

LS APPRAISAL SERVICES

Lucas P. Still, MAI
President

Real Estate Appraisal & Real Estate Consulting

Including:

Financing

Condemnation

Partial Interests

Lease-by-Lease

Leasehold Interests

General Consulting

April 15, 2016

FILE: LS2016-010

Mr. Stuart Schmeling
Lake Havasu City
2330 McCulloch Blvd N
Lake Havasu City, AZ 86403
Email: SchmelingS@lhcaz.gov

RE: For an appraisal report communicated in Narrative appraisal report format as defined by USPAP Standards 2-2(a). We have been asked to provide the "as is" market value of the vacant land parcel identified by the legal description: Parcel L, Block 8, Tract 2302, Sec 14, T13N, R20W, Lake Havasu City, Mohave County, AZ.

Dear Stuart:

In response to your request and authorization, Lucas P. Still, MAI has inspected the above referenced property as of March 17, 2016, to prepare an appraisal report utilizing all applicable approaches to value with the conclusions and supporting data reported in an appraisal report format.

The purpose of this appraisal is to estimate the 'as is' market value of the subject property. The intended use of this appraisal is for the client, Lake Havasu City, to use in making a decision regarding a potential sale of the property. The client stated they will use the opinion of market value to establish a minimum bid. The client is identified as Mr. Stuart Schmeling, Senior Planner with Lake Havasu City. No additional assignees have been identified. Any use of the appraisal by a third party, or for a use other than the use stated above, is an unintended and unauthorized use.

Please reference the scope of work section of this report for information regarding the scope of research and analysis employed for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology. We certify that we have no present or contemplated future interest in the property beyond this estimate of value. Your attention is directed to the limiting conditions and general assumptions section of this report. The acceptance of this report constitutes an agreement with these conditions and assumptions.

The analyses, opinions, and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP); and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

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The definition of market value is provided in the definitions section of the appraisal. The summary of support for our estimate of a reasonable exposure and marketing period is provided in the summary of salient facts.

The client has requested an appraisal report which will include all applicable approaches to value, a discussion of significant data, analysis and support of assignment results, and an in-depth market analysis. The reporting option for the conclusions reached is considered a standard appraisal report as per USPAP Standards 2-2(a). The report has been prepared based upon the intended use and intended user. There is enough supporting data provided in the report for the intended user to understand the property and improvements, market area conditions, highest and best use and the reasoning for the conclusions reached. Additional supporting documentation is retained in the work file for the interested reader.

We have completed the appraisal presuming the subject is free and clear of any encumbrances and/or adverse easements. We were not provided with a title report and found no other evidence of adverse encumbrances or easements.

We have not been provided with an environmental assessment or study pertaining to the appraised subject parcel. For the purposes of this report, we have employed several assumptions including the presumption that environmental and/or any other unknown conditions do not exist or adversely affect the subject property. We have not been informed of any adverse environmental soil, mineral, or otherwise adverse conditions. Please refer to the Limiting Conditions and General Assumptions sections for more details.

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Based on the data summarized in this report and retained in our workfile, and taking into consideration the limiting conditions and general assumptions reported as part of this analysis, we have provided a supported opinion for the "as is", Fee Simple market value for the subject property as of March 17, 2016, to be as follows:

THREE THOUSAND DOLLARS

\$3,000**

**Rounded to the Nearest \$10,000*

***See Hypothetical Condition*

In this instance, the "as is" Market Value for the subject parcel reflects the difference in market value between the "before assemblage" condition and the market value in "after assemblage" condition. The smaller parcel being acquired will likely only have value to the two abutting properties; therefore, a typical marketing and exposure time cannot be estimated. This is common for partial assemblage of surplus land.

The estimated market value for the larger parcel is tied to an expectation of a reasonable exposure period, but like detailed later in this appraisal report, the smaller parcel has a limited marketability and future use potential as an independent parcel.

There is no data to support a marketing and exposure time because the subject only has a value of \$3,000 to the one adjacent property owner. The determination of output and price will be uncertain and will be affected by the interdependence of the two parties. This is similar to a bilateral monopoly (see definition section).

Hypothetical Condition

Given the purpose and intended use of this appraisal, a 'before assemblage' and 'after assemblage' condition of the abutting larger parcel to the south must be considered to determine a reasonable and reliable conclusion of the 'as is' value of the subject property. The 'after assemblage' condition relies upon the hypothetical condition the subject property will be acquired by the abutting property to the south. This assumption is required for the purpose of reasonable analysis. If this hypothetical condition is removed, the marketability of the subject parcel could be diminished to some degree and the value could change as a result.

We estimated a vacant land value because the assemblage does not impact use potential or utility of the existing improvements; therefore, the difference in site size is the primary difference that would lead to a difference in value in the 'before assemblage' and 'after assemblage' condition.

Thank you for giving us the opportunity of appraising this property for you. If there are any questions concerning this appraisal report, please do not hesitate to contact us.

Respectfully submitted,



Lucas P. Still, MAI

President

Arizona General Certification #31123

Expires 01/31/2017

LS Appraisal Services
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