manufacturing pad-mounted package units (heat pumps) on the exterior at ground level (reference Photograph 27 in Appendix B).

Conditioned air to the breakrooms in the north and south ends of the production area and in the northern part of the warehouse is supplied by 3 Goodman Manufacturing pad-mounted package units (heat pumps) on the exterior at ground level (reference Photograph 28 in Appendix B).

The main part of the production area is serviced by 10 rooftop evaporative coolers (reference Photograph 29 in Appendix B).

D3040 DISTRIBUTION SYSTEMS

In the offices, supply air is routed through the ceiling in low pressure sheet metal ducts and discharged to the space via duct-mounted diffusers. Return air is routed through return air duct in the ceiling back to the unit.

Supply air is routed through the ceiling in low pressure sheet metal ducts and discharged to the space via duct-mounted diffusers. Return air is routed through return air duct in the ceiling back to the unit. Rectangular sheet metal ducts are exposed on the building exterior.

Air from the evaporative coolers enters the production area through square ducts high on the eastern wall of the area (reference Photograph 19 in Appendix B).



D3050 TERMINAL & PACKAGE UNITS

Conditioned air to the main office area is supplied by 4 Goodman Manufacturing pad-mounted package units (heat pumps) (Model PH060-3C) that appear to be 3 ton capacity.

Conditioned air to the breakrooms in the north and south ends of the production area and in the northern portion of the warehouse is supplied by 3 Goodman Manufacturing pad-mounted package units (heat pumps) (Model CPK-E60-3B) that appear to be 5 ton capacity.

The main part of the production area is serviced by 10 rooftop evaporative coolers. The units were unmarked and the manufacturer and capacity of these units are unknown.

Table D30-1 Summary of the Terminal & Package Units

Type/Location	Manufacturer	Model #	Fuel/ Rating	Capacity	Year of Install
(4) Package HVAC Unit / Outside main office area	Goodman	CPK-E60-3B	Electric Direct Exchange	3 Ton	1998
Package HVAC Unit / Outside south wall of production area	Goodman	PH060-3C	Electric Direct Exchange	5 Ton	1998
Package HVAC Unit / Outside north wall of production area	Goodman	PH060-3C	Electric Direct Exchange	5 Ton	1998
Package HVAC Unit / Outside north wall of warehouse area	Goodman	PH060-3C	Electric Direct Exchange	5 Ton	1998
(10) Evaporative Coolers / Warehouse roof	No data	No data	Electric	No data	1998

D3060 CONTROLS & INSTRUMENTATION

The HVAC systems are controlled by local thermostats located within the zone of control for that respective unit. There were no areas observed with poor control.

CONDITION

D3020 HEAT GENERATING SYSTEMS

Existing package units appear to be in fair condition and were installed circa 1998 during original construction. Based upon the remaining useful life and the current condition, we believe this system will last to the end of the evaluation period.



D3030 COOLING GENERATING SYSTEMS

Existing package units appear to be in fair condition and were installed circa 1998 during original construction. Based upon the remaining useful life and the current condition, we believe this system will last to the end of the evaluation period or beyond with proper maintenance.

The rooftop evaporative coolers appear to be in poor condition and are infested with birds. Based on the current condition, these units should be replaced.

D3040 DISTRIBUTION SYSTEMS

Existing distribution ducting in the completed buildings was reviewed and noted to be in good condition with no deficiencies.

D3050 TERMINAL & PACKAGE UNITS

The building's Goodman package units are in fair condition and are approximately one year old. We believe these systems will last to the end of the evaluation period or beyond with proper maintenance.

D3060 CONTROLS & INSTRUMENTATION

The thermostat control systems appeared to be in good overall condition and capable of properly controlling the spaces properly.

RECOMMENDATIONS

Following our field assessment of the observed conditions and component lifecycle analysis, we have scheduled below our recommended actions anticipated during the study period.

Building Element	Recommendation	Year	Cond. Rating
D3030 Cooling Generating Systems	Replace 10 evaporative coolers on the building roof.	2010	Poor



D40 FIRE PROTECTION

DESCRIPTION

D4010 SPRINKLERS

The building interiors are protected with an automatic wet-pipe fire suppression system utilizing standard orifice pendent or upright commercial sprinkler heads fixed to fire-line pipes which are supported via the upper structure. Depending on their locations, pendent sprinkler heads are used within the suspended ceilings and upright sprinkler heads are used where the ceilings are exposed. The system is monitored by water flow and tamper switches connected to a fire alarm system.

The sprinkler system is divided into two sections, Section 1 for the production and office area and Section 2 for the warehouse. The building is equipped with a fire pump system (reference Photographs 30 and 31 in Appendix B) that is fed from a 120,000 gallon water tank located on the north side of the building (reference Photograph 34 in Appendix B).

D4020 STANDPIPES

The sprinkler main enters the building through the concrete floor in the fire pump room. The incoming sprinkler riser is a 10" main out of the slab changing to a 4" riser (reference Photograph 32 in Appendix B). Local sprinkler risers are present in the warehouse area (reference Photograph 33 in Appendix B). A fire department hose connection is located just outside of the buildings at this same location (reference photograph 35 in Appendix B). The risers have a density of 0.25 gpm/SF and approximately 1,500 and 2,250 gpm design flow rates in the production and warehouse areas, respectively.

D4090 OTHER FIRE PROTECTION SYSTEMS

Multipurpose dry chemical-type portable wall-mounted handheld fire extinguishers were observed mounted on the walls in the office area and in the occupied part of the warehouse.

A Pemall halon fire suppression system is present in the ceiling of a former server room in the main office area (reference Photograph 36 in Appendix B).

CONDITION

D4010 SPRINKLERS

The wet-pipe fire suppression system appeared to be in a good condition with heads spaced in general accordance with the code in effect at the time of construction. The sprinkler protection appeared to be full building coverage and we found no deficiencies during our inspection.

The fire pump system exhibited corrosion on the exterior of the centrifugal pump and appeared to have not been serviced or tested for several years.

D4020 STANDPIPES

The sprinkler risers appeared to be in good condition but did not have any inspection markings on them.



D4090 OTHER FIRE PROTECTION SYSTEMS

The fire extinguishers in the office appeared to be outdated and in need of service. The fire extinguishers in the occupied part of the warehouse appeared to be in good condition. They were serviced circa 2010.

RECOMMENDATION SECTION 11 - G BUILDING SITE SYSTEMS

Following our field assessment of the observed conditions and component lifecycle analysis, we have scheduled below our recommended actions anticipated during the study period.

Building Element	Recommendation	Year	Cond. Rating
D4010 Sprinklers	Service, recommission and test fire pump system.	2010	Fair

D50 ELECTRICAL

DESCRIPTION

D5010 ELECTRICAL SERVICE & DISTRIBUTION

The building is supplied by Arizona Public Service (APS) with a 3,000 amp, 480 volt, 3 phase 4-wire service. The electrical meters and main electrical disconnects are located in a dedicated electrical room on the west side of the building north of the main office. Two electrical meters were observed. The main service is fed underground from the utility transformers to the meter bases. Electrical service equipment was manufactured by Challenger Electrical Equipment Corporation. The utility transformers and the underground utility feeds to the meters are the responsibility of the utility to maintain.

There are no emergency power distribution systems..

D5020 LIGHTING & BRANCH WIRING

The built-out office areas typically utilize 2'x4' lay-in lighting fixtures with T-8 lamps and acrylic refractors for task lighting. For emergency and egress lighting these spaces typically utilize standard commercial grade LED exit lights with 90 minute backup battery capacity.

D5030 COMMUNICATIONS & SECURITY

A fire alarm control panel (FACP) is located in the former server room in the office area. The FACP was observed to be a Honeywell Silent Knight Model 5104B (reference Photograph 37 in Appendix B).

The fire alarm system monitors smoke detectors, water tamper and water flow alarm switches throughout the buildings. Smoke detectors are located in the office areas. Pull stations were not observed. The fire alarm systems also supervise flow and tamper devices. Alarm notification is provided by an alarm bell on the building exterior outside the fire pump room.



The building is equipped with security cameras mounted on the exterior walls. A videotape system assumed to be associated with the security system was observed in the office area but the system appears to be non-functional.

CONDITION

D5010 ELECTRICAL SERVICE & DISTRIBUTION

The major electrical equipment items appeared to be in good condition. There was no indication of damage from short circuit or overload conditions. The systems appear to have not been maintained for several years.

Electrical distribution equipment of the type installed in this building is generally considered to have a service life of 30-years. Switchboards, panelboards, transformers, and wiring are often serviceable for 20 years or more beyond this time if properly maintained, and not subjected to repeated overload or short circuit conditions. Assuming a proactive electrical preventive maintenance program, replacement of the electrical switchgear, switchboards, panels, transformers, motor control centers, and feeders should not be required within the study period. No inappropriately stored materials were found in dedicated electrical areas in front of panelboards.

D5020 LIGHTING & BRANCH WIRING

The interior lighting systems appeared to be in good condition. The lighting systems should last beyond the study period. The general receptacles and wiring appeared to be in good condition with no replacements needed in the evaluation term.

D5030 COMMUNICATIONS & SECURITY

The fire alarm system is original to the building and appears to be in good condition. Assuming proper maintenance, the fire alarm control panel is expected to be serviceable throughout the evaluation period.

The video recording equipment for the security camera system is not functional and should be upgraded if its future use is planned.

RECOMMENDATIONS

Following our field assessment of the observed conditions and component lifecycle analysis, we have scheduled below our recommended actions anticipated during the study period.

Building Element	Recommendation	Year	Cond. Rating
D5030 Communications & Security	Upgrade video recording equipment associated with the security camera system.	2010	Poor



SECTION 9 - E EQUIPMENT & FURNISHINGS

E20 FURNISHINGS

DESCRIPTION

E2010 FIXED FURNISHINGS

The breakroom in the shipping and receiving office contain constructed fixed casework consisting of a sink counter and cabinets. The cabinets generally consisted of painted medium density fiberboard (MDF) frames and finishes.

CONDITION

E2010 FIXED FURNISHINGS

The fixed casework appeared to be in fair condition and functional. We do not anticipate replacement during the cost study period.

RECOMMENDATIONSSECTION 12 - H ACCESSIBILITY

No projected actions are identified for E20 Fixed Furnishings within the study period.



SECTION 10 - F SPECIAL CONSTRUCTION

F10 SPECIAL CONSTRUCTION

DESCRIPTION

F1010 SPECIAL STRUCTURES

No special structures are present on the property.

F1020 INTEGRATED CONSTRUCTION

The only special purpose room on the property is the former powdercoating area within the production area, which is similar in construction to the rest of the production area and has previously been discussed.

F1030 SPECIAL CONSTRUCTION SYSTEMS

No special construction systems are present on the property.

CONDITION

F1010 SPECIAL STRUCTURES

Not applicable.

F1020 INTEGRATED CONSTRUCTION

The former powdercoating area is in good condition.

F1030 SPECIAL CONSTRUCTION SYSTEMS

Not applicable.

RECOMMENDATIONS

No projected actions are identified for E20 Fixed Furnishings within the study period.



SECTION 11 - G BUILDING SITE SYSTEMS

DESCRIPTION

G2010 ROADWAYS

The paved roadway areas throughout the site are assumed to be placed over a compacted base and sub-base.

The entrance and exit drives are located at the north side of the property off County 20 ½ Street.

The drives were constructed with asphaltic pavement.

G2020 PARKING LOTS

The paved parking areas are assumed to be placed over a compacted base and sub-base. We noted that the parking lots appear to be of the same construction as the roadways utilizing asphaltic pavement. The parking area west of the building has concrete bump stops. No curbing is present. Parking spaces are identified by surface markings applied to the asphaltic pavement surface and are 4" wide strips (reference Photograph 37 in Appendix B).

The parking lot is reported to contain 108 parking spaces and is accessed from the north from County 20 ½ Street. Additional parking is present in gravel covered parking lots on the north side of the building and on vacant land east of the building.

The parking ratio (based on the paved and designated parking lot only) is 0.17 spaces per 1,000 square feet Gross Leasable Area.

G2040 SITE DEVELOPMENT

A 6-foot high chain link fence topped with three strands of barbed wire encloses the loading dock area and gravel parking area north of the production and warehouse area (reference Photograph 38 in Appendix B). Two sliding gates equipped with Elite electric openers are present in the northern part of the fence. A pre-fabricated guard shack is present within the fenced area.

G2050 LANDSCAPING

No landscaping is present on the property. The unpaved areas surrounding the building are currently overgrown with weeds.



CONDITION

G2010 ROADWAYS

The bases and sub-base appeared to be providing adequate support for the site roadways and will not require replacement within the cost study period.

G2020 PARKING LOTS

The asphaltic paved parking lots and striping are in fair condition. Local pavement cracking was observed in the parking lot west of the main office area (reference Photographs 39 in Appendix B). We recommend budgeting for the crack filling, seal coating and re-striping of parking lots over the evaluation period. This cost is included with the roadway crack filling, seal coating and re-striping costs in Section G2010 roadways.

G2040 SITE DEVELOPMENT

The fence and gates appeared to be in good condition and will not require replacement within the cost study period.

G2050 LANDSCAPING

No landscaping is present, but weeds currently surround the property.

RECOMMENDATIONS

Following our field assessment of the observed conditions and component lifecycle analysis, we have scheduled below our recommended actions anticipated during the study period.

Building Element	Recommendation	Year	Cond. Rating
G2020 Parking Lots	Repair cracking in main parking lot pavement west of building.	2010	Fair
G2050 Landscaping	Remove weeds around the building structure	2010	Poor

G30 SITE MECHANICAL UNITS

DESCRIPTION

G3010 WATER SUPPLY

Water service is connected to the buildings from the on-site domestic water supply well which was installed as part of the 1998 construction. The well is operated by electric pumps that were functioning during our site visit. No water meters were observed. The site piping is the responsibility of the site owner.



G3020 SANITARY SEWER

The sanitary sewer lines are connected to four on-site septic systems located around the building perimeter. The septic systems and sanitary sewer lines were installed during original construction in 1998.

G3030 STORM SEWER

Not present.

CONDITION

G3010 WATER SUPPLY

Other than the water well which appeared to be in good condition and functioning properly, the water supply system was mostly inaccessible and its condition was not verifiable during the site visit. No visually apparent problems with the system were observed.

G3020 SANITARY SEWER

The sanitary sewer piping was inaccessible and its condition was not verifiable during the site visit. No visually apparent problems with the systems were observed.

G3030 STORM SEWER

Not applicable.

RECOMMENDATIONS

No projected actions are identified for G30 Site Mechanical Units within the ten-year study period.

G40 SITE ELECTRICAL UTILITIES

DESCRIPTION

G4010 ELECTRICAL DISTRIBUTION

The site has a utility electrical distribution system from the dedicated electrical room on the west side of the building into the building by overhead wiring. The distribution from the utility is by underground cable to pad-mounted utility transformers outside the west side of the building. Each pad-mounted transformer is owned and maintained by the utility (APS) and the distribution is located underground. The site distribution is the responsibility of the utility to maintain.



G4020 SITE LIGHTING

Interior lighting in the office areas is from fluorescent fixtures. Interior lighting in the production and warehouse areas are by metal halide lights. Exterior parking lot lighting is by pole-mounted street light fixtures.

CONDITION

G4010 ELECTRICAL DISTRIBUTION

The site power distribution was in good condition. No visually apparent problems with the systems were observed. This system is the responsibility of the utility to maintain from the street to the meter. We do not anticipate any work within the study period.

G4020 SITE LIGHTING

The site lighting appeared to be in good condition. Note we were not able to turn on lights in the building to verify operation, and did not observe the site at night to verify exterior lighting. No visually apparent problems with the systems were observed. We do not anticipate any work within the study period.

RECOMMENDATIONS

No projected actions are identified for G40 Site Electrical Utilities within the ten-year study period.



SECTION 12 - H ACCESSIBILITY

H 10 ACCESSIBILITY OVERVIEW

Introduction

As a publicly accessible facility, access to and within the building for disabled building users will be governed (where applicable) by the 1991 Americans with Disability Act (ADA) Accessibility Guidelines. Specifically, under each use scenario two areas of the ADA have significant effect on the physical aspects of the Property.

Title I deals with employment discrimination, and requires that employers not discriminate against a disabled person in hiring or employment. This can impact the configuration and features of buildings and those employers are expected to make "reasonable accommodation", including making facilities readily accessible to disabled employees.

Title III requires that public accommodation provide goods and services to disabled patrons on an equal basis with the non-disabled patrons. This title is the part of the Act with perhaps the greatest impact on buildings, which provide public accommodations.

The ADA has provided a benchmark for measuring accessibility, primarily orientated towards new construction. It also provides guidance for modification of existing facilities to eliminate barriers to access. This benchmark is the ADA Accessibility Guidelines (ADAAG). The ADAAG was written by the Architectural and Transportation Barriers Compliance Board, and first issued in final form in July 1991. The stated purpose of the guidelines is to ensure that newly constructed facilities and altered portions of existing facilities covered by the ADA are readily accessible to disabled persons.

This report has been based upon the ADAAG issued in July 1991. Discussion has been made by the Architectural and Transportation Barriers Compliance Board for modification to the presently enforceable ADAAG. The details and enforcement date of these modifications have yet to be released. In light of this information, we recommend that prior to conducting any improvement, advice is sought from legal counsel and current guidelines be adhered to.

Regulatory implementation of the ADA includes the following prioritizes for barrier removal in existing facilities:

- **Accessible Entrances.** Providing access from public sidewalks, parking or public transportation that enables disabled individuals to enter the facility.
- **Access to Goods and Services.** Providing access to areas where goods and services are made available to the public.
- **Usability of Restrooms.** Providing access to restroom facilities.
- **Removal of Remaining Barriers.** Providing access to the goods, services, facilities, privileges, advantages, or accommodations.



H20 Applicability

The ADA in its purist form relates only to facilities occupied or significantly altered after March 13, 1991. For facilities with Certificates of Occupancy issued prior to March 13, 1991 and not significantly altered after this date, the ADA is seen as a "good practice guide" with a requirement to complete accessibility upgrades typically made by civil suit and employee / user request.

The building received its initial Certificate of Occupancy prior to the March 13, 1991 implementation of the ADA and has not been subject to major renovation since this date. As a result the building enjoys a grandfathered code status and is not required to complete accessibility upgrades. Therefore, we have not recommended that capital or maintenance allowances be budgeted for correction of ADA violations. However we have suggested possible changes to remove barriers were they can be achieved.

H 30 Accessibility Considerations

H 3010 Accessible Entrances

The first consideration of the ADAAG relates to measures that will enable individuals with disabilities to physically approach and enter a place of public accommodation. The priority of "getting through the door" recognizes that providing actual physical access to a facility from public sidewalks, public transportation, or parking, is generally preferable to any alternative arrangement in terms of both business efficiency and the dignity of individuals with disabilities. In general terms this can mean exterior access to the building.

Pedestrians wishing to access the building are able to access through the west entrance doors. No ramp is required to access the main entrance, which is level with the surrounding parking lot. A concrete ramp provides access to the employee entrance.

H 3020 Route of Travel

Disabled persons wishing to access the building are unable to gain suitable means of entry via the current property entrances on the west side of the building.

H3030 Accessible Parking

The Property contained a asphalt paved surfaced parking lot on the west side of the property and six marked parking spaces accessible to handicapped vehicles.

H 3040 Accessible Drop-Off and Pick-Up Areas

Accessible drop-off and pick-up areas were provided at the front drive aisle with access through the main entrance.

Access to Goods & Services

The second consideration relates to measures that will enable individuals with disabilities to access areas within the Property that provides goods and services.

Accessible Routes and Amenities



H3050 Horizontal and Vertical Circulation

The occupied portion of the building is single story. Once within the building a disabled individual is provided with level and generally unrestricted access throughout the building.

All door handles meet the requirements.

H3060 Door Widths and Signage

All door widths meet the requirements. No accessible signage was observed on the property.

The ADAAG requires that signs that identify permanent rooms and spaces, such as those identifying restrooms and exits or providing room numbers, must have Braille and raised letters or numbers, so that they may be read visually or tactilely. The signs must also meet specific requirements for mounting location, color contrast, and non-glare surface. Signs used to identify offices, restrooms and other permanent rooms and spaces within the building do not meet these requirements.

H 3070 Usability of Restrooms

The public rest rooms are accessible and the lavatories are equipped with lever handles for the use of disabled individuals.

The usability of public restrooms for individuals with disabilities at this building is compliant.

H 3080 Removal of Remaining Barriers

No expenditures are anticipated at this time.

Appendix A

Building Photographs



Photograph No. 1

Front (west elevation) of 10793 W. 20 ½ Street looking northeast from Highway 95.



Photograph No. 2

West elevation (left) and western end of north elevation (right) looking south.



Photograph No. 3

North elevation looking southwest.



Photograph No. 4

Looking south along west elevation. Note fiberglass panels on upper part of exterior wall.



Photograph No. 5

Looking west along south elevation from southeast corner. Note roof gutters and downspouts.



Photograph No. 6

Looking west along south elevation at production portion of building.



Photograph No. 7

Main office area on west elevation of building.



Photograph No. 8

Looking south at western part of north elevation showing overhead doors.



Photograph No. 9

Looking southeast at eastern part of northern elevation.



Photograph No. 10

Structural steel columns in production area interior.



Photograph No. 11

Close-up of column base in floor slab.



Photograph No. 12

Typical floor slab in warehouse area.



Photograph No. 13

Close-up of roof structure.



Photograph No. 14

Typical window in office area along west elevation of building.



Photograph No. 15

Main entrance doors into office areas on west side of building.



Photograph No. 16

Typical service door on building exterior.



Photograph No. 17

Typical roll-up door outside service area on west side of building.



Photograph No. 18

Typical roof drain downspout outside office area on west side of building.



Photograph No. 19

View of interior partitions around former powdercoating area in production area of building, and between production area and warehouse area (left). Note translucent panels and square ducts from rooftop evaporative coolers high on left (east) wall.



Photograph No. 20

Typical interior office finishes, main office area on west side of building.



Photograph No. 21

Typical restrooms built out in production and warehouse areas.



Photograph No. 22

Typical concrete staircase on north side of warehouse area.



Photograph No. 23

Typical office area restroom finishes.



Photograph No. 24

Typical ceiling finishes in office areas.



Photograph No. 25

Typical ceiling finishes in production and warehouse areas.



Photograph No. 26

Gas riser outside west side of building.



Photograph No. 27

Package heat pump units outside office area.



Photograph No. 28

Package heat pump and ductwork on building exterior that services breakrooms at ends of production area.



Photograph No. 29

View of evaporative coolers on the western end of the warehouse roof adjacent to the upper wall of the production area (right).



Photograph No. 30

Fire pump located in pump room at northwest corner of building.



Photograph No. 31

Fire pump control equipment in pump room.



Photograph No. 32

Main fire riser in fire pump room.



Photograph No. 33

Typical local fire riser in warehouse area.



Photograph No. 34

120,000 gallon water tank for fire pump system located on north side of building.



Photograph No. 35

Fire Department Connection on north side of building.



Photograph No. 36

Halon fire suppression system in ceiling of server room in main office area.



Photograph No. 37

Fire alarm panel in server room in office area.



Photograph No. 37

View north along east side of paved parking lot west of building.



Photograph No. 38

View of chain link fence and drive gate on north side of building.



Photograph No. 39

Local pavement cracking in main parking lot west of building.

Appendix B

Planning & Zoning,
Fire Code,
Flood Information,
And Other Correspondence



City of San Luis

Development Services

June 22, 2010

Herb Spitz, LEED AP
Facility Assessor
Faithful + Gould
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Phoenix AZ 85012

REGARDING: Meadowcraft Warehouse
2301 N. Main Street, San Luis AZ 85349
Assessor's Parcel # 767-05-009

Mr. Spitz:

You have requested information regarding the status of Building Code and Zoning Ordinance activities for the Meadowcraft Building.

The building was built when the property was located in the unincorporated area of Yuma County. I am attaching a copy of the contractor's request for a Temporary Certificate of Occupancy from the County. When the County transferred their records to the City, they did not include their response to this letter nor did they include copies of any Certificates of Occupancy (Temporary or Permanent). I have checked with the County, and they do not have a copy of the Certificate of Occupancy.

The property was annexed by the City of San Luis in 2008. At that time, a Development Agreement was entered into by the City and the owners (attached). It addresses the issue of zoning and permitted uses of the building. The City is still working on the adoption of the new Zoning Ordinance. In the interim, the property is zoned as Light Industrial (L-I). This is the only industrial zoning category in the City of San Luis at this time.

In your letter of June 8, 2010, you inquired as to whether "medical, office and related support and accessory use" are permitted. The current Zoning Ordinance allows those uses which are permitted in the General Commercial (C-2) district to be permitted in the Light Industrial (L-I) district. The uses listed above would be allowed on the Meadowcraft property.

The City of San Luis has not performed any comprehensive inspections of the property or building. There has been one occupant since annexation (Paranetics Technology, Inc., issued 6-30-09). As required for issuance of a Business License, the Building Safety Division and the Fire Department performed inspections of the area occupied by this tenant. There were no significant issues at that time.

If we can be of any further assistance, please let us know.

Sincerely,



Sharon E. Williams

Director, Department of Development Services

ATTACHMENTS:

Form letter requesting Zoning information (6-8-10)

Form letter requesting Code Enforcement information (6-8-10)

Development Agreement (9-10-08)

Letter requesting Temporary Certificate of Occupancy (1-28-98)

C: Joaquin Campa, Lead Building Inspector
 Hank Green, Fire Chief

June 8, 2010

City of San Luis Community Development Department
Code Enforcement
P.O. Box 1170
1090 E. Union St.
San Luis, AZ 85349

Subject: **FOIA Request for Code Information / Certification**
Meadowcraft Warehouse
2301 N. Main Street/10793 W. County 20 ½ Street
San Luis, AZ

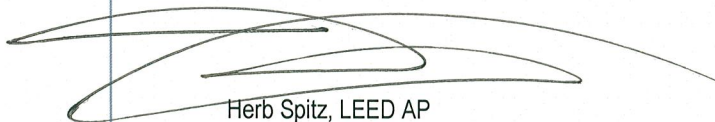
To Whom It May Concern:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. To the best of your knowledge, are there any existing or pending building code issues that will require the Property to be upgraded? *See Attached Letter* Yes / No
2. Is the Property subject to any open permits? Yes / No
3. When was the date of the last building code inspection of the Property? *See Attached Letter*

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,



Herb Spitz, LEED AP
Facility Assessor

Signed *Sharon D. Wilton*
Date *6-22-10*
Title *Director, Development Services*

3800 N. CENTRAL AVE. SUITE 1600 PHOENIX AZ 85012 PH 602.445.3570 FX 602.445.3580

June 8, 2010

City of San Luis Community Development Department
P.O. Box 1170
1090 E. Union St.
San Luis, AZ 85349

Attention: Planning and Zoning

Subject: FOIA Request for Planning and Zoning Information / Certification
Meadowcraft Warehouse
2301 N. Main Street/10793 W. County 20 ½ Street
San Luis, AZ

Dear Zoning Administrator:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. Please provide the zoning district of the Property. *Light Industrial (L-I)
See Attached Letter*
2. The authorized uses of the Property include medical, office and related support and accessory use. *Yes - See Attached Letter*
3. The improvements at the Property are in full compliance with the Zoning Ordinance in effect at the time of construction. *See Attached Letter*
4. The existing improvements at the Property are in full compliance with the current Zoning Ordinance. *See Attached Letter*
5. If any of the certifications contained in paragraphs 1 through 4 above, inclusive, are inadequate or incomplete, please indicate any discrepancies (attach additional sheets if required). *See Attached Letter*

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,


Herb Spitz, LEED AP
Facility Assessor

Signed *Sharon Edallian*

Date *6-22-10*

Title *Director, Development Services*

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is entered into this 10th day of September, 2008, by and between Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, (collectively, "Owner") and the City of San Luis, an Arizona municipal corporation (the "City"). This Agreement is entered into pursuant to City Resolution Number 801.

RECITALS

- A. WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with landowners and persons having an interest in real property that is located in the City;
- B. WHEREAS, Owner owns a property known as the Meadowcraft facility which located at on Highway 95, just north of the existing municipal limits of the City, said facility having been developed as an industrial manufacturing facility for the manufacture and distribution of furniture;
- C. WHEREAS, City desires to have annex the Property of Owner and Owner desires to be annexed as long as use of the Property for Heavy Industrial Uses can be established and maintained;
- D. WHEREAS, City does not presently have a zoning classification allowing Heavy Industrial Uses, but is in the process of re-writing its zoning code to allow for such uses;
- E. WHEREAS, City finds the Property of Owner to be appropriate for Heavy Industrial Use;
- F. WHEREAS, A.R.S. §9-500.05.A authorizes pre-annexation development agreements; and
- G. WHEREAS, the City's governing body has authorized execution of this Agreement by Resolution No. 801, a draft of which is attached to this Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise:

1.1. "City" shall mean and refer to the City of San Luis, an Arizona municipal corporation, and any successor public body or entity.

1.2 "Improvements" shall mean and refer to all public and private improvements which may be constructed from time to time on the Property, including, without limitation, all structures, buildings, roads, driveways, parking areas, walls, landscaping and other improvements of any type or kind, or any other alteration of the natural terrain to be built by the Owner or the City, as the case may be, pursuant to the terms of this Agreement.

1.3 "Owner" shall mean and refer to Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, or nominee and their respective successors and assigns.

1.4 "Property" as used in this Agreement shall mean and refer to all of the real property which is legally described in Exhibit A.

ARTICLE 2. DURATION

2.1 Duration of Development Agreement. The term of this Agreement shall continue and exist from the effective date of this Agreement until the Property is rezoned to Heavy Industrial Use or two years from the date of the adoption of the Resolution of City approving and authorizing this Agreement, whichever event first occurs.

ARTICLE 3. ZONING AND USE OF PROPERTY

3.1 The parties hereby acknowledge that the Property was developed in unincorporated Yuma County, Arizona as an industrial manufacturing facility. The furniture manufacturing and distribution uses for which the Property was initially developed ceased operations several years ago. The Property is presently zoned by Yuma County for light industry. Owner desires zoning for heavy industry. City acknowledges and agrees that the land and Property of Owner as described on Exhibit A is appropriate to be used for heavy industry. At present time the City does not have a category allowing heavy industrial uses within its zoning code. The closest category that presently exists is light industry. At present time the City is in the process of rewriting its zoning code and anticipates its adoption within the next four months. A heavy industrial zone is anticipated to be created as part of that code. City agrees, once the new zoning code has been adopted, at its expense, to proceed and zone the Property to Heavy Industrial Use. Until such time as the Property is so zoned, the City agrees to allow the Owner to use the Property in conformance with the draft provisions of the proposed new code for heavy industry and establish uses conforming to those provisions. A copy of those provisions is attached as Exhibit B hereto and by this reference are incorporated herein as though fully set forth again in full.

Additionally Owner has a proposed tenant for part of its Property which proposes to establish a use for the recycling of batteries, and more particularly automotive vehicle batteries. The tenant proposes to recycle batteries and produce from them plastic pellets, lead bars, and acid, each suitable for remanufacture into other products. City acknowledges that it has been fully informed of the proposed user and the proposed anticipated use. City agrees that said use may be established on the Property of Owner, and that, notwithstanding the duration of this Agreement, City will take such actions as may be necessary to cause said use to be a legal conforming use of Property during the Lease term of such tenant.

ARTICLE 4. OWNER AGREEMENTS

4.1 Owner agrees to execute a Proposition 207 Waiver in the form attached as Exhibit C attached hereto prior to completion of annexation.

4.2 Owner agrees to sign appropriate annexation petitions to annex the Property to the municipal limits of City. It is understood and agreed that this Agreement will not become operative until or unless annexation proceedings to annex the Property to City are completed as provided by A.R.S. §9-500.05.A.

4.3 Owner agrees to assign to City the right to take delivery of water from the Yuma County Water Users Association for the purpose of conversion for the Property which is the subject of this Agreement. City acknowledges and agrees that Owner will be entitled to City water utility service upon completion of the process of annexation into the municipal limits of City. To the extent that Owner has the contractual right or otherwise legal ability to make such an assignment, Owner, on behalf of themselves, and any successor in interest, agrees to execute and deliver to City an assignment to take delivery of water from the Yuma County Water Users Association for the purpose of conversion at such time as water service is available to the Property, but in no event any later than the termination date of this Agreement. At all times City agrees that Owner may use its well or wells that are presently onsite for water service and may take delivery of water from the Yuma County Water Users Association, until or unless City actually takes delivery of water from the Yuma County Water Users Association and is able to convert said water and deliver it back to Owner.

ARTICLE 5. MEDIATION AND DEFAULT

5.1 Representatives. To further the cooperation of the parties in implementing this Agreement, the City and Owner each shall designate and appoint a representative to act as a liaison between the City and its various departments and the Owner. The initial representative for the City (the "City Representative") shall be the City Manager and the initial representative for the Owner shall be Jim Holmes of Holmes Commercial Properties, Inc., and as otherwise identified by the Owner from time to time (the "Owner Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement.

5.2 Mediation. In the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the parties agree to attempt to settle the dispute by nonbonding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the City. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the City and the Owner shall request the presiding judge of the Superior Court in and for the County of Yuma, State of Arizona, to appoint a mediator from a list of mediators maintained by the Arizona Municipal Risk Retention Pool. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be nonbonding on the parties, and any party shall be free to initiate litigation subsequent to the moratorium.

5.3 Default. Failure or unreasonable delay by any party to perform any term or provision of this Agreement for a period of ten (10) days after written notice thereof from another party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within ten (10) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any party, the non-defaulting party shall be entitled to all remedies at both law and in equity, including, without limitation, termination, specific performance, and/or the right to perform the obligation (s) of which the defaulting party is in default and to immediately seek reimbursement from the defaulting party of all sums expended in order to cure such default, together with interest on all such sums from the date said sums are expended by the non-defaulting party for the purpose of curing the default to the date such sums are paid in full.

ARTICLE 5. CONFLICT OF INTEREST; REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

6.1 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect in this Agreement, nor shall any such member, official or employee participate in any decision relating this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

6.2 No Personal Liability. No member, official or employee of the City shall be personally liable to Owner, or any successor or assignee, (a) in the event of any default or breach by the City, (b) for any amount which may become due to the Owner or its successor or assign, or (c) pursuant to any obligation of the City under the terms of this Agreement.

ARTICLE 7. MISCELLANEOUS PROVISIONS

7.1 Notices. All notices and communications provided for herein, or given in connection herewith, shall be validly made if in writing and delivered personally or sent by registered or certified United States Postal Service mail, return receipt requested, postage prepaid to:

If to the City: City Administrator
 P.O. Box 1170
 1090 East Union Street
 San Luis, AZ 85349

If to the Owner: c/o Jim Holmes
 Holmes Commercial Properties, Inc.
 1817 Maryal Drive, Suite 112
 Sacramento, CA 95864

or such other addresses as either party may from time to time designate in writing and deliver in a like manner . Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective. Notices given by mail shall be deemed delivered 72 hours following deposit in the United States Postal Service in the manner set forth above.

7.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or of any other provision of this Agreement.

7.3 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of the Agreement.

7.4 Authority. The undersigned represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. The Owner represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The Owner and the City warrant to each other that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each individual is signing. The Owner represents to the City that by entering into this Agreement, the Owner has bound the Property and all persons and entities having any legal or equitable interest therein to the terms of the Agreement.

7.5 Entire Agreement. This Agreement, including the following exhibits, constitutes the entire agreement between the parties. This provision applies only to the entirety of this Agreement only; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

7.6 Amendment of the Agreement. This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the parties to this Agreement or by their successor in interest or assigns. The City shall record the amendment or cancellation in the official records of the Yuma County Recorder.

7.7 Severability. If any other provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect.

7.8 Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. The parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Yuma County, Arizona, and the parties hereby waive any right to object to such venue.

7.9 Recordation of Agreement and Subsequent Amendment; Cancellation. This Agreement, and any amendment or cancellation of it shall be recorded in the official records of the Yuma County Recorder no later than ten (10) days after the City and the Owner execute such agreement amendment or cancellation, as required by A.R.S. § 9-500.05.

7.10 Attorney's Fees and Costs. If either party brings a legal action either because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing party will be entitled to reasonable attorney's fees and court costs.

7.11 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement, and no person or entity not a party hereto shall have any right or cause of action hereunder.

7.12 No Agency Created. Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties.

7.13 Non-Liability of City Officials and Employees. Except for mandamus and other special actions, no member, official or employee of the City shall be personally liable to Owner, or any successor in interest, in the event of any default or breach by the City or for any amount that may become due to the Owner or successor, or under any obligation under the terms of this Agreement.

7.14 **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE CITY OF SAN LUIS, an Arizona
Municipal Corporation

By: _____

Juan Carlos Escamilla, Mayor

ATTEST:

By: _____

Sonia Cuello, City Clerk

APPROVED AS TO FORM: _____

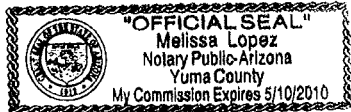
Glenn Gimbut, City Attorney

STATE OF ARIZONA)

) ss.

County of Yuma)


The foregoing instrument was acknowledged before me this 11th day of September, 2008, by Juan Carlos Escamilla, Mayor of the City of San Luis, Arizona a municipal corporation.




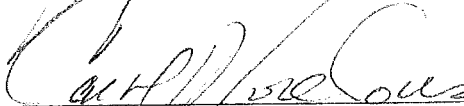
Melissa Lopez
Notary Public

My Commission Expires: 5/10/2010

OWNER


Thomas J. Tuohy
Manager of Gold Dredge, LLC


Jason Morehouse


Carol Morehouse

State of California

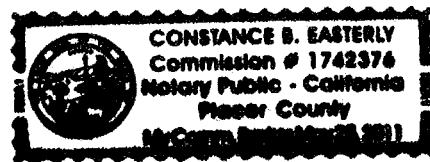
County of Placer

On September 19, 2008 before me,
Constance B. Easterly, Notary Public
(insert name and title of the officer)

personally appeared Carol Morehouse
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

Witness my hand and official seal.



Constance B. Easterly
(Notary's Signature)

[seal]

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On October 7, 2008 before me, Constance B. Easterly, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jason Morehouse
Name(s) of Signer(s)

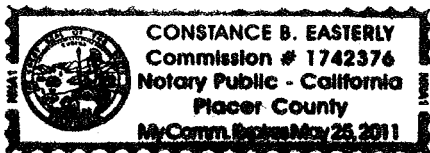
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Constance B. Easterly
Signature of Notary Public

Place Notary Seal Above



OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agreement

Document Date: 9-10-08 Number of Pages: 9

Signer(s) Other Than Named Above: Thomas J. Tuckey & Carol Morehouse

Capacity(ies) Claimed by Signer(s)

Signer's Name: Jason Morehouse

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On October 22, 2008 before me, Constance B Easterly Notary Public
Date Here Insert Name and Title of the Officer

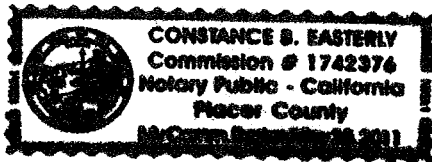
personally appeared Thomas J. Tuohy
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Constance B Easterly
Signature of Notary Public



Place Notary Seal Above

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Capacity(ies) Claimed by Signer(s)

Signer's Name: Thomas J. Tuohy

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

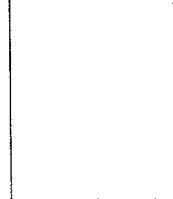


Signer Is Representing: Gold Bridge LLC

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here



Signer Is Representing: _____

Exhibit A
Legal Description
APN- 767-05-009
Meadowcraft Facility

The North half of the West half of the Southwest quarter of section 25, Township 10 South, Range 25 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona.

EXCEPT those portions of the Southwest quarter of Section 25, Township 10 South, Range 25 West, Gila and Salt River Meridian, Yuma County, Arizona, hereinafter defined as Tract No. 1 and Tract No. 2, which are described as follows:

Tract No. 1

The West 83.00 feet of said Southwest quarter. EXCEPT therefrom any portion situated within the South 466 feet of the West 466 feet of the Southwest quarter of said Section.

Tract No. 2

Commencing at the West quarter corner of said Section 25, being the Northwest corner of Tract No. 1 (previously described herein) Thence along the North line of said Southwest quarter, South 89°36'18" East 128.18 feet to the POINT OF BEGINNING. Thence perpendicular to the aforesaid North line, South 00°23'42" West 40.00 feet; Thence South 45°16'02" West 63.50 feet to the East line of the aforesaid Tract No. 1; Thence along said East line, North 00°08'23" East 85.00 feet to the aforesaid North line of said Southwest quarter. Thence along the aforesaid North line South 89°36'18" East 45.18 feet to the POINT OF BEGINNING. SUBJECT TO Existing Road Right of Way traversing the North 40.00 feet of said Southwest quarter, as described in Docket 2018, page 510, records of Yuma County, Arizona.

DEVELOPMENT AGREEMENT

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RECITALS

- A. WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with landowners and persons having an interest in real property that is located in the City;
- B. WHEREAS, Owner owns a property known as the Meadowcraft facility which located at on Highway 95, just north of the existing municipal limits of the City, said facility having been developed as an industrial manufacturing facility for the manufacture and distribution of furniture;
- C. WHEREAS, City desires to have annex the Property of Owner and Owner desires to be annexed as long as use of the Property for Heavy Industrial Uses can be established and maintained;
- D. WHEREAS, City does not presently have a zoning classification allowing Heavy Industrial Uses, but is in the process of re-writing its zoning code to allow for such uses;
- E. WHEREAS, City finds the Property of Owner to be appropriate for Heavy Industrial Use;
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- G. WHEREAS, the City's governing body has authorized execution of this Agreement by Resolution No. 801, a draft of which is attached to this Agreement.

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3.1 The parties hereby acknowledge that the Property was developed in unincorporated Yuma County, Arizona as an industrial manufacturing facility. The furniture manufacturing and distribution uses for which the Property was initially developed ceased operations several years ago. The Property is presently zoned by Yuma County for light industry. Owner desires zoning for heavy industry. City acknowledges and agrees that the land and Property of Owner as described on Exhibit A is appropriate to be used for heavy industry. At present time the City does not have a category allowing heavy industrial uses within its zoning code. The closest category that presently exists is light industry. At present time the City is in the process of rewriting its zoning code and anticipates its adoption within the next four months. A heavy industrial zone is anticipated to be created as part of that code. City agrees, once the new zoning code has been adopted, at its expense, to proceed and zone the Property to Heavy Industrial Use. Until such time as the Property is so zoned, the City agrees to allow the Owner to use the Property in conformance with the draft provisions of the proposed new code for heavy industry and establish uses conforming to those provisions. A copy of those provisions is attached as Exhibit B hereto and by this reference are incorporated herein as though fully set forth again in full.

Additionally Owner has a proposed tenant for part of its Property which proposes to establish a use for the recycling of batteries, and more particularly automotive vehicle batteries. The tenant proposes to recycle batteries and produce from them plastic pellets, lead bars, and acid, each suitable for remanufacture into other products. City acknowledges that it has been fully informed of the proposed user and the proposed anticipated use. City agrees that said use may be established on the Property of Owner, and that, notwithstanding the duration of this Agreement, City will take such actions as may be necessary to cause said use to be a legal conforming use of Property during the Lease term of such tenant.

ARTICLE 4. OWNER AGREEMENTS

4.1 Owner agrees to execute a Proposition 207 Waiver in the form attached as Exhibit C attached hereto prior to completion of annexation.

4.2 Owner agrees to sign appropriate annexation petitions to annex the Property to the municipal limits of City. It is understood and agreed that this Agreement will not become operative until or unless annexation proceedings to annex the Property to City are completed as provided by A.R.S. §9-500.05.A.

4.3 Owner agrees to assign to City the right to take delivery of water from the Yuma County Water Users Association for the purpose of conversion for the Property which is the subject of this Agreement. City acknowledges and agrees that Owner will be entitled to City water utility service upon completion of the process of annexation into the municipal limits of City. To the extent that Owner has the contractual right or otherwise legal ability to make such an assignment, Owner, on behalf of themselves, and any successor in interest, agrees to execute and deliver to City an assignment to take delivery of water from the Yuma County Water Users Association for the purpose of conversion at such time as water service is available to the Property, but in no event any later than the termination date of this Agreement. At all times City agrees that Owner may use its well or wells that are presently onsite for water service and may take delivery of water from the Yuma County Water Users Association, until or unless City actually takes delivery of water from the Yuma County Water Users Association and is able to convert said water and deliver it back to Owner.

ARTICLE 5. MEDIATION AND DEFAULT

5.1 Representatives. To further the cooperation of the parties in implementing this Agreement, the City and Owner each shall designate and appoint a representative to act as a liaison between the City and its various departments and the Owner. The initial representative for the City (the "City Representative") shall be the City Manager and the initial representative for the Owner shall be Jim Holmes of Holmes Commercial Properties, Inc., and as otherwise identified by the Owner from time to time (the "Owner Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement.

5.2 Mediation. In the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the parties agree to attempt to settle the dispute by nonbonding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the City. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the City and the Owner shall request the presiding judge of the Superior Court in and for the County of Yuma, State of Arizona, to appoint a mediator from a list of mediators maintained by the Arizona Municipal Risk Retention Pool. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be nonbonding on the parties, and any party shall be free to initiate litigation subsequent to the moratorium.

5.3 Default. Failure or unreasonable delay by any party to perform any term or provision of this Agreement for a period of ten (10) days after written notice thereof from another party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within ten (10) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any party, the non-defaulting party shall be entitled to all remedies at both law and in equity, including, without limitation, termination, specific performance, and/or the right to perform the obligation (s) of which the defaulting party is in default and to immediately seek reimbursement from the defaulting party of all sums expended in order to cure such default, together with interest on all such sums from the date said sums are expended by the non-defaulting party for the purpose of curing the default to the date such sums are paid in full.

ARTICLE 5. CONFLICT OF INTEREST; REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

6.1 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect in this Agreement, nor shall any such member, official or employee participate in any decision relating this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

6.2 No Personal Liability. No member, official or employee of the City shall be personally liable to Owner, or any successor or assignee, (a) in the event of any default or breach by the City, (b) for any amount which may become due to the Owner or its successor or assign, or (c) pursuant to any obligation of the City under the terms of this Agreement.

ARTICLE 7. MISCELLANEOUS PROVISIONS

7.1 Notices. All notices and communications provided for herein, or given in connection herewith, shall be validly made if in writing and delivered personally or sent by registered or certified United States Postal Service mail, return receipt requested, postage prepaid to:

If to the City: City Administrator
 P.O. Box 1170
 1090 East Union Street
 San Luis, AZ 85349

If to the Owner: c/o Jim Holmes
 Holmes Commercial Properties, Inc.
 1817 Maryal Drive, Suite 112
 Sacramento, CA 95864

or such other addresses as either party may from time to time designate in writing and deliver in a like manner. Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective. Notices given by mail shall be deemed delivered 72 hours following deposit in the United States Postal Service in the manner set forth above.

7.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or of any other provision of this Agreement.

7.3 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of the Agreement.

7.4 Authority. The undersigned represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. The Owner represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The Owner and the City warrant to each other that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each individual is signing. The Owner represents to the City that by entering into this Agreement, the Owner has bound the Property and all persons and entities having any legal or equitable interest therein to the terms of the Agreement.

7.5 Entire Agreement. This Agreement, including the following exhibits, constitutes the entire agreement between the parties. This provision applies only to the entirety of this Agreement only; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

7.6 Amendment of the Agreement. This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the parties to this Agreement or by their successor in interest or assigns. The City shall record the amendment or cancellation in the official records of the Yuma County Recorder.

7.7 Severability. If any other provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect.

7.8 Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. The parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Yuma County, Arizona, and the parties hereby waive any right to object to such venue.

7.9 Recordation of Agreement and Subsequent Amendment; Cancellation. This Agreement, and any amendment or cancellation of it shall be recorded in the official records of the Yuma County Recorder no later than ten (10) days after the City and the Owner execute such agreement amendment or cancellation, as required by A.R.S. § 9-500.05.

7.10 Attorney's Fees and Costs. If either party brings a legal action either because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing party will be entitled to reasonable attorney's fees and court costs.

7.11 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement, and no person or entity not a party hereto shall have any right or cause of action hereunder.

7.12 No Agency Created. Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties.

7.13 Non-Liability of City Officials and Employees. Except for mandamus and other special actions, no member, official or employee of the City shall be personally liable to Owner, or any successor in interest, in the event of any default or breach by the City or for any amount that may become due to the Owner or successor, or under any obligation under the terms of this Agreement.

7.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be effective only upon delivery and thereafter shall be deemed an original, and all of which shall be taken to be one and the same instrument, for the same effect as if all parties hereto had signed the same signature page. Any signature page of this Agreement may be detached from any counterpart of this Agreement without impairing the legal effect of any signatures thereon and may be attached to another counterpart of this Agreement identical in form hereto but having attached to it one or more additional signature pages.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

THE CITY OF SAN LUIS, an Arizona
Municipal Corporation

By: _____

Juan Carlos Escamilla, Mayor

ATTEST:

By: _____

Sonia Cuello, City Clerk

APPROVED AS TO FORM:

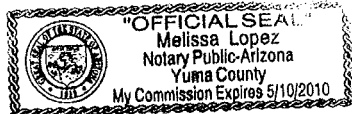
Glenn Gimbut, City Attorney

STATE OF ARIZONA)

) ss.

County of Yuma)


The foregoing instrument was acknowledged before me this 11th day of September, 2008, by Juan Carlos Escamilla, Mayor of the City of San Luis, Arizona a municipal corporation.





Melissa Lopez
Notary Public

My Commission Expires: 5/10/2010

OWNER


Thomas J. Tuohy
Manager of Gold Dredge, LLC


Jason Morehouse


Carol Morehouse

State of California

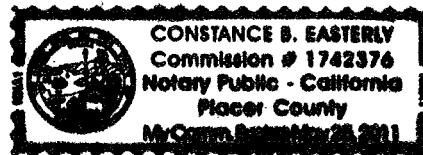
County of Placer

On September 19, 2008 before me,
Constance B. Easterly, Notary Public
(insert name and title of the officer)

personally appeared Carol Morehouse
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

Witness my hand and official seal.



Constance B. Easterly
(Notary's Signature)

[seal]

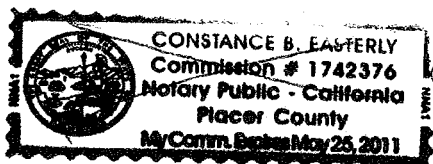
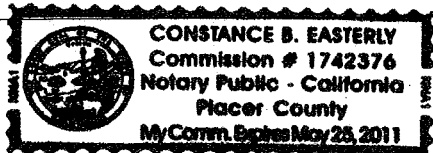
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On October 1, 2008 before me, Constance B Easterly, Notary Public
Date Here Insert Name and Title of the Officer

personally appeared Jason Morehouse
Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Constance B Easterly
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agreement

Document Date: 9-10-08 Number of Pages: 9

Signer(s) Other Than Named Above: Thomas J. Tucky + Carol Morehouse

Capacity(ies) Claimed by Signer(s)

Signer's Name: Jason Morehouse

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On October 23, 2008 before me, Constance B. Easterly, Notary Public

Date

Here Insert Name and Title of the Officer

personally appeared Thomas J. Tuohy

Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

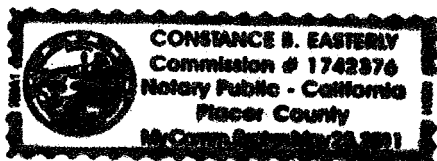
I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Constance B. Easterly

Signature of Notary Public

Place Notary Seal Above



OPTIONAL

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Signer(s) Other Than Named Above: Jason & Carol Monhorse

Capacity(ies) Claimed by Signer(s)

Signer's Name: Thomas J. Tuohy

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

Guld Dredge, LLC

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here



Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER

Top of thumb here

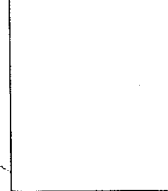


Exhibit A
Legal Description
APN- 767-05-009
Meadowcraft Facility

The North half of the West half of the Southwest quarter of section 25, Township 10 South, Range 25 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona.

EXCEPT those portions of the Southwest quarter of Section 25, Township 10 South, Range 25 West, Gila and Salt River Meridian, Yuma County, Arizona, hereinafter defined as Tract No. 1 and Tract No. 2, which are described as follows:

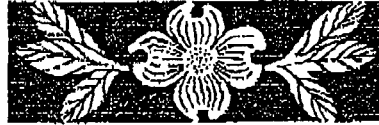
Tract No. 1

The West 83.00 feet of said Southwest quarter. EXCEPT therefrom any portion situated within the South 466 feet of the West 466 feet of the Southwest quarter of said Section.

Tract No. 2

Commencing at the West quarter corner of said Section 25, being the Northwest corner of Tract No. 1 (previously described herein) Thence along the North line of said Southwest quarter, South 89°36'18" East 128.18 feet to the POINT OF BEGINNING. Thence perpendicular to the aforesaid North line, South 00°23'42" West 40.00 feet; Thence South 45°16'02" West 63.50 feet to the East line of the aforesaid Tract No. 1; Thence along said East line, North 00°08'23" East 85.00 feet to the aforesaid North line of said Southwest quarter. Thence along the aforesaid North line South 89°36'18" East 45.18 feet to the POINT OF BEGINNING. SUBJECT TO Existing Road Right of Way traversing the North 40.00 feet of said Southwest quarter, as described in Docket 2018, page 510, records of Yuma County, Arizona.

Meadowcraft® Inc.



Casual Furniture

January 28, 1998

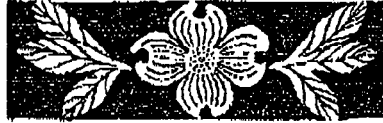
Harold Aldrich
Development Services Director for Yuma County
2703 S. Avenue B
Yuma, Arizona 85364

Dear Harold,

This letter is a request from Meadowcraft, Inc. to the Yuma County Department of Development Services to grant a temporary occupancy permit for our new Finishing/Distribution Facility being constructed on county road 21 1/2. The seven issues that have been expressed are addressed in the following section:

- 1.) Type of operation: The operation that will be conducted in the facility until final occupancy permit is received will be storage and distribution of wrought iron furniture.
- 2.) Number of days the temporary occupancy permit is requested for: 60 Days
- 3.) What will be going in and out of the facility: There will be raw furniture frames coming from Mexico to be stored for finishing and Finished product that will be coming in and going out of the distribution area.
- 4.) How many trucks per day will be going in and out of the facility: Approximately 10 to 15 trucks per day will be going in and out of the facility.
- 5.) Are the trucks full or empty: The mix will be approximately 50% empty and full.
- 6.) How much of the facility will be used temporary: Approximately 50%, (240,000 sq ft) of the distribution portion of the facility will be in use.

Meadowcraft® Inc.



Casual Furniture

7.) If the temporary occupancy permit is issued, what else will be done? In the distribution area nothing but storage and distribution of product. The finishing area will continue with the installation of the finishing system.

The intent for the request for temporary occupancy is to allow Meadowcraft to operate the distribution facility so our customers can be served and Meadowcraft would not miss the seasonal window.

Sincerely,

A handwritten signature in cursive script, reading "Michael Howell".

Michael Howell
Director of Engineering

A handwritten signature in cursive script, reading "Tony Richey".

Tony Richey
Director of Materials

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is entered into this 10th day of September, 2008, by and between Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, (collectively, "Owner") and the City of San Luis, an Arizona municipal corporation (the "City"). This Agreement is entered into pursuant to City Resolution Number 801.

RECITALS

- A. WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with landowners and persons having an interest in real property that is located in the City;
- B. WHEREAS, Owner owns a property known as the Meadowcraft facility which located at on Highway 95, just north of the existing municipal limits of the City, said facility having been developed as an industrial manufacturing facility for the manufacture and distribution of furniture;
- C. WHEREAS, City desires to have annex the Property of Owner and Owner desires to be annexed as long as use of the Property for Heavy Industrial Uses can be established and maintained;
- D. WHEREAS, City does not presently have a zoning classification allowing Heavy Industrial Uses, but is in the process of re-writing its zoning code to allow for such uses;
- E. WHEREAS, City finds the Property of Owner to be appropriate for Heavy Industrial Use;
- F. WHEREAS, A.R.S. §9-500.05.A authorizes pre-annexation development agreements; and
- G. WHEREAS, the City's governing body has authorized execution of this Agreement by Resolution No. 801, a draft of which is attached to this Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

ARTICLE 1, DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise:

1.1. "City" shall mean and refer to the City of San Luis, an Arizona municipal corporation, and any successor public body or entity.

1.2 "Improvements" shall mean and refer to all public and private improvements which may be constructed from time to time on the Property, including, without limitation, all structures, buildings, roads, driveways, parking areas, walls, landscaping and other improvements of any type or kind, or any other alteration of the natural terrain to be built by the Owner or the City, as the case may be, pursuant to the terms of this Agreement.

1.3 "Owner" shall mean and refer to Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, or nominee and their respective successors and assigns.

1.4 "Property" as used in this Agreement shall mean and refer to al of the real property which is legally described in Exhibit A.

ARTICLE 2. DURATION

2.1 Duration of Development Agreement. The term of this Agreement shall continue and exist from the effective date of this Agreement until the Property is rezoned to Heavy Industrial Use or two years from the date of the adoption of the Resolution of City approving and authorizing this Agreement, whichever event first occurs.

ARTICLE 3. ZONING AND USE OF PROPERTY

3.1 The parties hereby acknowledge that the Property was developed in unincorporated Yuma County, Arizona as an industrial manufacturing facility. The furniture manufacturing and distribution uses for which the Property was initially developed ceased operations several years ago. The Property is presently zoned by Yuma County for light industry. Owner desires zoning for heavy industry. City acknowledges and agrees that the land and Property of Owner as described on Exhibit A is appropriate to be used for heavy industry. At present time the City does not have a category allowing heavy industrial uses within its zoning code. The closest category that presently exists is light industry. At present time the City is in the process of rewriting its zoning code and anticipates its adoption within the next four months. A heavy industrial zone is anticipated to be created as part of that code. City agrees, once the new zoning code has been adopted, at its expense, to proceed and zone the Property to Heavy Industrial Use. Until such time as the Property is so zoned, the City agrees to allow the Owner to use the Property in conformance with the draft provisions of the proposed new code for heavy industry and establish uses conforming to those provisions. A copy of those provisions is attached as Exhibit B hereto and by this reference are incorporated herein as though fully set forth again in full.

Additionally Owner has a proposed tenant for part of its Property which proposes to establish a use for the recycling of batteries, and more particularly automotive vehicle batteries. The tenant proposes to recycle batteries and produce from them plastic pellets, lead bars, and acid, each suitable for remanufacture into other products. City acknowledges that it has been fully informed of the proposed user and the proposed anticipated use. City agrees that said use may be established on the Property of Owner, and that, notwithstanding the duration of this Agreement, City will take such actions as may be necessary to cause said use to be a legal conforming use of Property during the Lease term of such tenant.

ARTICLE 4. OWNER AGREEMENTS

4.1 Owner agrees to execute a Proposition 207 Waiver in the form attached as Exhibit C attached hereto prior to completion of annexation.

4.2 Owner agrees to sign appropriate annexation petitions to annex the Property to the municipal limits of City. It is understood and agreed that this Agreement will not become operative until or unless annexation proceedings to annex the Property to City are completed as provided by A.R.S. §9-500.05.A.

4.3 Owner agrees to assign to City the right to take delivery of water from the Yuma County Water Users Association for the purpose of conversion for the Property which is the subject of this Agreement. City acknowledges and agrees that Owner will be entitled to City water utility service upon completion of the process of annexation into the municipal limits of City. To the extent that Owner has the contractual right or otherwise legal ability to make such an assignment, Owner, on behalf of themselves, and any successor in interest, agrees to execute and deliver to City an assignment to take delivery of water from the Yuma County Water Users Association for the purpose of conversion at such time as water service is available to the Property, but in no event any later than the termination date of this Agreement. At all times City agrees that Owner may use its well or wells that are presently onsite for water service and may take delivery of water from the Yuma County Water Users Association, until or unless City actually takes delivery of water from the Yuma County Water Users Association and is able to convert said water and deliver it back to Owner.

ARTICLE 5. MEDIATION AND DEFAULT

5.1 Representatives. To further the cooperation of the parties in implementing this Agreement, the City and Owner each shall designate and appoint a representative to act as a liaison between the City and its various departments and the Owner. The initial representative for the City (the "City Representative") shall be the City Manager and the initial representative for the Owner shall be Jim Holmes of Holmes Commercial Properties, Inc., and as otherwise identified by the Owner from time to time (the "Owner Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement.

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5.3 Default. Failure or unreasonable delay by any party to perform any term or provision of this Agreement for a period of ten (10) days after written notice thereof from another party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within ten (10) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any party, the non-defaulting party shall be entitled to all remedies at both law and in equity, including, without limitation, termination, specific performance, and/or the right to perform the obligation (s) of which the defaulting party is in default and to immediately seek reimbursement from the defaulting party of all sums expended in order to cure such default, together with interest on all such sums from the date said sums are expended by the non-defaulting party for the purpose of curing the default to the date such sums are paid in full.

ARTICLE 5. CONFLICT OF INTEREST; REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

6.1 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect in this Agreement, nor shall any such member, official or employee participate in any decision relating this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

6.2 No Personal Liability. No member, official or employee of the City shall be personally liable to Owner, or any successor or assignee, (a) in the event of any default or breach by the City, (b) for any amount which may become due to the Owner or its successor or assign, or (c) pursuant to any obligation of the City under the terms of this Agreement.

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7.1 Notices. All notices and communications provided for herein, or given in connection herewith, shall be validly made if in writing and delivered personally or sent by registered or certified United States Postal Service mail, return receipt requested, postage prepaid to:

If to the City: City Administrator
 P.O. Box 1170
 1090 East Union Street
 San Luis, AZ 85349

If to the Owner: c/o Jim Holmes
 Holmes Commercial Properties, Inc.
 1817 Maryal Drive, Suite 112
 Sacramento, CA 95864

or such other addresses as either party may from time to time designate in writing and deliver in a like manner. Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective. Notices given by mail shall be deemed delivered 72 hours following deposit in the United States Postal Service in the manner set forth above.

7.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or of any other provision of this Agreement.

7.3 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of the Agreement.

7.4 Authority. The undersigned represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. The Owner represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The Owner and the City warrant to each other that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each individual is signing. The Owner represents to the City that by entering into this Agreement, the Owner has bound the Property and all persons and entities having any legal or equitable interest therein to the terms of the Agreement.

7.5 Entire Agreement. This Agreement, including the following exhibits, constitutes the entire agreement between the parties. This provision applies only to the entirety of this Agreement only; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

7.6 Amendment of the Agreement. This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the parties to this Agreement or by their successor in interest or assigns. The City shall record the amendment or cancellation in the official records of the Yuma County Recorder.

7.7 Severability. If any other provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect.

7.8 Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. The parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Yuma County, Arizona, and the parties hereby waive any right to object to such venue.

7.9 Recordation of Agreement and Subsequent Amendment; Cancellation. This Agreement, and any amendment or cancellation of it shall be recorded in the official records of the Yuma County Recorder no later than ten (10) days after the City and the Owner execute such agreement amendment or cancellation, as required by A.R.S. § 9-500.05.


7.10 Attorney's Fees and Costs. If either party brings a legal action either because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing party will be entitled to reasonable attorney's fees and court costs.


7.11 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement, and no person or entity not a party hereto shall have any right or cause of action hereunder.

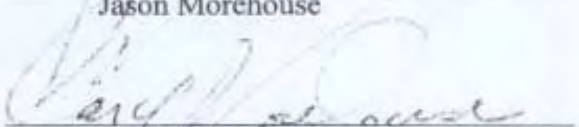
7.12 No Agency Created. Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties.

7.13 Non-Liability of City Officials and Employees. Except for mandamus and other special actions, no member, official or employee of the City shall be personally liable to Owner, or any successor in interest, in the event of any default or breach by the City or for any amount that may become due to the Owner or successor, or under any obligation under the terms of this Agreement.

OWNER


Thomas J. Tuohy
Manager of Gold Dredge, LLC


Jason Morehouse


Carol Morehouse

State of California

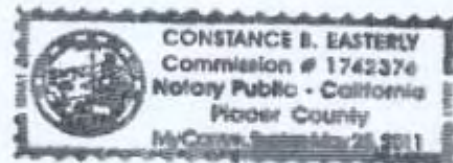
County of Placer

On September 19 2008 before me,
Constance B Easterly, Notary Public
(insert name and title of the officer)

personally appeared Carol Morehouse
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

Witness my hand and official seal.



Constance B Easterly
(Notary's Signature)

[seal]

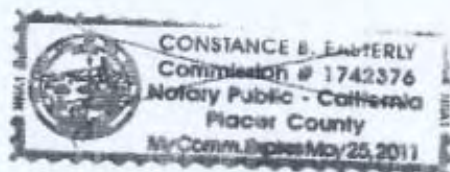
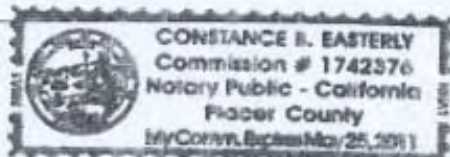
CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

On October 2009 before me, Constance B. Easterly, Notary Public

personally appeared Josie Morehouse



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Constance B. Easterly

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Decomposition Agreement

Document Date: 9-10-08 Number of Pages: 9

Signer(s) Other Than Named Above: Thomas J. Tuckey & Carol Morehouse

Capacity(ies) Claimed by Signer(s)

Signer's Name: Josie Morehouse

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

Signer Is Representing: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California

County of Placer

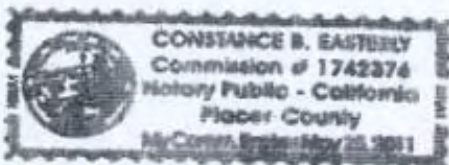
On October 23, 2008 before me,

Constance B. Eastley, Notary Public

Here Insert Name and Title of the Officer

personally appeared Thomas J. Tuckey

Name(s) of Signer(s)



who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Constance B. Eastley

Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: Development Agreement

Document Date: 9-10-08

Number of Pages: 9

Signer(s) Other Than Named Above: James Earl Munkson

Capacity(ies) Claimed by Signer(s)

Signer's Name: Thomas J. Tuckey

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Goodridge, LLC

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER
Top of thumb here

Signer Is Representing: _____

Exhibit A
Legal Description
APN- 767-05-009
Meadowcraft Facility

The North half of the West half of the Southwest quarter of section 25, Township 10 South, Range 25 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona.

EXCEPT those portions of the Southwest quarter of Section 25, Township 10 South, Range 25 West, Gila and Salt River Meridian, Yuma County, Arizona, hereinafter defined as Tract No. 1 and Tract No. 2, which are described as follows:

Tract No. 1

The West 83.00 feet of said Southwest quarter. EXCEPT therefrom any portion situated within the South 466 feet of the West 466 feet of the Southwest quarter of said Section.

Tract No. 2

Commencing at the West quarter corner of said Section 25, being the Northwest corner of Tract No. 1 (previously described herein) Thence along the North line of said Southwest quarter, South 89°36'18" East 128.18 feet to the POINT OF BEGINNING. Thence perpendicular to the aforesaid North line, South 00°23'42" West 40.00 feet; Thence South 45°16'02" West 63.50 feet to the East line of the aforesaid Tract No. 1; Thence along said East line, North 00°08'23" East 85.00 feet to the aforesaid North line of said Southwest quarter. Thence along the aforesaid North line South 89°36'18" East 45.18 feet to the POINT OF BEGINNING. SUBJECT TO Existing Road Right of Way traversing the North 40.00 feet of said Southwest quarter, as described in Docket 2018, page 510, records of Yuma County, Arizona.



City of San Luis

P.O. Box 1170
1090 E. Union Street
San Luis, AZ 85349-1170
Ph (928) 341-8520 • Fax (928) 341-8539

September 15, 2008

Tom Pancrazi
A.T. Pancrazi Real Estate Services, Inc.
350 W. 16th Street
Suite 332
Yuma AZ 85364

Dear Mr. Pancrazi,

The City of San Luis Mayor and Council approved Resolution No. 801 at their regular council meeting held on Wednesday, September 10, 2008. Attached please find a copy of Resolution No. 801 and two original development agreements for the Meadowcraft facility. The signatures of Thomas J. Tuohy, Jason Morehouse and Carol Morehouse are missing. Their signatures need to be notarized as indicated on page 8 of the development agreement. Once the agreements are fully executed, I ask that you please forward me a fully executed development agreement for the city's record.

Should you have any questions, please do not hesitate to contact me at (928) 341-8520.

Sincerely,

Sonia Cuello
City Clerk

Enclosures:

Copy of Resolution 801
2 Development Agreements



OFFICE OF THE
MAYOR
CITY OF SAN LUIS

Resolution

RESOLUTION NO. 801

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF SAN LUIS, ARIZONA APPROVING A DEVELOPMENT AGREEMENT BETWEEN THE CITY OF SAN LUIS, ARIZONA AND GOLD DREDGE L.L.C. AND JASON MOREHOUSE AND CAROL MOREHOUSE, HUSBAND AND WIFE

Whereas, Gold Dredge L.L.C. and Jason Morehouse and Carol Morehouse ("Owners") are the owners of the property known as Meadowcraft and have signed an annexation petition to annex their property into the municipal limits of the City of San Luis ("City") and desire to enter into a development agreement ("Development Agreement") with the City to provide for the zoning, use, and development of their property;

Whereas, A.R.S. §9-500.05 grants power to a municipality to enter into development agreements which provide conditions, terms, restrictions and requirements for zoning, use and development of property;

Whereas the City Council finds that provision for zoning, use and development of the property is appropriate at this time; and

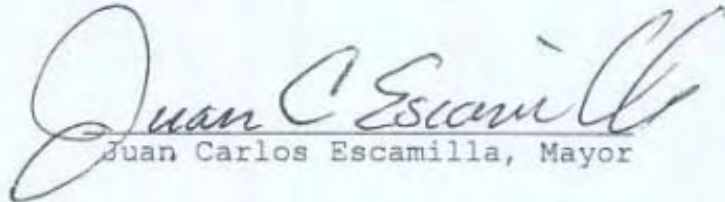
Whereas, the parties to the Development Agreement desire to enter into said agreement;

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


Section 1: That the Development Agreement between the City of San Luis, Arizona and Gold Dredge L.L.C. and Jason Morehouse and Carol Morehouse, husband and wife, as attached hereto as Exhibit "A", is hereby approved.

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

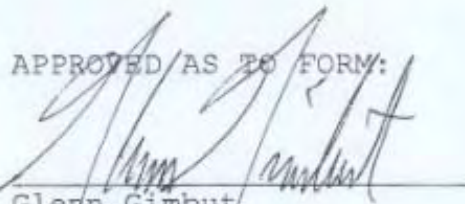
PASSED AND ADOPTED by the Mayor and Common Council of the City of San Luis, Arizona, this 10th day of September, 2008.


Juan Carlos Escamilla, Mayor

ATTEST:


Sonia Cuello, City Clerk

APPROVED AS TO FORM:


Glenn Gimbut
City Attorney

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement") is entered into this 10th day of September, 2008, by and between Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, (collectively, "Owner") and the City of San Luis, an Arizona municipal corporation (the "City"). This Agreement is entered into pursuant to City Resolution Number 801.

RECITALS

- A. WHEREAS, A.R.S. § 9-500.05 authorizes the City to enter into development agreements with landowners and persons having an interest in real property that is located in the City;
- B. WHEREAS, Owner owns a property known as the Meadowcraft facility which located at on Highway 95, just north of the existing municipal limits of the City, said facility having been developed as an industrial manufacturing facility for the manufacture and distribution of furniture;
- C. WHEREAS, City desires to have annex the Property of Owner and Owner desires to be annexed as long as use of the Property for Heavy Industrial Uses can be established and maintained;
- D. WHEREAS, City does not presently have a zoning classification allowing Heavy Industrial Uses, but is in the process of re-writing its zoning code to allow for such uses;
- E. WHEREAS, City finds the Property of Owner to be appropriate for Heavy Industrial Use;
- F. WHEREAS, A.R.S. §9-500.05.A authorizes pre-annexation development agreements; and
- G. WHEREAS, the City's governing body has authorized execution of this Agreement by Resolution No. 801, a draft of which is attached to this Agreement.

NOW, THEREFORE, the parties agree as follows:

AGREEMENT

ARTICLE 1. DEFINITIONS

The following terms shall have the meanings set forth below whenever used in this Agreement, except where the context clearly indicates otherwise:

1.1. "City" shall mean and refer to the City of San Luis, an Arizona municipal corporation, and any successor public body or entity.

1.2 "Improvements" shall mean and refer to all public and private improvements which may be constructed from time to time on the Property, including, without limitation, all structures, buildings, roads, driveways, parking areas, walls, landscaping and other improvements of any type or kind, or any other alteration of the natural terrain to be built by the Owner or the City, as the case may be, pursuant to the terms of this Agreement.

1.3 "Owner" shall mean and refer to Gold Dredge, LLC, a California limited liability company authorized to do business in the State of Arizona, and Jason Morehouse and Carol Morehouse, husband and wife, or nominee and their respective successors and assigns.

1.4 "Property" as used in this Agreement shall mean and refer to al of the real property which is legally described in Exhibit A.

ARTICLE 2. DURATION

2.1 Duration of Development Agreement. The term of this Agreement shall continue and exist from the effective date of this Agreement until the Property is rezoned to Heavy Industrial Use or two years from the date of the adoption of the Resolution of City approving and authorizing this Agreement, whichever event first occurs.

ARTICLE 3. ZONING AND USE OF PROPERTY

3.1 The parties hereby acknowledge that the Property was developed in unincorporated Yuma County, Arizona as an industrial manufacturing facility. The furniture manufacturing and distribution uses for which the Property was initially developed ceased operations several years ago. The Property is presently zoned by Yuma County for light industry. Owner desires zoning for heavy industry. City acknowledges and agrees that the land and Property of Owner as described on Exhibit A is appropriate to be used for heavy industry. At present time the City does not have a category allowing heavy industrial uses within its zoning code. The closest category that presently exists is light industry. At present time the City is in the process of rewriting its zoning code and anticipates its adoption within the next four months. A heavy industrial zone is anticipated to be created as part of that code. City agrees, once the new zoning code has been adopted, at its expense, to proceed and zone the Property to Heavy Industrial Use. Until such time as the Property is so zoned, the City agrees to allow the Owner to use the Property in conformance with the draft provisions of the proposed new code for heavy industry and establish uses conforming to those provisions. A copy of those provisions is attached as Exhibit B hereto and by this reference are incorporated herein as though fully set forth again in full.

Additionally Owner has a proposed tenant for part of its Property which proposes to establish a use for the recycling of batteries, and more particularly automotive vehicle batteries. The tenant proposes to recycle batteries and produce from them plastic pellets, lead bars, and acid, each suitable for remanufacture into other products. City acknowledges that it has been fully informed of the proposed user and the proposed anticipated use. City agrees that said use may be established on the Property of Owner, and that, notwithstanding the duration of this Agreement, City will take such actions as may be necessary to cause said use to be a legal conforming use of Property during the Lease term of such tenant.

ARTICLE 4. OWNER AGREEMENTS

4.1 Owner agrees to execute a Proposition 207 Waiver in the form attached as Exhibit C attached hereto prior to completion of annexation.

4.2 Owner agrees to sign appropriate annexation petitions to annex the Property to the municipal limits of City. It is understood and agreed that this Agreement will not become operative until or unless annexation proceedings to annex the Property to City are completed as provided by A.R.S. §9-500.05.A.

4.3 Owner agrees to assign to City the right to take delivery of water from the Yuma County Water Users Association for the purpose of conversion for the Property which is the subject of this Agreement. City acknowledges and agrees that Owner will be entitled to City water utility service upon completion of the process of annexation into the municipal limits of City. To the extent that Owner has the contractual right or otherwise legal ability to make such an assignment, Owner, on behalf of themselves, and any successor in interest, agrees to execute and deliver to City an assignment to take delivery of water from the Yuma County Water Users Association for the purpose of conversion at such time as water service is available to the Property, but in no event any later than the termination date of this Agreement. At all times City agrees that Owner may use its well or wells that are presently onsite for water service and may take delivery of water from the Yuma County Water Users Association, until or unless City actually takes delivery of water from the Yuma County Water Users Association and is able to convert said water and deliver it back to Owner.

ARTICLE 5. MEDIATION AND DEFAULT

5.1 Representatives. To further the cooperation of the parties in implementing this Agreement, the City and Owner each shall designate and appoint a representative to act as a liaison between the City and its various departments and the Owner. The initial representative for the City (the "City Representative") shall be the City Manager and the initial representative for the Owner shall be Jim Holmes of Holmes Commercial Properties, Inc., and as otherwise identified by the Owner from time to time (the "Owner Representative"). The representatives shall be available at all reasonable times to discuss and review the performance of the parties to this Agreement.

5.2 Mediation. In the event that there is a dispute hereunder which the parties cannot resolve between themselves, the parties agree that there shall be a forty-five (45) day moratorium on litigation during which time the parties agree to attempt to settle the dispute by nonbonding mediation before commencement of litigation. The mediation shall be held under the commercial mediation rules of the American Arbitration Association. The matter in dispute shall be submitted to a mediator mutually selected by Owner and the City. In the event that the parties cannot agree upon the selection of a mediator within seven (7) days, then within three (3) days thereafter, the City and the Owner shall request the presiding judge of the Superior Court in and for the County of Yuma, State of Arizona, to appoint a mediator from a list of mediators maintained by the Arizona Municipal Risk Retention Pool. The cost of any such mediation shall be divided equally between the City and Owner. The results of the mediation shall be nonbonding on the parties, and any party shall be free to initiate litigation subsequent to the moratorium.

5.3 Default. Failure or unreasonable delay by any party to perform any term or provision of this Agreement for a period of ten (10) days after written notice thereof from another party shall constitute a default under this Agreement. If the default is of a nature which is not capable of being cured within ten (10) days, the cure shall be commenced within such period, and diligently pursued to completion. The notice shall specify the nature of the alleged default and the manner in which the default may be satisfactorily cured. In the event of a default hereunder by any party, the non-defaulting party shall be entitled to all remedies at both law and in equity, including, without limitation, termination, specific performance, and/or the right to perform the obligation (s) of which the defaulting party is in default and to immediately seek reimbursement from the defaulting party of all sums expended in order to cure such default, together with interest on all such sums from the date said sums are expended by the non-defaulting party for the purpose of curing the default to the date such sums are paid in full.

ARTICLE 5. CONFLICT OF INTEREST; REPRESENTATIVES NOT INDIVIDUALLY LIABLE.

6.1 Conflict of Interest. Pursuant to Arizona law, rules and regulations, no member, official or employee of the City shall have any personal interest, direct or indirect in this Agreement, nor shall any such member, official or employee participate in any decision relating this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is, directly or indirectly, interested.

6.2 No Personal Liability. No member, official or employee of the City shall be personally liable to Owner, or any successor or assignee, (a) in the event of any default or breach by the City, (b) for any amount which may become due to the Owner or its successor or assign, or (c) pursuant to any obligation of the City under the terms of this Agreement.

ARTICLE 7. MISCELLANEOUS PROVISIONS

7.1 Notices. All notices and communications provided for herein, or given in connection herewith, shall be validly made if in writing and delivered personally or sent by registered or certified United States Postal Service mail, return receipt requested, postage prepaid to:

If to the City: City Administrator
 P.O. Box 1170
 1090 East Union Street
 San Luis, AZ 85349

If to the Owner: c/o Jim Holmes
 Holmes Commercial Properties, Inc.
 1817 Maryal Drive, Suite 112
 Sacramento, CA 95864

or such other addresses as either party may from time to time designate in writing and deliver in a like manner. Any such change of address notice shall be given at least ten (10) days before the date on which the change is to become effective. Notices given by mail shall be deemed delivered 72 hours following deposit in the United States Postal Service in the manner set forth above.

7.2 Waiver. No delay in exercising any right or remedy shall constitute a waiver thereof, and no waiver by the parties of the breach of any provision of this Agreement shall be construed as a waiver of any preceding or succeeding breach of the same or of any other provision of this Agreement.

7.3 Headings. The descriptive headings of the paragraphs of this Agreement are inserted for convenience only, and shall not control or affect the meaning or construction of any of the provisions of the Agreement.

7.4 Authority. The undersigned represent to each other that they have full power and authority to enter into this Agreement, and that all necessary actions have been taken to give full force and effect to this Agreement. The Owner represents and warrants that it is duly formed and validly existing under the laws of the State of Arizona and that it is duly qualified to do business in the State of Arizona and is in good standing under applicable state laws. The Owner and the City warrant to each other that the individuals executing this Agreement on behalf of their respective parties are authorized and empowered to bind the party on whose behalf each individual is signing. The Owner represents to the City that by entering into this Agreement, the Owner has bound the Property and all persons and entities having any legal or equitable interest therein to the terms of the Agreement.

7.5 Entire Agreement. This Agreement, including the following exhibits, constitutes the entire agreement between the parties. This provision applies only to the entirety of this Agreement only; additional and separate zoning stipulations and agreements with the City may apply to the Property, and this provision has no effect on them.

7.6 Amendment of the Agreement. This Agreement may be amended, in whole or in part and with respect to all or any portion of the Property, only with the mutual written consent of the parties to this Agreement or by their successor in interest or assigns. The City shall record the amendment or cancellation in the official records of the Yuma County Recorder.

7.7 Severability. If any other provision of this Agreement is declared void or unenforceable, such provision shall be severed from this Agreement, which shall otherwise remain in full force and effect.

7.8 Governing Law. The laws of the State of Arizona shall govern the interpretation and enforcement of this Agreement. The parties agree that venue for any action commenced in connection with this Agreement shall be proper only in a court of competent jurisdiction located in Yuma County, Arizona, and the parties hereby waive any right to object to such venue.

7.9 Recordation of Agreement and Subsequent Amendment; Cancellation. This Agreement, and any amendment or cancellation of it shall be recorded in the official records of the Yuma County Recorder no later than ten (10) days after the City and the Owner execute such agreement amendment or cancellation, as required by A.R.S. § 9-500.05.

7.10 Attorney's Fees and Costs. If either party brings a legal action either because of a breach of this Agreement or to enforce a provision of this Agreement, the prevailing party will be entitled to reasonable attorney's fees and court costs.

7.11 No Third-Party Beneficiaries. There are no third-party beneficiaries to this Agreement, and no person or entity not a party hereto shall have any right or cause of action hereunder.

7.12 No Agency Created. Nothing contained in this Agreement shall create any partnership, joint venture, or agency relationship between the parties.

7.13 Non-Liability of City Officials and Employees. Except for mandamus and other special actions, no member, official or employee of the City shall be personally liable to Owner, or any successor in interest, in the event of any default or breach by the City or for any amount that may become due to the Owner or successor, or under any obligation under the terms of this Agreement.

OWNER

SIGN HERE

SIG

Thomas J. Tuohy
Manager of Gold Dredge, LLC

SIGN HERE

SIGN

Jason Morehouse

SIGN HERE

SIG

Carol Morehouse

State of California

County of _____

On _____ before me,

(insert name and title of the officer)

personally appeared _____
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s)
is/are subscribed to the within instrument and acknowledged to me that he/she/they
executed the same in his/her/their authorized capacity(ies), and that by his/her/their
signature(s) on the instrument the person(s), or the entity upon behalf of which the
person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

Witness my hand and official seal.

SIGN HERE

SIGN

[seal]

(Notary's Signature)

Exhibit A
Legal Description
APN- 767-05-009
Meadowcraft Facility

The North half of the West half of the Southwest quarter of section 25, Township 10 South, Range 25 West of the Gila and Salt River Base and Meridian, Yuma County, Arizona.

EXCEPT those portions of the Southwest quarter of Section 25, Township 10 South, Range 25 West, Gila and Salt River Meridian, Yuma County, Arizona, hereinafter defined as Tract No. 1 and Tract No. 2, which are described as follows:

Tract No. 1

The West 83.00 feet of said Southwest quarter. EXCEPT therefrom any portion situated within the South 466 feet of the West 466 feet of the Southwest quarter of said Section.

Tract No. 2

Commencing at the West quarter corner of said Section 25, being the Northwest corner of Tract No. 1 (previously described herein) Thence along the North line of said Southwest quarter, South 89°36'18" East 128.18 feet to the POINT OF BEGINNING. Thence perpendicular to the aforesaid North line, South 00°23'42" West 40.00 feet; Thence South 45°16'02" West 63.50 feet to the East line of the aforesaid Tract No. 1; Thence along said East line, North 00°08'23" East 85.00 feet to the aforesaid North line of said Southwest quarter. Thence along the aforesaid North line South 89°36'18" East 45.18 feet to the POINT OF BEGINNING. SUBJECT TO Existing Road Right of Way traversing the North 40.00 feet of said Southwest quarter, as described in Docket 2018, page 510, records of Yuma County, Arizona.

June 7, 2010

City of Somerton Community Development Department
Code Enforcement
 150 W. Main Street
 P.O. Box 638
 Somerton, AZ 85350

Subject: FOIA Request for Code Information / Certification
 10793 W. County 20 ½ Street
 Somerton, AZ 85350

To Whom It May Concern:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. To the best of your knowledge, are there any existing or pending building code issues that will require the Property to be upgraded?

Yes / No
2. Is the Property subject to any open permits?

Yes / No
3. When was the date of the last building code inspection of the Property?

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,



Herb Spitz, LEED AP
 Facility Assessor

Signed _____

Date _____

Title _____

June 7, 2010

City of Somerton Community Development Department
150 W. Main Street
P.O. Box 638
Somerton, AZ 85350

Attention: Planning and Zoning

Subject: FOIA Request for Planning and Zoning Information / Certification
10793 W. County 20 ½ Street
Somerton, AZ 85350

Dear Zoning Administrator:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. Please provide the zoning district of the Property.
2. The authorized uses of the Property include medical, office and related support and accessory use.
3. The improvements at the Property are in full compliance with the Zoning Ordinance in effect at the time of construction.
4. The existing improvements at the Property are in full compliance with the current Zoning Ordinance.
5. If any of the certifications contained in paragraphs 1 through 4 above, inclusive, are inadequate or incomplete, please indicate any discrepancies (attach additional sheets if required).

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,



Herb Spitz, LEED AP
Facility Assessor

Signed _____

Date _____

Title _____

June 7, 2010

City of Somerton Fire Department
Office of Fire Prevention
 P.O. Box 638
 445 E. Main St
 Somerton, AZ 85350

Subject: FOIA Request for Fire & Life Safety Information / Certification
 10793 W. County 20 ½ Street
 Somerton, AZ 85350

To Whom It May Concern:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. When was the last fire inspection of the Property completed?
2. Are there any outstanding fire code violations on file for the Property? Yes / No
3. Are there any existing conditions that negatively impact the Property, such as inadequate fire access, alarm systems, sprinklers or standpipes, deficiencies in pull stations or inadequate back-up systems or fire egress? Yes / No
4. To the best of your knowledge, are there any existing or pending fire or life safety code issues that will require the Property to be upgraded? Yes / No

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated. When faxing this letter, if possible please include a copy of the last fire inspection report.

Truly Yours,



Herb Spitz, LEED AP
 Facility Assessor

Signed _____

Date _____

Title _____

June 8, 2010

City of San Luis Community Development Department
Code Enforcement
 P.O. Box 1170
 1090 E. Union St.
 San Luis, AZ 85349

Subject: FOIA Request for Code Information / Certification
 Meadowcraft Warehouse
 2301 N. Main Street/10793 W. County 20 ½ Street
 San Luis, AZ

To Whom It May Concern:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. To the best of your knowledge, are there any existing or pending building code issues that will require the Property to be upgraded? Yes / No
2. Is the Property subject to any open permits? Yes / No
3. When was the date of the last building code inspection of the Property?

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,



Herb Spitz, LEED AP
 Facility Assessor

Signed _____

Date _____

Title _____

June 8, 2010

City of San Luis Fire Department
Office of Fire Prevention
 P.O. Box 445
 1165 N. McCain Ave.
 San Luis, AZ 85349

Subject: FOIA Request for Fire & Life Safety Information / Certification
 Meadowcraft Warehouse
 2301 N. Main Street/10793 W. County 20 ½ Street
 San Luis, Arizona

To Whom It May Concern:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

1. When was the last fire inspection of the Property completed?
2. Are there any outstanding fire code violations on file for the Property? Yes / No
3. Are there any existing conditions that negatively impact the Property, such as inadequate fire access, alarm systems, sprinklers or standpipes, deficiencies in pull stations or inadequate back-up systems or fire egress? Yes / No
4. To the best of your knowledge, are there any existing or pending fire or life safety code issues that will require the Property to be upgraded? Yes / No

Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated. When faxing this letter, if possible please include a copy of the last fire inspection report.

Truly Yours,



Herb Spitz, LEED AP
 Facility Assessor

Signed _____

Date _____

Title _____

June 8, 2010

City of San Luis Community Development Department
P.O. Box 1170
1090 E. Union St.
San Luis, AZ 85349

Attention: Planning and Zoning

Subject: FOIA Request for Planning and Zoning Information / Certification
Meadowcraft Warehouse
2301 N. Main Street/10793 W. County 20 ½ Street
San Luis, AZ

Dear Zoning Administrator:

We are completing an evaluation of the above referenced Property. We are requesting that you please provide the information requested and countersign this certification letter in the space provided below to certify the following in respect to the Property:

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Your assistance in faxing this certification letter to us at the above number, with the original to follow by mail, is very much appreciated.

Truly Yours,

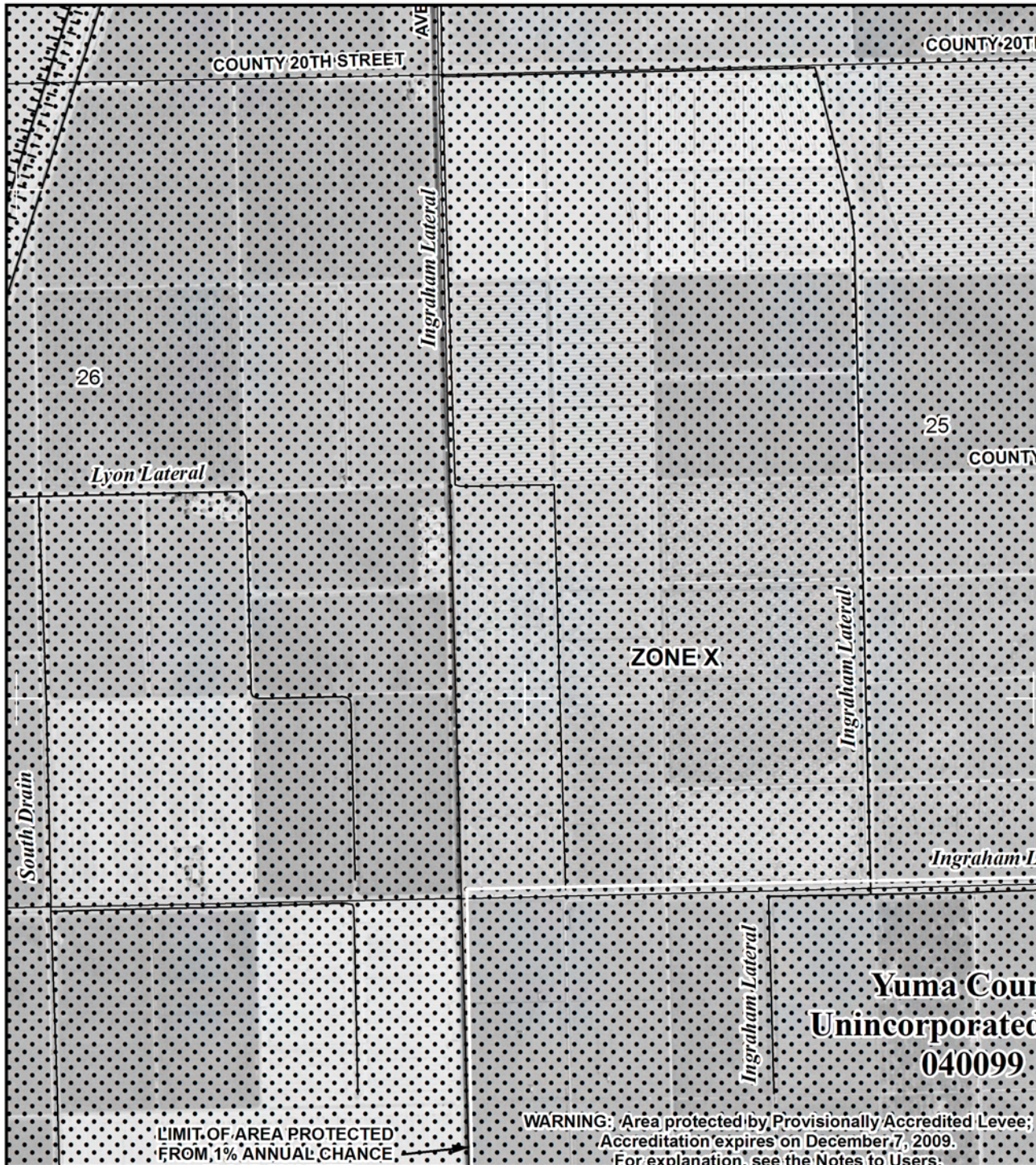


Herb Spitz, LEED AP
Facility Assessor

Signed _____

Date _____

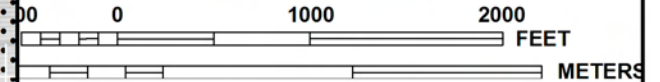
Title _____



National Flood Insurance Program at 1-800-638-6620.



MAP SCALE 1" = 1000'



NFP

PANEL 1820E

FIRM

FLOOD INSURANCE RATE MAP

**YUMA COUNTY,
ARIZONA
AND INCORPORATED AREAS**

PANEL 1820 OF 2950

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN LUIS, CITY OF	040136	1820	E
YUMA COUNTY	040099	1820	E

Notice to User: The Map Number shown below should be used when placing map orders; the Community Number shown above should be used on insurance applications for the subject community.



**MAP NUMBER
04027C1820E**

**EFFECTIVE DATE
AUGUST 28, 2008**

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

LIMIT OF AREA PROTECTED
FROM 1% ANNUAL CHANCE

WARNING: Area protected by Provisionally Accredited Levee;
Accreditation expires on December 7, 2009.
For explanation, see the Notes to Users.

Appendix C

Site Location Plan

Web Images Videos Shopping News Maps More | MSN | Hotmail Sign in | United States | Preferences

bing 10793 west country 20 1

10793 W County 20 1/2 St S, Somerton, AZ 85350

Not what you want? · [Directions](#) · [Save](#)





NEARBY

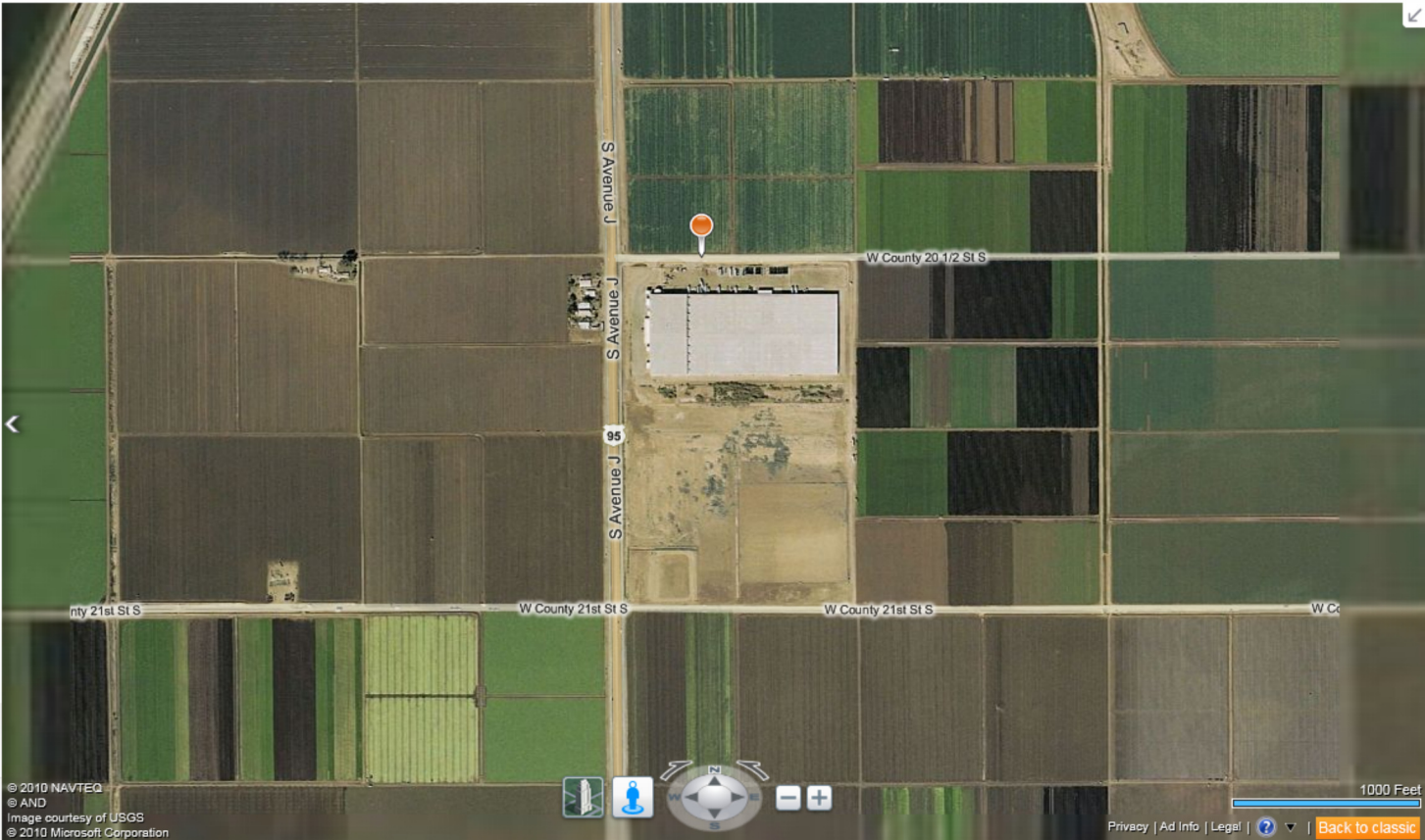
[Holiday Inn Express Official Site](#)
☆☆☆☆ · [Write a review](#)

< >

EXPLORE

· [Current Traffic](#) · [What's Nearby](#)

MY LEGEND     MAP APPS >



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© AND
Image courtesy of USGS
© 2010 Microsoft Corporation

1000 Feet

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Appendix D

Wells Fargo Mold Checklist

18793 W. COUNTY 201/2 S.

WELLS FARGO**INDOOR AIR QUALITY
MOLD CHECKLIST**

6/7/2010

Interior Evaluation	YES	NO	N/A
Is there a musty smell or strong odor present?		X	
NOTES:			
Is there any visible mold present?		X	
NOTES:			
Is there any indication of water infiltration?		X	
NOTES:			
Is there any water staining on the ceiling, walls, etc.?		X	
NOTES:			
Is there any indication of walls or ceilings crumbling or degrading?		X	
NOTES:			
Is there any indication of painted surfaces bubbling or swelling?		X	
NOTES:			
Is there a kitchen?		X	
If so, does it appear to be clean and orderly?			
NOTES:			
Are there sewer injectors located in the building?		X	
If so, do they appear to be working properly?			
NOTES: - BUILDING IS NOW VACANT NO SIGN OF WATER INTRUSION OR MOLD			