

Add info # 12

MAY 10 2007

By: Chandler Airport Property Managers,
LLC, an Arizona limited liability
company, its General Partner

By: Payne Resources, Inc., an
Arizona corporation, its Manager

Date: 5/7/07

By: A. Brent Payne ←
A. Brent Payne, President

ESCROW AGENT:

Lawyers Title of Arizona, Inc.

Date: _____

By: _____

Its: _____

Add info #12

MAY 10 2007

EXHIBIT A
PROPERTY TO CAPI

LEGAL DESCRIPTION EXCHANGE LEGALS

CITY TRANSFER PARCEL

A PORTION OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 2 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY KNOWN AS:

COMMENCING AT THE WEST QUARTER CORNER OF SAID SECTION 14, SAID POINT BEING A BRASS CAP FLUSH IN HAND HOLE, AND SAID POINT LIES SOUTH $00^{\circ}41'47''$ WEST A DISTANCE OF 2651.57 FEET FROM NORTHWEST CORNER OF SAID SECTION 14;
THENCE NORTH $00^{\circ}41'47''$ EAST ALONG THE WEST LINE OF SAID NORTHWEST QUARTER OF SECTION 14, 270.02 FEET TO THE POINT OF BEGINNING;

THENCE CONTINUING NORTH $00^{\circ}41'47''$ EAST 1001.01 FEET;
THENCE NORTH $19^{\circ}37'44''$ EAST 239.32 FEET TO THE BEGINNING OF A 1634.35 FOOT RADIUS TANGENT CURVE, CONCAVE TO THE EAST;
THENCE NORTHERLY, ALONG SAID CURVE, THROUGH A CENTRAL ANGLE OF $03^{\circ}29'00''$ AN ARC DISTANCE OF 99.36 FEET;
THENCE TANGENT TO SAID CURVE, NORTH $23^{\circ}06'44''$ EAST A DISTANCE OF 192.87 FEET;
THENCE NORTH $89^{\circ}55'13''$ EAST 1137.83 FEET;
THENCE SOUTH $00^{\circ}40'04''$ WEST 1496.09 FEET;
THENCE SOUTH $89^{\circ}55'13''$ WEST PARALLEL WITH AND 270.02 FEET NORTH OF THE EAST-WEST MID-SECTION LINE OF SAID SECTION 14, 1324.87 FEET TO THE POINT OF BEGINNING. (44.4762 ACRES-GROSS)

LEGAL DESCRIPTION EXCHANGE LEGALS

PRIVATE TRANSFER PARCEL

A PORTION OF THE NORTHWEST QUARTER OF SECTION 14, TOWNSHIP 2 SOUTH, RANGE 5 EAST OF THE GILA AND SALT RIVER BASE AND MERIDIAN, MARICOPA COUNTY, ARIZONA, MORE PARTICULARLY KNOWN AS:

BEGINNING AT THE NORTH QUARTER CORNER OF SAID SECTION 14, SAID POINT BEING A BRASS CAP FLUSH WITH PAVING, AND SAID POINT LIES SOUTH 89°59'41" EAST A DISTANCE OF 2647.30 FEET FROM THE NORTHEAST CORNER OF SAID SECTION 14;
THENCE SOUTH 00°38'20" WEST ALONG THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 14, A DISTANCE OF 2647.61 FEET;
THENCE SOUTH 89°55'13" WEST ALONG THE EAST-WEST MID-SECTION LINE OF SAID SECTION 14, 1325.00 FEET;
THENCE NORTH 00°40'04" EAST ALONG THE WEST LINE OF THE EAST HALF OF SAID NORTHWEST QUARTER, 270.02 FEET ;
THENCE NORTH 89°55'13" EAST PARALLEL WITH AND 270.02 FEET NORTH OF THE EAST-WEST MID-SECTION LINE OF SAID SECTION 14, 1049.85 FEET;
THENCE NORTH 00°38'20" EAST PARALLEL WITH 275.02 FEET WEST OF THE NORTH-SOUTH MID-SECTION LINE OF SAID SECTION 14, 1496.08 FEET;
THENCE SOUTH 89°55'13" WEST 1049.09 FEET;
THENCE NORTH 00°40'04" EAST ALONG THE WEST LINE OF THE EAST HALF OF SAID NORTHWEST QUARTER, 883.48 FEET;
THENCE SOUTH 89°59'41" EAST ALONG THE NORTH LINE OF SAID NORTHWEST QUARTER, 1323.65 FEET TO THE POINT OF BEGINNING. (44.4762 ACRES – GROSS)

EXHIBIT "C" TO AGREEMENT

WHEN RECORDED, MAIL TO:

SPECIAL WARRANTY DEED

[GRANTOR'S NAME], a(n) [entity description], Grantor, hereby conveys and warrants against all claiming by, through or under Grantor only, to [GRANTEE'S NAME], a(n) [entity description], Grantee, for the sum of Ten and No/100 Dollars and other good and valuable consideration, the following described real property in Maricopa County, State of Arizona:

See legal description on Exhibit "A" attached hereto and incorporated by reference herein.

TOGETHER with all improvements thereon and all rights, privileges, easements, tenements, hereditaments and appurtenances pertaining thereto;

SUBJECT ONLY TO: taxes and other assessments not yet due and those matters set forth in Exhibit "B", attached hereto and incorporated by reference herein.

The Grantor for itself and for its successors in interest does by these presents expressly limit the covenants of this deed to those herein expressed, and excludes all other covenants arising or to arise by statute or otherwise, express or implied.

This document is exempt from Affidavit and Fee requirements pursuant to A.R.S. Sec. 11-1134 (A)(3).

IN WITNESS WHEREOF, Grantor has executed this Special Warranty Deed this _____ day of [Month], 2007.

[GRANTOR'S NAME], a(n) [entity description]

By: _____

Its: _____

Approved as to form:

City Attorney

EXHIBIT "C" TO AGREEMENT

STATE OF ARIZONA)
) ss
County of Maricopa)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007, by _____, in his/her capacity as the _____ of the _____, a(n) _____.

Notary Public

My Commission Expires:



Chandler • Arizona
Where Values Make The Difference

#12
MAY 10 2007

MEMORANDUM

Public Works Memo No. PWA07-043

DATE: MAY 10, 2007
TO: MAYOR AND COUNCIL
THRU: W. MARK PENTZ, CITY MANAGER
PAT MCDERMOTT, ASSISTANT CITY MANAGER
FROM: DANIEL W. COOK, ACTING PUBLIC WORKS DIRECTOR
SUBJECT: ORDINANCE NO. 3913 APPROVING THE EXCHANGE OF APPROXIMATELY 44.48 ACRES OF LAND BETWEEN THE CITY OF CHANDLER AND CHANDLER AIRPORT PROPERTY INVESTORS LIMITED PARTNERSHIP AT THE SOUTHEAST CORNER OF QUEEN CREEK ROAD AND MCQUEEN ROAD AND AUTHORIZE AN AMOUNT NOT TO EXCEED \$75,000 FOR EXPENSES RELATED TO THIS AGREEMENT

RECOMMENDATION: Staff recommends introduction and tentative approval of Ordinance No. 3913 for the exchange of approximately 44.48 acres of land between the City of Chandler and Chandler Airport Property Investors Limited Partnership at the southeast corner of Queen Creek Road and McQueen Road and authorize an amount not to exceed \$75,000 for expenses related to this agreement.

BACKGROUND/DISCUSSION: In 2003, the City of Chandler and the Flood Control District of Maricopa County (FCDMC) each purchased one-half of approximately 70 acres of the land at the southeast corner of Queen Creek Road and McQueen Road, as shown on Exhibit A. The property was purchased as a retention basin that is one part of the recommended regional drainage plan identified in the Higley Area Drainage Master Plan. The parcel purchased is known as the Queen Creek Road Basin. The basin will be designed to retain 204 acre-feet of storm water runoff from the 100-year storm identified in the Higley Area Drainage Master Plan. In 2005, the City and the FCDMC approved an Intergovernmental Agreement for the development of the Queen Creek Road Basin as a retention basin with a secondary use as a City park. The City would be the lead agency for the design and construction of the improvements, and will be responsible for the ongoing operation and maintenance of the basin. The FCDMC would participate financially in the design and construction of the improvements.

The parcel of land adjacent to the east side of the Queen Creek Road Basin is an approximately 80-acre parcel owned by Chandler Airport Property Investors Limited Partnership (CAPI). In 2005, the City and CAPI started working an exchange of approximately 44.48 acres of land that would result in a benefit to the City and CAPI. The main benefits include the creation of a 300-foot buffer between the developer's proposed light industrial development and the single family neighborhoods to the south and to the east, and the City obtaining control of the land beneath the Runway Protection Zone for the southwest end of the Airport runways. The proposed land exchange is shown on Exhibit B.

As part of the land exchange the City of Chandler agrees to provide to CAPI's property no more than 55,000 cubic yards of excavated material from the proposed basin. The remaining approximately 250,000 cubic yards of excavated material will be hauled to the proposed landfill park. Additionally, the City and CAPI agree to equally share in the cost of a new local roadway through the Queen Creek Road Basin that will serve as access point to the City park and the Paseo Trail system, and a secondary access to the CAPI's property.

Both the City and CAPI conducted public informational meetings that presented the proposed land exchange. The residents of both Lantana Ranch to the south and Twin Acres to the east were at the meetings and in support of the proposed land exchange.

The Flood Control District of Maricopa County must also approve of this land exchange based on the proposed parcel for the Queen Creek Road Basin meeting the original intent of the parcel. The proposed parcel for the basin will accommodate the required 204 acre-feet of storm water retention storage.

FINANCIAL IMPLICATIONS: An appraisal of the City owned parcel, the Queen Creek Basin, both before and after the land exchange was conducted by an independent appraiser. The appraiser determined that there is no difference in value between the existing configuration of the Queen Creek Basin and the configuration after the land exchange.

As part of the appraisal, the appraiser did not consider the value of a future easement for the airport Runway Protection Zone (RPZ) at the southwest end of the airport runways. In the existing parcel configuration, approximately 8 acres of the developer's parcel, based on the 2007 Airport Master Plan Update, would be impacted by the RPZ, thus possibly limiting development or restricting airport runway operations. With the land exchange, no part of the developer's new parcel will be within the RPZ. There is a value to the City of having the RPZ being located over the Queen Creek Basin and the future park development; however, the appraiser did not assign a value to the City obtaining control of the RPZ area in the appraisal.

The City's costs associated with the completion of this agreement are approximately \$75,000 for normal closing costs, title insurance, ALTA survey and remediation of any environmental concerns.

PROPOSED MOTION: Move that Council introduce and tentatively approve of Ordinance No. 3913 for the exchange of approximately 44.48 acres of land between the City of Chandler and Chandler Airport Property Investors Limited Partnership at the southeast corner of Queen Creek Road and McQueen Road authorize an amount not to exceed \$75,000 for expenses related to this agreement.

Attachments: Ordinance No. 3913

Exhibit A, Location Map

Exhibit B, Land Exchange Map

Land Exchange Agreement



Chandler • Arizona
Where Values Make The Difference

#12
MAY 10 2007

MEMORANDUM

Public Works Memo No. PWA07-043

DATE: MAY 10, 2007

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER 
PAT MCDERMOTT, ASSISTANT CITY MANAGER 

FROM: DANIEL W. COOK, ACTING PUBLIC WORKS DIRECTOR 

SUBJECT: ORDINANCE NO. 3913 APPROVING THE EXCHANGE OF APPROXIMATELY 44.48 ACRES OF LAND BETWEEN THE CITY OF CHANDLER AND CHANDLER AIRPORT PROPERTY INVESTORS LIMITED PARTNERSHIP AT THE SOUTHEAST CORNER OF QUEEN CREEK ROAD AND MCQUEEN ROAD AND AUTHORIZE AN AMOUNT NOT TO EXCEED \$75,000 FOR EXPENSES RELATED TO THIS AGREEMENT

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The parcel of land adjacent to the east side of the Queen Creek Road Basin is an approximately 80-acre parcel owned by Chandler Airport Property Investors Limited Partnership (CAPI). In 2005, the City and CAPI started working an exchange of approximately 44.48 acres of land that would result in a benefit to the City and CAPI. The main benefits include the creation of a 300-foot buffer between the developer's proposed light industrial development and the single family neighborhoods to the south and to the east, and the City obtaining control of the land beneath the Runway Protection Zone for the southwest end of the Airport runways. The proposed land exchange is shown on Exhibit B.

As part of the land exchange the City of Chandler agrees to provide to CAPI's property no more than 55,000 cubic yards of excavated material from the proposed basin. The remaining approximately 250,000 cubic yards of excavated material will be hauled to the proposed landfill park. Additionally, the City and CAPI agree to equally share in the cost of a new local roadway through the Queen Creek Road Basin that will serve as access point to the City park and the Paseo Trail system, and a secondary access to the CAPI's property.

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PROPOSED MOTION: Move that Council introduce and tentatively approve of Ordinance No. 3913 for the exchange of approximately 44.48 acres of land between the City of Chandler and Chandler Airport Property Investors Limited Partnership at the southeast corner of Queen Creek Road and McQueen Road authorize an amount not to exceed \$75,000 for expenses related to this agreement.

Attachments: Ordinance No. 3913

Exhibit A, Location Map

Exhibit B, Land Exchange Map

Land Exchange Agreement

ORDINANCE NO. 3913

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, TO APPROVE THE EXCHANGE OF APPROXIMATELY 44.48 ACRES OF LAND BETWEEN THE CITY OF CHANDLER AND CHANDLER AIRPORT PROPERTY INVESTORS LIMITED PARTNERSHIP AT THE SOUTHEAST CORNER OF QUEEN CREEK ROAD AND MCQUEEN ROAD.

WHEREAS, the City of Chandler and the Flood Control District of Maricopa County jointly own approximately 70 acres of land at the southeast corner of Queen Creek Road and McQueen Road, known as the Queen Creek Road Basin; and

WHEREAS, the City of Chandler, with approval of the Flood Control District of Maricopa County, desires to exchange approximately 44.48 acres land with Chandler Airport Property Investors Limited Partnership, the owner of approximately 80 acres of land adjacent to the east boundary of the Queen Creek Road Basin; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Chandler, Arizona, as follows:

Section 1: That the City Council of the City of Chandler, Arizona, authorizes and approves the exchange of approximately 44.48 acres of land between the City of Chandler and Chandler Property Investors Limited Partnership at the southeast corner of Queen Creek Road and McQueen Road.

Section 2: That the exchange agreement shall be in the form approved by the City Attorney.

Section 3: That the Mayor of the City of Chandler, Arizona, is hereby authorized to execute the exchange agreement on behalf of the City.

INTRODUCED AND TENTATIVELY APPROVED by the City Council this ____ day of _____, 2007.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council this ____ day of _____, 2007

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

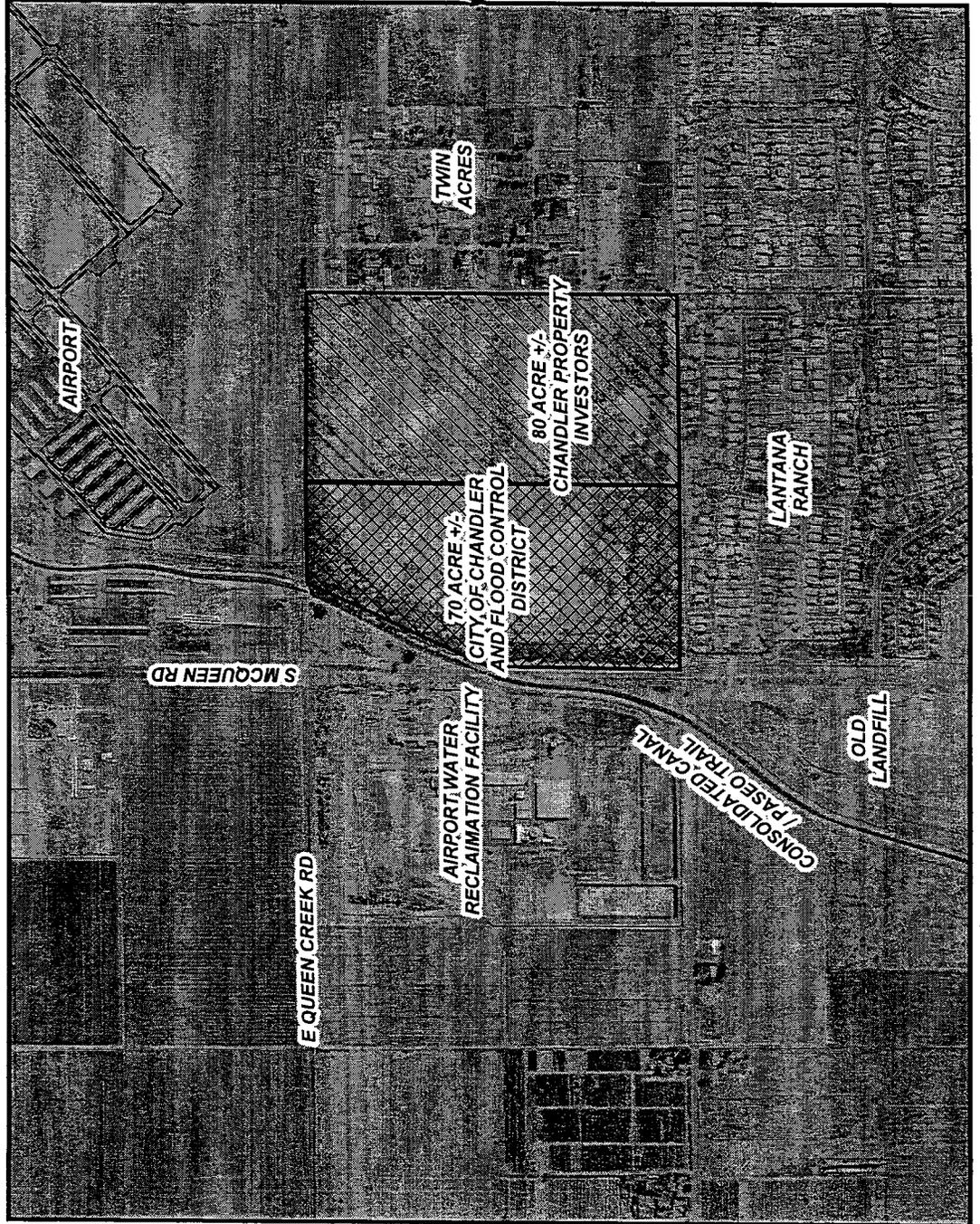
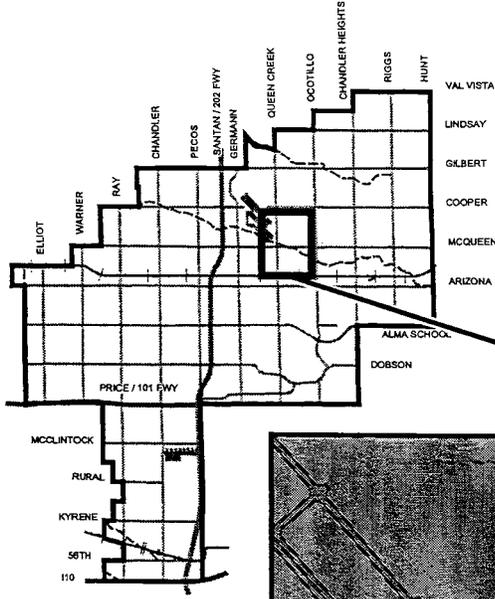
I HEREBY CERTIFY that the above and foregoing Ordinance No. 3913 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at the regular meeting held on the _____ day of _____, 2007, and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY *GAB*

EXHIBIT "A" LOCATION MAP



ORDINANCE NO. 3913

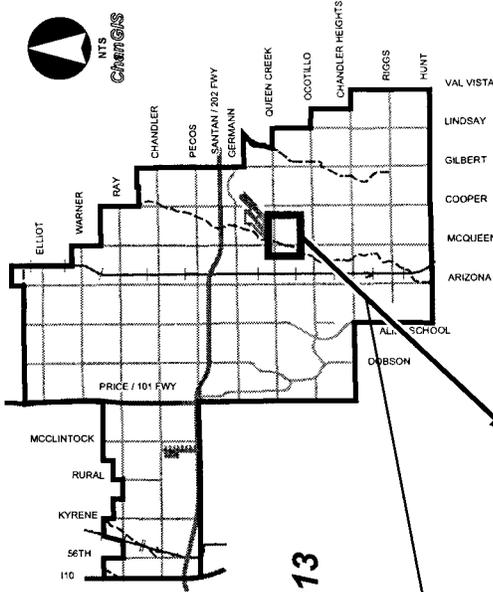
LEGEND

-  COC AND FLOOD CONTROL DISTRICT
-  COC AIRPORT PROPERTY INVESTORS

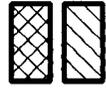
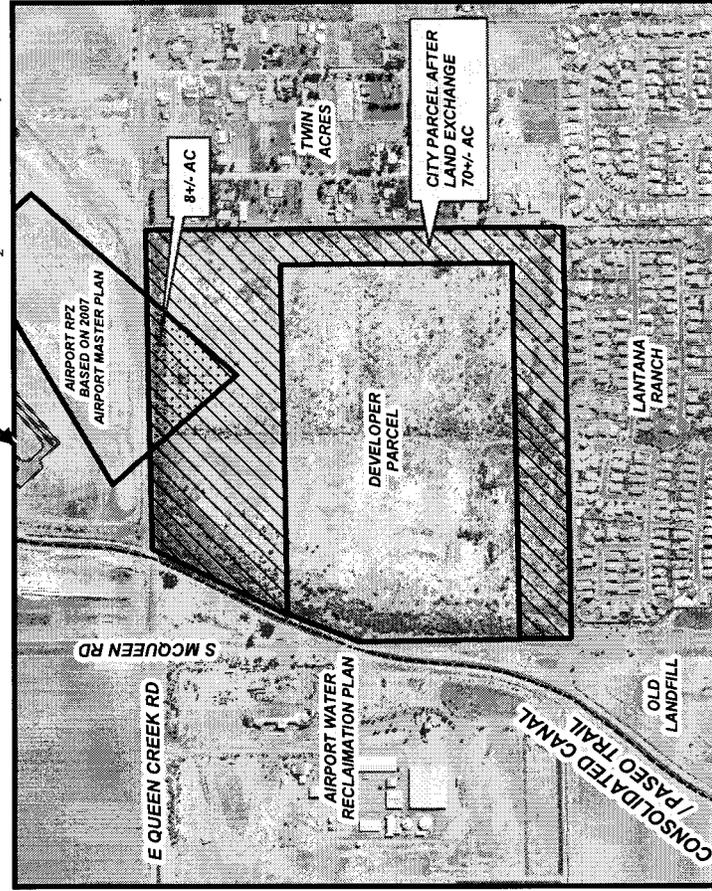
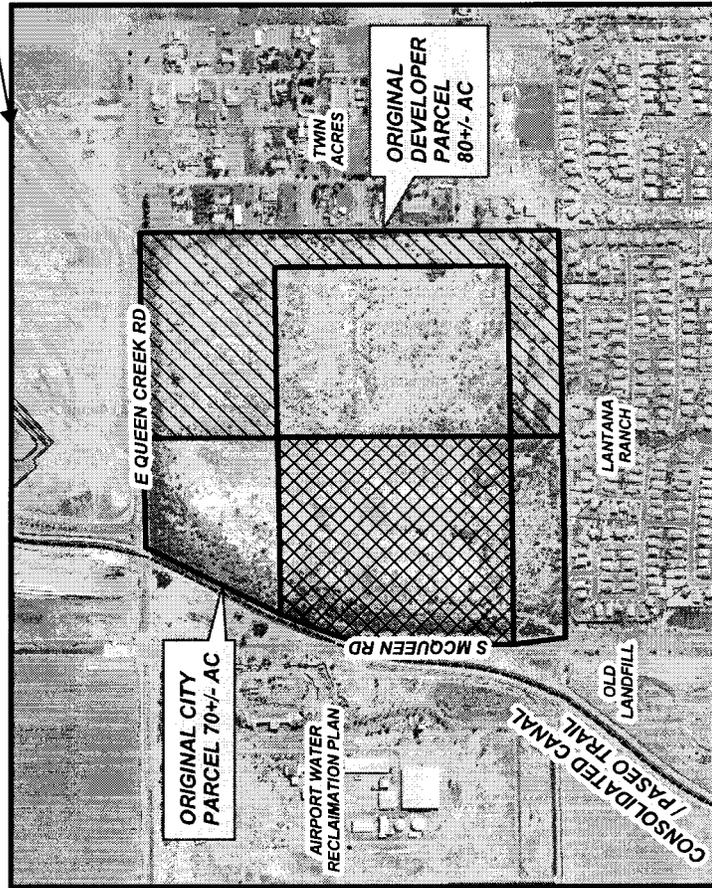




EXHIBIT "B" LAND EXCHANGE MAP



ORDINANCE NO. 3913



ORIGINAL CITY PARCEL 70 +/- AC
ORIGINAL DEVELOPER PARCEL 80 +/- AC



CITY PARCEL AFTER LAND EXCHANGE

**ADDITIONAL ESCROW INSTRUCTIONS
AND AGREEMENT
(Real Property Exchange)**

1. Agreement and Escrow. These Additional Escrow Instructions, together with the printed form Escrow Instructions to which they are attached, shall constitute a binding agreement (collectively, the "Agreement") on the part of the CITY OF CHANDLER, an Arizona municipal corporation ("Chandler"), and CHANDLER AIRPORT PROPERTY INVESTORS LIMITED PARTNERSHIP, an Arizona limited partnership ("CAPI"), to exchange title to and possession of certain real property owned respectively by each party hereto and which is described below, subject to the terms and conditions contained in this Agreement, and shall create an escrow with Lawyers Title of Arizona, Inc., 7025 N. Scottsdale Road, #105, Scottsdale, Arizona, 85253, Marie Volm ("Escrow Agent"). Lawyers Title Insurance Corporation shall serve as the title insurer for all of the real property to be exchanged pursuant to this Agreement. In the event of any conflict or inconsistency between the printed form Escrow Instructions and these Additional Escrow Instructions, the latter shall prevail.

2. Subject Property.

2.1. Property to CAPI. Chandler shall convey to CAPI title in and to that certain real property consisting of approximately 44.48 acres situated in the City of Chandler, Maricopa County, Arizona, and legally described in attached Exhibit "A" (the "Property to CAPI").

2.2. Property to Chandler. CAPI shall convey to Chandler title in and to that certain real property consisting of approximately 44.48 acres situated in the City of Chandler, Maricopa County, Arizona legally described in attached Exhibit "B" (the "Property to Chandler").

2.3. Improvements. The Property to CAPI and the Property to Chandler, respectively, shall include all improvements thereon, if any, together with all rights, privileges, easements and appurtenances, whether recorded or not recorded, including, without limitation, all of the conveying party's right, title, and interest in and to any water and water rights appurtenant to or used in connection with the real property.

3. Conveyance of Title. The Property to CAPI and the Property to Chandler shall each be conveyed by use of a special warranty deed in substantially the form attached hereto as Exhibit "C", with each such deed warranting that title to the real property conveyed is in fee simple absolute free and clear of all matters, claims, liens, restrictions, reservations, and encumbrances except only those matters identified as the "Permitted Exceptions", as that term is defined in paragraph 6 below.

4. Escrow. The real property exchange transaction contemplated by this Agreement shall be consummated through Escrow as follows:

4.1. Opening and Closing Dates. Escrow shall open on the date on which Escrow Agent receives one (1) fully executed copy or counterpart of this Agreement ("Opening of Escrow") and a copy of the release and quit claim deed from the FCDMC releasing their interest in the property as defined in Section 4.4 below. Upon receipt, Escrow Agent shall give written notice to the persons listed in paragraph 12 below of the date of the Opening of Escrow and such notice shall constitute evidence of Escrow Agent's acceptance of the Agreement. The consummation of the real property exchange transaction contemplated by this Agreement ("Close of Escrow" or "Closing") shall occur on or before 5:00 P.M. on September 7, 2007, provided that all of the contingencies under paragraph 8 below have been met, or upon such other date as Chandler and CAPI hereafter agree upon in writing. If Closing otherwise falls on a Saturday, Sunday or legal holiday, Closing shall occur upon the next following business day.

4.2. Closing Place. Close of Escrow shall take place in the offices of Escrow Agent indicated above or at such other place as the parties may hereafter agree upon in writing.

4.3. Occurrence of Closing. Closing shall occur when (i) all of the closing documents and instruments referred to in paragraph 4.4 below have been executed by the appropriate parties and deposited with Escrow Agent; (ii) all conditions or contingencies to Closing contemplated by this Agreement have been satisfied or waived, (iii) all of the closing documents and instruments referred to in paragraph 4.4 have been recorded or delivered to CAPI or Chandler, as appropriate, by Escrow Agent; and (iv) any funds required to be paid under this Agreement have been properly delivered to Escrow Agent, are available for distribution, and have been disbursed by Escrow Agent in accordance with this Agreement.

4.4. Documents to be Delivered for Closing. As a condition precedent to the obligation of Chandler and of CAPI to close under this Agreement, the following documents, instruments and other items shall have been deposited into Escrow with Escrow Agent at least one (1) business day prior to the Close of Escrow (or sooner, if required elsewhere in this Agreement):

(a) Chandler shall provide the following:

(1) The special warranty deed conveying to CAPI the Property to CAPI;

(2) A quit claim deed, or other document as may be required by title insurer, releasing and conveying to CAPI any interest held by the Flood Control District of Maricopa County, a municipal corporation and a political subdivision of the State of Arizona ("FCDMC") in and to the Property to CAPI; and

(3) Any additional documents, in form satisfactory to Escrow Agent and/or title insurer, executed by all appropriate parties, releasing any liens or encumbrances against the Property to CAPI or otherwise necessary to satisfy requirements for title insurance to be provided to CAPI in connection with this transaction or necessary to satisfy any contingencies to Closing set out in this Agreement.

(b) CAPI shall provide the following:

(1) The special warranty deed conveying to Chandler the Property to Chandler;

(2) A quit claim deed, or other document as may be required by title insurer, releasing and conveying to Chandler any interest held by Dobson Family Farms, DBA Sheep Springs Company, L.L.C., an Arizona limited liability company in and to the Property to Chandler; and

(3) Any additional documents, in form satisfactory to Escrow Agent and/or title insurer, executed by all appropriate parties, releasing any liens or encumbrances against the Property to Chandler or otherwise necessary to satisfy requirements for title insurance to be provided to Chandler in connection with this transaction or necessary to satisfy any contingencies to Closing set out in this Agreement.

(c) Escrow Agent shall prepare and provide to CAPI and to Chandler a "closing" or "pre-audit settlement" statement for the Property to CAPI and the Property to Chandler that is in form and substance satisfactory to both parties.

All such documents and instruments provided under this paragraph 4.4 shall be duly executed and, where appropriate, acknowledged.

5. Possession. Upon Closing, possession of the Property to CAPI shall be delivered to CAPI and possession of the Property to Chandler shall be delivered to Chandler.

6. Title Insurance.

6.1. For Property to CAPI. At Close of Escrow, Chandler shall cause the title insurer to issue in favor of CAPI an ALTA extended coverage owner's policy of title insurance with a limit of liability in the amount of \$6,782,000, subject only to (a) the usual printed exceptions contained in such policies, and (b) those title defects or exceptions which are listed in the Title Report (defined below) and which CAPI, in its sole and absolute discretion, agrees to accept (the "Permitted Exceptions").

6.2. For Property to Chandler. At Close of Escrow, CAPI shall cause the title insurer to issue in favor of Chandler an ALTA extended coverage owner's policy of title insurance with a limit of liability in the amount of \$9,688,000, subject only to (a) the usual printed exceptions contained in such policies, and (b) those title defects or exceptions which are listed in the Title Report (defined below) and which Chandler, in its sole and absolute discretion, agrees to accept (the "Permitted Exceptions").

7. Apportionment and Incidental Costs. Except as otherwise provided in this Agreement, costs incurred in consummating this transaction, including without limitation, recording fees, escrow service fees, and other costs of Closing, shall be charged by Escrow Agent to, and paid by, the respective parties in accordance with local custom as determined by Escrow Agent and as set forth on the front page of the Escrow Instructions. Chandler shall pay the portion of title insurance costs attributable to the cost of purchasing a standard owner's title insurance policy for the Property to CAPI, and CAPI shall pay the excess premium for an ALTA extended coverage owner's policy of title insurance on the Property to CAPI. CAPI shall pay the portion of title insurance cost attributable to the cost of purchasing a standard owner's title insurance policy for the Property to Chandler and Chandler shall pay the excess premium for an ALTA

extended coverage owner's policy of title insurance on the Property to Chandler. Real property taxes and assessments shall be prorated to Close of Escrow and shall be assumed thereafter by the party to whom the property is conveyed.

8. Contingencies. Each party's obligation to consummate the transaction contemplated by this Agreement is subject to satisfaction of the following conditions precedent (any or all of which may be waived in writing signed by the respective party's duly authorized agent) to occur simultaneously with or before Closing as provided below:

8.1. Status of Title; Permitted Exceptions. Within fifteen (15) days after Opening of Escrow, Escrow Agent shall provide Chandler and CAPI with a preliminary report of the title to the Property to CAPI and the Property to Chandler. Each such preliminary title report shall disclose all matters of record which relate to the title to the real property described therein and Escrow Agent's requirements for both closing the Escrow created by this Agreement and issuing the policy of title insurance as described in paragraph 6 above. At the same time as Chandler and CAPI receive the preliminary title report for each property (and any amended report adding additional title exceptions) (each such document being called the "Title Report"), Escrow Agent shall also cause legible copies of all instruments referred to in each Title Report to be furnished to each party.

(a) Chandler shall have ten (10) days after receipt of the Title Report (and any amended report adding additional title exceptions) pertaining to the Property to Chandler, and the furnishing of all instruments described in that report, to object in writing to any matter shown thereon. If Chandler fails to object within the ten-day period, the condition of title to the Property to Chandler shall be deemed approved. If Chandler does object to any matter disclosed in the Title Report or any amended report, CAPI shall attempt, in good faith and using due diligence, to remove such objection before Close of Escrow. If any such matter cannot be removed after CAPI's attempts to do so, CAPI shall so notify Chandler, in writing, and Chandler shall elect within ten (10) days after

receipt of such notice either: (i) to cancel this Agreement; or (ii) to close escrow waiving and taking title subject to such matters. Chandler's failure to give notice to CAPI of Chandler's election shall constitute an election to waive the objection.

(b) CAPI shall have ten (10) days after receipt of the Title Report (and any amended report adding additional title exceptions) pertaining to the Property to CAPI, and the furnishing of all instruments described in that report, to object in writing to any matter shown thereon. If CAPI fails to object within the ten-day period, the condition of title to the Property to CAPI shall be deemed approved. If CAPI does object to any matter disclosed in the Title Report or any amended report, Chandler shall attempt, in good faith and using due diligence, to remove such objection before Close of Escrow. If any such matter cannot be removed after Chandler's attempts to do so, Chandler shall so notify CAPI, in writing, and CAPI shall elect within ten (10) days after receipt of such notice either: (i) to cancel this Agreement; or (ii) to close escrow waiving and taking title subject to such matters. CAPI's failure to give notice to Chandler of CAPI's election shall constitute an election to waive the objection.

8.2. Additional Encumbrances. CAPI and Chandler shall not place, permit, or cause to be placed any liens or encumbrances on the title to the real property to be conveyed to the other from the date of this Agreement through Close of Escrow or thereafter.

8.3. Environmental Matters. On or before ninety (90) days after Opening of Escrow, each party, at its sole cost and expense, shall clean, remove, remediate and obtain certification of all environmental matters described in that certain Phase I Environmental Site Assessment dated September, 26, 2006 prepared by GEC SA&B under the Project #05-0363A.R01.

8.4. Investigation; Feasibility Period. Each party shall have a period of ninety (90) days from the Opening of Escrow (the "Feasibility Period") in which to examine the real property to be conveyed or granted to the party under this Agreement.

Such examination may include any physical inspection of the subject real property to be conducted at a reasonable time and by any persons whom the party designates for such purpose, including, but not limited to, engineers, soil testing personnel and other consultants of the party. Each party shall permit access to its respective real property by the other party or the other party's designees, and shall afford them the opportunity to inspect and perform any tests upon the subject real property that the other party deems necessary or appropriate to determine whether the real property is suitable for that party's purposes, provided that neither party, during the course of any inspection, shall unreasonably interfere with the other's use of its real property. In the event a party, after conducting such inspections, investigations, and tests, determines, in its sole discretion, that the real property is not suitable for its purposes, it may elect at any time prior to the end of the Feasibility Period to cancel this Agreement by giving written notice to the other party and to Escrow Agent. If a party does not elect to cancel under this paragraph within the Feasibility Period, then Escrow shall close as specified in paragraph 4.1 above, provided that all other contingencies, including status of title requirements, have been satisfied.

8.5. ALTA Surveys. In connection with the issuance of title policies:

(a) Chandler, at its own expense, shall provide to Escrow Agent and CAPI, certified to each (and their respective successors and assigns), copies of an ALTA "as built" survey which complies with the most current minimum standard detail requirements of A.L.T.A. /A.C.S.M. for a Class A survey, and showing all items listed as exceptions to the Title Report for the Property to CAPI.

(b) CAPI, at its own expense, shall provide to Escrow Agent and Chandler, certified to each (and their respective successors and assigns), copies of an ALTA "as built" survey which complies with the most current minimum standard detail requirements of A.L.T.A. /A.C.S.M. for a Class A survey, and showing all items listed as exceptions to the Title Report for the Property to Chandler.

8.6. Additional Contingencies to Closing.

(a) Chandler currently owns the Property to CAPI in fee simple subject to a reversionary interest held by FCDMC for the purpose of assuring the Property is part of the real property to be used for the Queen Creek Road Basin Project. Chandler shall cause the interest of FCDMC in the Property to CAPI to be released. By Closing, neither FCDMC, nor any other person, whether an individual or entity, other than CAPI, shall be present upon, in occupancy of, or in physical or legal possession of the Property to CAPI. In the event FCDMC refuses to release its interest in the Property to CAPI, Chandler shall notify CAPI, in writing, and this Agreement shall automatically be cancelled.

(b) The Property to Chandler is currently subject to an unrecorded agricultural lease between CAPI and Dobson Family Farms, DBA Sheep Springs Company, L.L.C., an Arizona limited liability company. CAPI shall cause the release of the lease as it affects the Property to Chandler and the release of any lessee's interest in the Property to Chandler. By Closing, neither lessee under the lease, nor any other person, whether an individual or entity, other than CAPI, shall be present upon, in occupancy of, or in physical or legal possession of the Property to Chandler. In the event CAPI is unable to obtain such releases, CAPI handler shall notify Chandler, in writing, and this Agreement shall automatically be cancelled.

9. CAPI's Representations, Warranties and Covenants. CAPI represents, warrants and covenants (with the understanding that Chandler is relying on said representations, warranties and covenants) that to CAPI's actual knowledge:

(a) Except as reflected in the Title Report for the Property to Chandler, there are no claims, actions, suits, or other proceedings pending or threatened by any governmental department or agency or any other corporation, partnership, entity, or person whomsoever, nor any voluntary actions or proceedings contemplated by CAPI, which in any manner or to any extent may detrimentally affect Chandler's right, title, or

interest in and to the Property to Chandler or the value of the Property to Chandler or the ability of CAPI to perform its obligations under this Agreement.

(b) CAPI owns the Property to Chandler in fee simple absolute, subject only to the matters reflected in the Title Report for the Property to Chandler.

(c) There is no pending or threatened condemnation or similar proceeding affecting any part of the Property to Chandler, and CAPI has not received any notice of any such proceeding and has no knowledge that any such proceeding is contemplated.

(d) No work has been performed or is in progress at the Property to Chandler and no materials have been furnished to the Property to Chandler which might give rise to mechanic's, material man's, or other liens against any part of the Property to Chandler.

(e) CAPI is not prohibited from consummating the transaction contemplated by this Agreement by any law, regulation, agreement, instrument, restriction, order or judgment.

(f) There are no parties in adverse possession of the Property to Chandler and there are no parties in possession of the Property to Chandler.

(g) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorship, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other laws for relief of debtors contemplated or filed by CAPI or pending against CAPI or affecting or involving the Property to Chandler.

(h) There is no default, nor has any event occurred which, with the passage of time or the giving of notice or both, would constitute a default in any contract, mortgage, deed of trust, lease, or other instruments which relates to the

Property to Chandler or which affects the Property to Chandler in any manner whatsoever.

(i) There are no contracts or other obligations outstanding for the sale, exchange, or transfer of all or any part of the Property to Chandler.

(j) CAPI has full power and authority to enter into this Agreement in accordance with its terms.

(k) The individual executing this Agreement on behalf of CAPI is authorized to do so and, upon his executing this Agreement, this Agreement shall be binding and enforceable upon CAPI in accordance with its terms.

(l) Except for the aforementioned agricultural lease, there are no unrecorded easements, licenses, encumbrances or third-party possessory interests affecting the Property to Chandler.

The foregoing representations, warranties and covenants shall be true as of the date hereof and as of Close of Escrow.

10. Chandler's Representations, Warranties and Additional Covenants.

Chandler represents, warrants and covenants (with the understanding that CAPI is relying on said representations, warranties and covenants) that to its actual knowledge:

(a) Except as reflected in the Title Report for the Property to CAPI, there are no claims, actions, suits, or other proceedings pending or threatened by any governmental department or agency or any other corporation, partnership, entity, or person whomsoever, nor any voluntary actions or proceedings contemplated by Chandler, which in any manner or to any extent may detrimentally affect CAPI's right, title, or interest in and to the Property to CAPI or the value of the Property to CAPI or Chandler's ability to perform Chandler's obligations under this Agreement.

(b) Chandler currently owns the Property to CAPI in fee simple subject to the aforementioned reversionary interest held by FCDMC, and otherwise subject only to the matters reflected in the Title Report for the Property to CAPI.

(c) There is no pending or threatened condemnation or similar proceeding affecting any part of the Property to CAPI, and Chandler has not received any notice of any such proceeding and has no knowledge that any such proceeding is contemplated.

(d) No work has been performed or is in progress at the Property to CAPI and no materials have been furnished to the Property to CAPI which might give rise to mechanic's, material man's, or other liens against any part of the Property to CAPI.

(e) Subject to obtaining the approval of FCDMC, Chandler is not prohibited from consummating the transaction contemplated by this Agreement by any law, regulation, agreement, instrument, restriction, order or judgment.

(f) There are no parties in adverse possession of the Property to CAPI and there are no parties in possession of the Property to CAPI.

(g) There are no attachments, executions, assignments for the benefit of creditors, receiverships, conservatorship, or voluntary or involuntary proceedings in bankruptcy or pursuant to any other laws for relief of debtors contemplated or filed by Chandler or pending against Chandler or affecting or involving the Property to CAPI.

(h) There is no default, nor has any event occurred which, with the passage of time or the giving of notice or both, would constitute a default in any contract, mortgage, deed of trust, lease, or other instruments which relates to the Property to CAPI or which affects the Property to CAPI in any manner whatsoever.

(i) There are no contracts or other obligations outstanding for the sale, exchange, or transfer of all or any part of the Property to CAPI.

(j) Subject to the approval of FCDMC, Chandler has full power and authority to enter into this Agreement in accordance with its terms.

(k) The individual executing this Agreement on behalf of Chandler is authorized to do so and, upon his executing this Agreement, this Agreement shall be binding and enforceable upon Chandler in accordance with its terms.

(l) Chandler hereby disclose and represent to Chandler that to the best of its actual knowledge there are no unrecorded easements, licenses, encumbrances or third-party possessory interests affecting the Property to Chandler.

The foregoing representations, warranties and covenants shall be true as of the date hereof and as of Close of Escrow.

11. Remedies. Except as provided in paragraphs 27 and 28 below, the following remedies for default shall apply:

(a) In the event of default by Chandler, CAPI may, in addition to all other rights and remedies available at law and in equity, cancel this Agreement fifteen (15) days after CAPI gives written notice to Chandler and Escrow Agent that Chandler is in default and specifying the nature of the default, if within such period such default has not been cured by Chandler.

(b) In the event of default by CAPI, Chandler may, in addition to all other rights and remedies available at law and in equity, cancel this Agreement fifteen (15) days after Chandler gives written notice to CAPI and Escrow Agent that CAPI is in default and specifying the nature of the default, if within such period such default has not been cured by CAPI.

12. Notices. Notices required or permitted hereunder shall be given in writing and shall be effective upon personal delivery or direct facsimile transmission, or two (2) business days after upon being deposited in the U.S. Mail, registered or certified, return receipt requested, postage prepaid, or one (1) business day after being deposited with any commercial air courier or express service, addressed as follows:

To Chandler: City of Chandler
P.O. Box 4008, Mail Stop 916
Chandler, Arizona 85244-4008
Attn: Public Works Director
Phone: (480) 782-3400
Fax: (480) 782-3415

With Copy to: Chandler Real Estate Department
P.O. Box 4008, Mail Stop 916
Chandler, Arizona 85244-4008
Attn: Erich Kuntze
Phone: (480) 782-3397
Fax: (480) 782-3399

With Copy to: Chandler City Attorney
P.O. Box 4008, Mail Stop 602
Chandler, Arizona 85244-4008
Attn: Glenn A. Brockman
Phone: (480) 782-4643
Fax: (480) 782-4652

To: CAPI Chandler Airport Property Investors Limited
Partnership
670 E. Encinas Avenue
Gilbert, AZ 85234

Attn: A. Brent Payne
Phone: (480) 633-6800
Fax: (602) 296-0114

With Copy to: Vanderbilt Farms, LLC
1121 W. Warner Road, #109
Tempe, Arizona 85284
Attn: Judy Windisch
Phone: (480) 831-2000
Fax: (480) 893-1604

With Copy to: Larry Rollin, Esq.
Chandler & Udall, LLP
33 N. Stone Avenue, #2100
Tucson, Arizona 85701
Phone: (520) 623-4353
Fax: (520) 792-3426

To Escrow Agent: Lawyers Title of Arizona, Inc.
7025 N. Scottsdale Road, #105 Scottsdale,
Arizona 85253
Attn: Marie Volm
Phone: (480) 443-1144
Fax: (480) 443-1166

or at any other address designated by Chandler, CAPI, or Escrow Agent, in the manner provided above. The inability to deliver because of a changed address of which no notice was given, or rejection or other refusal to accept any notice, shall be deemed to be the receipt of the notice as of the date of such inability to deliver or rejection or refusal to accept.

13. Time of the Essence. Time is of the essence of this Agreement, and the parties hereby agree to perform each and every obligation hereunder in a prompt and timely manner.

14. Severability. Wherever possible, each provision of the Agreement shall be interpreted in such manner as to be valid under applicable law, but if any provision of this Agreement shall be invalid or prohibited hereunder, such provision shall be ineffective to the extent of such prohibition or invalidation, which shall not invalidate the remainder of such provision or the remaining provisions of this Agreement.

15. Waiver. The waiver by either party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted herein, nor shall the same be deemed to be a waiver of a subsequent right obtained by reason of the continuation of any matter previously waived.

16. Legal Fees. In the event it becomes necessary for either Chandler or CAPI to employ legal counsel or to bring action at law or other proceeding to enforce any of the terms, covenants or conditions of this Agreement, the prevailing party in any such action or proceeding shall be entitled to recover its costs and expenses incurred, including its reasonable attorneys' fees, from the other party.

17. Entire Agreement. This Agreement contains the entire agreement of the parties hereto with respect to the matters covered hereby, and supersedes all prior agreements, arrangements and understandings between the parties, and no other agreement, statement or promise made by either party hereto that is not contained herein shall be binding or valid.

18. Amendments. This Agreement may be amended only by written document signed by each of the parties hereto.

19. Further Instruments and Documents. Each party promptly, upon the request of the other party or Escrow Agent, shall acknowledge and deliver to the other party or Escrow Agent any and all further instruments and assurances reasonably requested or appropriate to evidence or to give effect to the provisions of this Agreement or to satisfy Escrow Agent's requirements for title insurance and closing of escrow.

20. Counterparts. This Agreement shall be executed simultaneously or in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

21. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

22. Governing Law. This Agreement shall be construed and interpreted under, and governed and enforced according to the laws of the State of Arizona.

23. Headings and Construction. The headings set forth in this Agreement are inserted only for convenience and are not in any way to be construed as part of this Agreement or a limitation on the scope of the particular paragraph to which it refers. Where the context requires herein, the singular shall be construed as the plural, and neuter pronouns shall be construed as masculine and feminine pronouns, and vice versa. This Agreement shall be construed according to its fair meaning and neither for nor against either party hereto.

24. Exhibits. The Exhibits referred to herein and attached hereto (the "Exhibits") are incorporated herein by reference.

25. Survival. The representations, warranties and covenants set forth herein shall survive the Close of the Escrow and the recordation of the Deeds.

26. Risk of Loss. The risk of any loss or destruction of all or any part of the Property to CAPI prior to Close of Escrow is upon Chandler. The risk of any loss or destruction of all or any part of the Property to Chandler prior to Close of Escrow is upon CAPI.

27. Additional Post-Closing Covenant: Fill Material. Whereas portions of the Property to CAPI are currently designated as being situated in the FEMA 100 year Floodplain (the "Flood Impaired Area"), as a further inducement for the real property exchange transaction, the parties covenant and agree as follows:

27.1. Fill Material. Within two hundred forty (240) calendar days from the Opening of Escrow, Chandler shall provide to CAPI, at no cost to CAPI, up to (but not more than) 55,000 cubic yards of fill material as necessary to raise the Flood Impaired Area one (1) foot above the elevation of the FEMA 100 year Floodplain or to an elevation field staked by CAPI, whichever is lower, and shall rough grade the Flood Impaired Area. CAPI shall be responsible for compaction and final grading of the fill material.

27.2. Source of Material. All of the fill material shall be taken from the Property to Chandler or other adjacent property owned by Chandler. CAPI hereby acknowledges that it has reviewed and tested the material to be transferred to the Property to CAPI and that the fill material is acceptable to CAPI for its intended use. The fill material provided shall be generally free of trees, stumps, brush, root balls or related debris.

27.3. Compensatory Flood Storage Area. Any Compensatory Flood Storage area required by any governmental agency in connection with the work to be performed by Chandler under this paragraph 27 shall be provided by and remain within, over and upon the Property to Chandler or other contiguous property owned by Chandler.

27.4. License to Chandler. CAPI does hereby grant to Chandler, its agents, employees, contractors or subcontractors, a license to enter upon the Property to CAPI at all reasonable times subsequent to the Close of Escrow as required to deliver the fill material and do the rough grading work. This license is provided only for this limited purpose and for no other purpose.

27.5. CAPI Action. CAPI, at no cost to Chandler, shall take all actions necessary or required to remove the Flood Impaired Area from the FEMA 100 Year Floodplain and have letters from FEMA issued to CAPI confirming the effectuation of the foregoing. Chandler's obligation with respect to the Flood Impaired Area is limited to delivery of the fill material and rough grading as provided in this paragraph 27.

27.6. Survival; Sole Remedy. Notwithstanding any other provision of this Agreement, (i) the obligations of the parties set out in this paragraph 27 are intended to arise subsequent to the Close of Escrow and shall survive the Close of Escrow and the recording of any deed as part of said Closing; and (ii) the sole remedy available to either party as a result of a failure to meet an obligation under this paragraph 27 shall be limited to a claim at law for money damages.

28. Additional Post-Closing Covenant: Road Improvements. Whereas, subsequent to Close of Escrow, CAPI intends to develop and subdivide the Property to CAPI and other property owned by CAPI for light industrial and/or commercial use; CAPI has already prepared a proposed preliminary plat for such purpose; and, as a condition of the development approvals for the subdivision, is likely to be required to provide access to the development from Queen Creek Road, such access running across the Property to Chandler. Accordingly, as a further inducement for the real property exchange transaction, the parties covenant and agree as follows:

28.1. Road Design & Improvement Costs. Chandler will pay for the design and improvement costs ("New Road Costs") of a new public roadway extending north from the northern termination point of Spring Road as shown on the Preliminary

Plat of Chandler Airport Commerce Park ("Plat") to the intersection of Airport Boulevard and Queen Creek Road ("New Road"). The New Road will be no wider than a current city code requires for a local collector and it shall include all street lighting and a new traffic signal at Queen Creek Road.

28.2. Legal Description & Plat. CAPI, at its sole expense, shall furnish to Chandler a legal description acceptable to Chandler for the New Road and a preliminary plat (and subsequent final plat) acceptable to Chandler and to FCDMC denoting the reconfiguration of the property held by Chandler for the Queen Creek Road Basin Project in light of the exchange of real property occurring pursuant to this Agreement and in light of the establishment of the New Road.

28.3. Contribution to New Road Costs. CAPI shall pay to Chandler fifty percent (50%) of the New Road Costs and 25% of the traffic signal as determined based upon Chandler's engineer's estimates. The payment shall be made through a cash deposit made in connection with a separate Roadway Lump Sum Deferral Agreement concerning the New Road.

28.4. Water Line. CAPI, at its sole expense, shall design and construct a public water line in the New Road and pay all expenses incurred by CAPI in designing and constructing a water line in the New Road right-of-way to extend water service to the subdivision shown on the Plat. At CAPI's request made in accordance with city code requirements, CAPI and Chandler shall enter into a Buy-in Agreement in order to allow the possible reimbursement to CAPI of some or all of the expenses incurred by CAPI for the water line.

28.5. Construction of New Road. Subject to the receipt of the legal description and plat related to the New Road, Chandler shall commence and diligently pursue construction of the New Road no later than three (3) years from Close of Escrow. In the event Chandler does not proceed to commence construction with this time period, or makes an election not to construct the New Road, Chandler shall

reimburse to CAPI the funds paid by CAPI in connection with the Roadway Lump Sum Deferral Agreement for the New Road.

28.6. Survival; Sole Remedy. Notwithstanding any other provision of this Agreement, (i) the obligations of the parties set out in this paragraph 28 are intended to arise subsequent to the Close of Escrow and shall survive the Close of Escrow and the recording of any deed as part of said Closing; and (ii) the sole remedy available to either party as a result of a failure to meet an obligation under this paragraph 28 shall be limited to a claim at law for money damages.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the dates set forth below.

CITY OF CHANDLER, an Arizona municipal corporation:

Date: _____

By: _____

Its: _____

APPROVED AS TO FORM:

City Attorney *GAB*

CHANDLER AIRPORT PROPERTY
INVESTORS LIMITED PARTNERSHIP, an
Arizona limited partnership

By: Chandler Airport Property Managers,
LLC, an Arizona limited liability
company, its General Partner

By: Payne Resources, Inc., an
Arizona corporation, its Manager

Date: _____

By: _____
A. Brent Payne, President

ESCROW AGENT:

Lawyers Title of Arizona, Inc.

Date: _____

By: _____

Its: _____