

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
24th Navajo Nation Council --- Second Year, 2020

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT; APPROVING MODIFICATION
NUMBER THREE TO BUSINESS SITE LEASE NO. TC-98-186 CAVESA'S CAR
WASH INCORPORATED WITHIN THE TO'NANEES'DIZI (TUBA CITY) CHAPTER
VICINITY, NAVAJO NATION

BE IT ENACTED:

SECTION ONE. AUTHORITY

- A. The Resources and Development Committee is established as a standing committee of the Navajo Nation Council. 2 N.N.C. §500(A).
- B. The Resources and Development Committee of the Navajo Nation Council is empowered to grant final approval for non-mineral leases. 2 N.N.C. §501(B) (2).

SECTION TWO. FINDINGS

- A. The original Business Site Lease No. TC-98-186 was leased to Deborah Martinez and Jose Akee in 1998. The original Business Site Lease No. TC-98-186 is attached as **Exhibit B**.
- B. A Notice of Intent to Transfer Possessory Interest Held Under Navajo Nation Business Site Lease is attached as **Exhibit C**. The Lessees of Business Site Lease No. TC-98-186 transferred possessory interest to Cavesa's Car Wash, Incorporated.
- C. Lease Modification Number One made changes to the completion of development time period. This time period change and other changes may be seen in Lease Modification Number One which is attached as **Exhibit D**.
- D. Lease Modification Number Two included changes to the acreage of the lease and the purposes for which the lease was to be used to include operation of a restaurant, public showers and restrooms and an automotive parts and service operation. Lease Modification Number Two is attached as **Exhibit E**.


- E. The requested Lease Modification Number Three will delete the auto parts sales purpose and add a Laundromat purpose to Business Site Lease No. TC-98-186 as shown in **Exhibit A**.
- F. An Appraisal Report of the Proposed Laundromat Site in attached as **Exhibit F**.
- G. The Executive Official Review Document No. 013746 is attached as **Exhibit G**.

SECTION THREE. APPROVAL

- A. The Navajo Nation Council's Resources and Development Committee hereby approves Modification Number Three to Business Site Lease No. TC-98-186, attached as **Exhibit A**, between the Navajo Nation and Cavesa's Car Wash, Incorporated.
- B. The Navajo Nation hereby authorizes the Navajo Nation President to execute Modification Number Three as approved by this resolution.
- C. The Navajo Nation hereby directs the Economic Development Division to ensure Modification Number Three to Business Site Lease No. TC-98-186 is properly recorded and distributed.

CERTIFICATION

I, hereby, certify that the following resolution was duly considered by the Resources and Development Committee of the 24th Navajo Nation Council at a duly called meeting at the Lake Valley Chapter House, Lake Valley, Navajo Nation (New Mexico), at which a quorum was present and that same was passed by a vote of 5 in favor, and 0 opposed, on this 26th day of February 2020.



Rickie Nez, Chairperson
Resources and Development Committee
of the 24th Navajo Nation Council

Motion: Honorable Thomas Walker, Jr.
Second: Honorable Mark A. Freeland

Chairperson Rickie Nez not voting.



NN-07-
93

LEASE MODIFICATION
Modification # 3

It is hereby agreed by and between the NAVAJO NATION, Lessor, and Cavesa's Car Wash, Incorporated, Lessee, and First Credit Union, Surety that the Lease covering the Business Site Lease TC-98-186, be modified this ____ day of _____, _____ to provide:

Delete certain purpose under Section 3. PURPOSE and adjust Section 6. RENTAL to reflect deleted purposes and set new rental for additional purposed added under this Modification.

3. PURPOSE, UNLAWFUL USE:

Delete the following purpose from Modification # 2:

- 1.) Automotive Parts & Services

Add the following new purposes:

- 1.) Operation of a Laundromat
- 2.) Sale of Laundry Detergents & Supplies

6. RENTAL

Delete the following rentals from Modification # 2:

Years 16 – 19 = \$7,300
Years 2020 – 2023 = \$8,213

Add the following rental to the original Lease as rental applied to the operation of the Laundromat:

Year 2021 to the expiration of the Lease = \$7,500 per year.

Rental for the car wash in the original Lease, as per the changes made in Modification #1, will stay in effect.

This modification #3 does not change any of the terms and conditions, or stipulations except as specifically set forth herein. All other terms and conditions shall remain in force and effect.

Surety

Lessee(s)

NAVAJO NATION, LESSOR

By: _____
President, Navajo Nation

Date: _____

Date: _____

Approved Pursuant to 209 DM 8, Secretary's Order
No. 3105, as amended, 10 BIAM Bulletin 13, as amended,
and the Addendum to 10 BIAM dated June 1, 1988.

By: _____

Superintendent, _____ Agency
BUREAU OF INDIAN AFFAIRS

LEASE NUMBER: TC-98-186

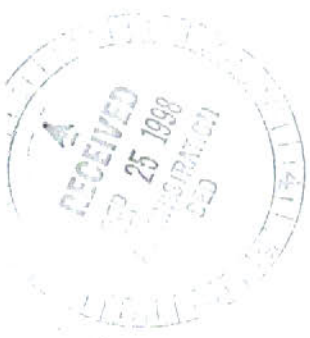
LEASE FEE: \$65.00

L E A S E

THIS LEASE, in sextuplicate, is made and entered into this 16th day of July 1998, by and between THE NAVAJO NATION, hereinafter called Lessor, whose address is Post Office Box 9000, Window Rock, Navajo Nation (Arizona) 86515, and Deborah Martinez (C#503,894) and Jose Akee (C#514,547) Mother & Son, hereinafter called the Lessee, whose address is P.O. Box 3807 Tuba City, Arizona 86045, in accordance with the provisions of 25 U.S.C. Section 415 and 635, as implemented by the regulations contained in 25 C.F.R. Part 162; and any amendments thereto relative to business leases on restricted lands which by this reference are made a part hereto.

1. DEFINITIONS

- A. "Approved Encumbrance" means an encumbrance approved in writing by the Lessor, the Secretary and sureties, if any, in accordance with the terms and conditions of this Lease.
- B. "Encumbrancer" means the owner and holder of an Approved Encumbrance, including all successors and assigns.
- C. "Gross Receipts" means all income, including money and other things of value, received by or paid to Lessee or its affiliates, whether individuals, corporations, partnerships, or other legal entity, or received by or paid to others for Lessee's or its affiliates' use and benefit, derived from business done, sales made, or services rendered directly or indirectly or on the leased premises or any portion thereof. All income accruing from credit transactions shall be treated as "gross receipts" as of the date credit is extended. Gross Receipts shall not include amounts collected and paid out for a sales and excise tax imposed by any duly constituted governmental authority where such tax is billed to the purchaser as a separate item. Any taxes paid by the Lessee as a part of the cost of merchandise purchased by the Lessee are not to be excluded or deducted. It shall not include credits for the exchange of goods or merchandise between stores, if any, of Lessee or its affiliates where such exchange is made solely for the convenient operation of business and not for the purpose of consummating a sale previously made directly from or on the leased premises. It shall not include the amount of any refund where the merchandise sold, or some part thereof is returned by the purchaser and accepted by Lessee or its affiliates. It shall not include income from the sale of fixtures, or goodwill, or the sale of improvements, including, but not limited to, corrals, buildings, livestock scales, and holding pens.



D. "Secretary" means the Secretary of the Interior or his authorized representative, delegate, or successor.

2. LAND DESCRIPTION

A. For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, Lessor hereby leases to the Lessee the following described premises:

A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE¹/₄) OF SECTION, 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOW:

COMMENCE at the Section Quarter Corner Common to Sections 29 and 32, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE run S 89° 56' 00" E, 265.74 feet;
THENCE N 50° 49' 48" E, 1,822.73 feet to the
POINT OF BEGINNING of the herein described parcel of land;

THENCE N 13° 26' 20" E, 100.52 feet;
THENCE N 45° 47' 50" E, 98.39 feet;
THENCE S 44° 12' 10" E, 277.34 feet;
THENCE S 45° 47' 50" W, 174.75 feet;
THENCE N 46° 23' 35" W, 223.71 feet
to the Point of Beginning.

Being 1.0927 acre(s), more or less, in area, and being subject to any and all existing easements for underground utilities located therein.

Surveyed March 12, 1998 by the Navajo Land Department, The Navajo Tribe, Window Rock, Navajo Nation, Arizona.

All of the above land is located in Tuba City, County of Coconino, State of Arizona, subject to any prior, valid, existing rights-of-way and easements. There is hereby reserved and expected from the leased premises rights-of-way for utilities constructed by or on authority of the Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the leased premises.

3. PURPOSE, UNLAWFUL USES

A. Lessee shall develop, use and operate the leased premises for the following purposes only:

1. Car Wash
2. Other retail operation.

B. The leased premises shall not be used by Lessee, Sublessee(s) or Assignee(s), for any purpose or purposes other than those set out above, except with the prior written consent of Lessor and the Secretary. Consent may be withheld, granted, or granted upon conditions, in the sole discretion of Lessor and the Secretary.

C Lessee agrees that it will not use or cause to be used any part of the leased premises for any unlawful conduct or purpose.

4. TERM

The term of this Lease shall be Twenty-Five (25) years, beginning on the date this Lease is approved by the Secretary, with an option to re-new for additional 10 years base on re-negotiated rental, terms and conditions.

5. CONDITION OF LEASED PREMISES

A. Lessee has examined and knows the leased premises and improvements thereon and accepts the same as-is. No representations as to the condition of the leased premises have been made by Lessor, any agent of Lessor or the United States prior to or at the time of execution of this Lease. Lessee warrants that it has not relied on any warranty or representation made by or on behalf of Lessor or the United States, but solely upon Lessee's independent investigation.

B. The independent investigation shall include the environmental site assessment which provides the Lessee with knowledge of the environmental status of the leased premises, including the status of the storage tanks and/or other regulated substances.

6. RENTAL

A. The Lessee, in consideration of the foregoing, covenants and agrees to pay in lawful money of the United States of America to the Controller of the Navajo Nation, for the use and benefit of the Lessor, the following rental:

1) A percentage of gross receipts of business as specified below, whether such businesses are operated by Lessee, Sublessee, Assignee or operated under a management agreement.

	<u>Year 1-2</u>	<u>Year 3-8</u>	<u>Year 9-14</u>	<u>Year 15-20</u>	<u>Year 20-25</u>
1. Car Wash Operation	-0-	2.0%	2.0%	2.5%	3.0%
2. Other retail operation	-0-	1.5%	2.0%	2.5%	3.0%

2) The sum of \$ 6,500.00 as a Guaranteed Minimum Annual Rental (GMAR) hereunder.

Guarantee Minimum Annual Rental shall be waived (Yes ☒, No ☐) for the first two years of the development period.

- B. It is acknowledged and agreed that Lessee's rental obligation hereunder is an obligation to pay either the percentage rental amounts more specifically defined in Section 6A.(1) above or the guaranteed minimum annual rent (GMAR) as more specifically set forth in Section 6A.(2) above, whichever amount is greater.
- C. The Lessee must make monthly rental payments in advance equal to at least one-twelfth of the aforementioned minimum annual rental not later than the tenth (10th) day after the first day of the month for which the rental is due. Lessee may elect to pay monthly rental in an amount based on the percentage rental rate on the month's gross receipts; however, no payment shall be less than one-twelfth of the minimum rental. Monthly payments based on the percentage rental rate on gross receipts shall be paid not later than the tenth (10th) day after the end of the month for which rental is due. All rental shall be deposited with the Controller of the Navajo Nation. When the annual accounting required by Section 7 of this Lease is completed, the Lessee shall pay any balance due on any percentage rental, or if there is an overpayment, the overpayment shall be credited toward future rents.
- D. Rental unpaid ten (10) days after the due date shall bear interest at eighteen percent (18%) per annum, from the date it becomes due until paid, but this provision shall not be construed to relieve the Lessee from any default in making any rental payment at that time and in the manner herein specified. The rents called for hereunder shall be paid without prior notice or demand.
- E. While the leased premises are in trust or restricted status, the Secretary may in his discretion suspend the direct rental payment provisions of this Lease, in which event the rental shall be paid to the Secretary or his authorized representative.
- F. In the event a sublease, assignment, management agreement or transfer of this Lease or any right to or interest in this Lease or any improvements on the leased premises shall be entered into, the rent and other terms of this Lease shall be subject to renegotiation.

7. ACCOUNTING

The Lessee shall, not later than April 15, of each successive calendar year or fraction thereof following the date the term of this Lease begins, submit to Lessor and the Secretary individually, certified statements of gross receipts. Failure to submit aforementioned statements on a timely basis shall be considered a breach of the Lease and the Lease may be subject to cancellation. With said statements, Lessee shall tender payment of any balance due for the preceding calendar year under the percentage rental fee as set forth in Section 6 above. Said statement shall be prepared by a Certified Public Accountant, licensed in the State of Arizona, New Mexico or Utah, in conformity with standard accounting procedures. Any duly authorized representative of the United States Government, or any qualified accounting agent or agents appointed by the Lessor, shall have access to and the right to examine and audit any pertinent books, documents, papers, and records of Lessee's tenants, if any, relating to this Lease during the normal business hours of any working day. Lessee shall insert a similar provision in all subleases and shall make available to said representative, agent, or agents, all books and records of Lessee's tenants which may be requested or may be necessary for completion of a full audit of all business conducted on the leased premises. The acceptance by the Lessor or the Secretary of any monies paid to Lessor or the Secretary by Lessee as percentage rental for the leased premises as shown by any statement furnished by Lessee shall not be an admission of the accuracy of said statement, or of the sufficiency of the amount of said percentage rental payment, but the Lessor or the Secretary shall be entitled at any time within four (4) years after receipt of any such percentage rental payment to question the sufficiency of the amount thereof and/or the accuracy of the statements furnished by Lessee to justify the same and shall have the right to examine and/or audit as hereinbefore described. Therefore, Lessee shall for said period of four (4) years after submission to the Lessor or the Secretary of any such statement keep safe and intact all of Lessee's records, books, accounts, and other data which in any way bears upon or are required to justify in detail any such statement, and Lessee shall insert a provision in all subleases requiring similar retention of records.

8. IMPROVEMENTS

- A. The Lessee, in consideration for the granting of this Lease, covenants and agrees that Lessee will construct 60' x 40' building for a 4 bay car wash and other permanent improvements at a cost of and having a reasonable value of \$ 250,000.00 or more.

- B. Except as otherwise provided in this Lease, all buildings and improvements, excluding removable personal property and trade fixtures, on the leased property shall remain on said property after termination of this Lease and shall thereupon become the property of Lessor. Lessor may required Lessee, at Lessee's expense, to remove improvements and restore the premises to the original state upon termination of this Lease. The term "removal personal property" as used in this Section shall not include property which normally would be attached or affixed to the buildings, improvements or land in such a way that it would become a part of the realty, regardless of whether such property is in fact so placed in or on or affixed to the buildings, improvements or land in such a way as to legally retain the characteristics of personal property. Lessee shall remove all removable personal property and trade fixtures prior to termination of this Lease. Should Lessee fail to remove said personal property and trade fixtures prior to termination of this Lease, said property shall thereupon become property of Lessor, and may be disposed of in any manner by Lessor.
- C. All hazardous and petroleum substances and storage tanks placed on the leased premises are the property of the Lessee who placed them on the property and do not become the property of the Lessor for RCRA (42 U.S.C. Section 6901 et seq.), CERCLA (42 U.S.C. Section 9601 et seq.) or other federal liability purposes or otherwise upon the expiration of the Lease; and shall be removed, cleaned up and remediated at Lessee's sole expense.
- D. Separate and apart from the above stated property removal obligations and prerogatives, upon notice from Lessor within a reasonable period after expiration of the Lease, Lessee shall remove all improvements from the leased premises named in Lessor's request or shall restore all or part of the premises to its original condition as designated in Lessor's notice.

9. **PLANS AND DESIGNS**

Within one hundred eigthy (180) days from the date this Lease is approved by the Secretary, Lessee shall submit to Lessor for approval, a general plan and architects design for the complete development of the entire leased premises, together with a leased program, by specific areas, of the developments included as a part of the general plan. Approval or disapproval of the general plan, architect's design or phased development programs shall be within the sole discretion of Lessor. Lessor's review of all plans or specifications pursuant to this Section is solely to protect the interests of the Lessor in the leased premises and the Lessor shall not be the guarantor of, nor be responsible for, the accuracy or

correctness of any such plans. No change will be made in the general plan, architect's design, plots, surveys, or specifications without the consent of Lessor. Approval of the general plan, architect's design, and/or a phased program of development shall in no way be deemed a waiver of the requirements of applicable Tribal law and Lessee shall comply with all applicable Tribal laws and regulations. Upon completion of the proposed improvements the Lessee shall provide the Lessor "as built" drawings depicting the improvements as a completed structure.

10. **COMPLETION OF DEVELOPMENT**

- A. The Lessee shall complete the full improvement and development of the leased premises in accordance with the general plan and architect's design, submitted in accordance with Section 9 above, within 24 months from the beginning date of the term of this Lease. If Lessee fails to complete full development within such period, such failure shall constitute a breach of the terms of this Lease and shall be cause of cancellation.
- B. Whenever under this Lease a time is stated within which or by which original construction, repairs, or reconstruction of improvements shall be made and during such period a general or sympathetic strike or lock out occurs, war or rebellion ensues, or some event unquestionably beyond Lessee's power to control, the period of delay so caused shall be added to the period limited herein for the completion of such work.

11. **CONSTRUCTION, MAINTENANCE, REPAIR, ALTERATION**

All improvements placed on the leased premise shall be constructed in a good and workmanlike manner and in compliance with applicable laws and building codes. All parts of building visible to the public or from adjacent properties shall present a pleasant appearance as determined by Lessor and all service areas shall be screened from public view to the satisfaction of Lessor. Lessee shall, at all times during the term of this Lease and at Lessee's sole cost and expense, maintain the premises and all improvements thereon and any alterations, additions, or appurtenances thereto, in good order and repair and in a safe, sanitary, neat and attractive condition, and shall otherwise comply with all laws, ordinances and regulations applicable to said premises. Lessee shall have the right during the term of this Lease to make limited alterations, additions or repairs to improvements on the premises in an amount not to exceed \$ 10,000.00 per year. Alterations, additions or repairs in excess of the above amount or any removal or demolition of an improvement shall not be made without the prior written approval of Lessor. Lessee shall indemnify and hold harmless the Lessor and the United States Government against liability

for all claims arising from Lessee's failure to maintain said premises and the improvements thereon as herein above provided, or from Lessee's non-observance of any law, ordinance or regulation applicable thereto.

12. UTILITY SERVICE LINE AGREEMENTS

A. Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the leased premises, including gas, water, sewer, electricity, telephones, television and other utilities, without further consent by Lessor, on the condition that:

- (1) such agreements are for the sole purpose of supplying utility services to the leased premises;
- (2) such agreements authorize utility service lines only within the leased premises;
- (3) such agreements do not extend beyond the term of this Lease, including any extensions thereof;
- (4) executed copies of such agreements, together with plats or diagrams showing with particularity the location, size and extent of such service lines, are filed by the utility companies with Lessor within thirty (30) days of their execution; and
- (5) such agreements are otherwise in accordance with the provisions of 25 C.F.R. Section 169.22, including any amendments or successors thereto.

B. Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the leased premises, provided that such service lines do not unreasonably interfere with Lessee's use of the leased premises, nor otherwise to affect the rights-of-way reserved to Lessor in Section 2 of this Lease.

13. RENTAL AND PERFORMANCE BOND

A. Upon approval of this Lease by the Lessor, Lessee agrees to post a corporate surety bond or other security acceptable to Lessor and the Secretary in a penal sum of \$ 6,000.00, which bond shall be deposited with the Secretary and shall remain in force for the full term of this Lease, at the discretion of Lessor and the Secretary.

- B. It is understood and agreed that bond or security required by this Section will guarantee performance of the contractual obligations under this Lease, and that a corporate surety bond may be furnished annually or may be continued from year to year by a certificate of renewal, a copy of which certificate shall be furnished the Secretary by Lessee. If U.S. Treasury Bonds are provided, Lessee agrees to make up any deficiency in the value of the bonds. Interest on said U.S. Treasury Bonds shall be paid to Lessee. Should waiver of bond or security be granted during the term of this Lease, Lessor and the Secretary reserve the right to request that Lessee furnish bond or security at a later date and Lessee hereby agrees to comply with said request.

14. CONSTRUCTION BOND

- A. At Lessor's option, prior to the commencement of construction of any improvement on the leasehold premises, the Lessee will cause his construction contractor to post a construction bond in favor of Lessor and Lessee. If the construction contractor cannot post such a bond, the Lessee shall post the construction bond. The purpose of the construction bond is to guarantee the completion of the improvements and payment in full of valid claims of all persons for work performed in or materials furnished for construction of the improvements. The construction contractor or the Lessee may provide security by either.
- (1) Posting a corporate surety bond in an amount equal to the cost of each improvement, said bond to be deposited with the Secretary and to remain in effect until the improvement is satisfactorily completed. Said bond shall be conditioned upon faithful performance by Lessee or his construction contractor and shall give all claimants a right of action to recover upon said bond in any suit brought to foreclose on any mechanic's or materialmen's liens against the property. If United States Treasury Bonds are provided, Lessee or his construction contractor agrees to make up any deficiency in the value deposited that might occur due to a decrease in the value of the bonds. Interest on said bonds shall be paid to Lessee.
 - (2) Depositing in escrow with the Secretary or an institution acceptable to the Secretary and Lessor, negotiable United States Treasury Bonds, or cash, or furnishing a non-revocable letter of credit satisfactory to Lessor and Secretary in an amount sufficient to pay the entire cost of construction of each building or other improvement then to be erected on the premises. If United States Treasury

Bonds are provided, Lessee or his construction contractor shall make up any deficiency of the value deposited that might occur due to a decrease in the value of said bonds. Interest on said bonds shall be paid to Lessee of his construction contractor. The funds so deposited may then be used, at the option of Lessor and the Secretary, to discharge any valid mechanic's or materialmen's liens; if no such liens exist, the withheld funds shall be disbursed to Lessee or his construction contractor.

- B. If Lessee enters into a construction loan agreement with a financial institution, said loan agreement shall be subject to the approval of Lessor. Prior to such approval, Lessee shall perform all conditions precedent to the assumption of obligations under the agreement by the financial institution and Lessee shall deposit with the lending institution the difference between the amount of the loan and the total cost of improvement.

15. **SUBLEASE, ASSIGNMENT, MANAGEMENT AGREEMENT, TRANSFER**

- A. Lessee shall not sublease, assign, place under a management agreement, or in any manner whatsoever transfer this Lease or any right to or interest in this Lease or any of the improvements on the leased premises, or sell, assign or transfer more than forty-nine percent (49%) of the corporate stock of any corporation named as Lessee without the written approval of Lessor, the Secretary and sureties, if any, and no such sublease, assignment, sale, amendment or transfer shall be valid or binding without such approval, and then only upon the condition that the Sublessee, Assignee or other successor in interest, excepting an approved encumbrancer (s), shall agree in writing to be bound by each and all of the covenants and conditions of this Lease. Should Lessee attempt to make any such sublease, assignment, sale, amendment, or transfer, except as aforesaid, such action shall be deemed a breach of this Lease, excepting that an encumbrancer, as herein set forth, may enforce his rights in the manner hereinafter provided. Approval of one sublease, assignment, sale, amendment or transfer shall not validate a subsequent sublease, assignment, sale, amendment or transfer, and the restrictions of this Section shall apply to each successive sublease, assignment, sale, amendment or transfer hereunder and shall be severally binding upon each and every Sublessee, Assignee, Transferee and other successor in interest of the Lease, excepting an encumbrancer.

SEP 25 1945

- B. For purpose of this Section , the creation of a partnership, corporation, joint venture, management agreement or any other arrangement under which any person or entity, other than Lessee is entitled to share in profits derived directly or indirectly from the leased premises or activities carried out thereon, shall be considered a sublease or assignment of this Lease, and therefore shall require the approval of Lessor and the Secretary.
- C. Approval or disapproval of any sublease, assignment, management agreement, or transfer, for any purpose whatsoever, by the Lessee shall be within the sole discretion of Lessor. Approval of any sublease, assignment, management agreement, or transfer is subject to the approval of the Lessor. Lessor reserves the right to adjust the rental provisions of this Lease upon any sublease, assignment or transfer.

16. **ENCUMBRANCE**

- A. This Lease, or any right to or interest in this Lease or any of the improvements on the leased premises, may not be encumbered without the written approval of the Lessor, the Secretary and sureties and no such encumbrance shall be valid without said approval. The Lessor shall not unreasonably withhold its approval to an encumbrance.
- B. An encumbrance must be confined to the leasehold interest of the Lessee or the subleasehold interest of a Sublessee and shall not jeopardize in any way Lessor's interest in the Land. Lessee agrees to furnish as requested any financial statements or analysis pertinent to the encumbrance that the Lessor and the Secretary may deem necessary to justify the amount, purpose and terms of said encumbrance.
- C. An encumbrancer of any Sublease, in the event of default by Sublessee of the terms of an approved encumbrance, may exercise any rights provided in such approved encumbrance, provided that before any sale of subleasehold, whether under power of sale or foreclosure, the encumbrancer shall give to Lessor, the Secretary, and Lessee hereunder notice of the same character and duration as is required to be given to the Sublessee by the encumbrancer and/or by applicable law.
- D. If notice of such sale shall be given and the defaults of any of them upon which such notice of sale is based shall then continue, Lessor, if Lessee fails to act, shall have the following rights which may be exercised at any time prior to the completion of sale proceedings.

- (1) To pay the encumbrancer the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such payment, plus foreclosure or sale costs incurred to the date of such payment.
- (2) To execute in favor of the encumbrancer a promissory note and a new encumbrance, which new encumbrance must be approved by the Secretary, for the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such execution plus sale expenses incurred to the date of such execution, upon the same terms and conditions as originally provided by the approved encumbrance, and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note issued by a reputable title insurance company, and insuring that the new encumbrance is a first lien upon the subleasehold described in said sublease subject only to current taxes and to conditions, restrictions, and reservations of record at the time of recording the approved encumbrance.

E. If Lessee or Lessor exercises either of the above rights, all of the rights, title, and interest of the Sublessee in the Sublease shall automatically terminate on the same date the right is exercised and the Lessor or Lessee shall, on the same date, acquire the subleasehold; however, the acquisition of the subleasehold by Lessee or Lessor under these circumstances shall not serve to extinguish the sublease by merger with the Lease or otherwise.

F. In the event Lessor or Lessee does not avail itself of the above rights and any sale under the approved encumbrance occurs, whether by power of sale or foreclosure, the purchaser at such sale shall succeed to all of the rights, title, and interest of the Sublessee in the subleasehold covered by said encumbrance. It is further agreed that if the purchaser at such sale is the encumbrancer, the encumbrancer may sell and assign the subleasehold without any further consent, provided that the Assignee shall agree in writing to be bound by all the terms and conditions of the Sublease. If the encumbrancer is the purchaser, it shall be required to perform the Sublease only so long as it retains title thereto. If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer, approval by Lessor and the Secretary of any assignment will be required and said purchaser, as successor in interest to the Sublessee, shall be bound by all the terms and conditions of the sublease and will assume in writing all the obligations thereunder.

G. In the event of default by the Lessee of the terms of an approved encumbrance, the encumbrancer may exercise any rights provided in such approved encumbrance, provided that before any sale of the leasehold, whether under power of sale or foreclosure, the encumbrancer shall give to Lessor and the Secretary notice of the same character and duration as is required to be given Lessee by such encumbrance and/or by applicable law. If notice of such sale be given, and the default of any of them upon which notice of sale is based shall then continue, Lessor shall have the following rights which may be exercised at any time prior to the completion of sale proceedings:

(1) To pay to the encumbrancer the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such payment, plus sale costs incurred to the date of such payment.

(2) To execute in favor of the encumbrancer a promissory note and a new encumbrance, which new encumbrance must be approved by the Secretary, for the full unpaid principal amount of the approved encumbrance, plus unpaid interest accrued to the date of such execution, plus sale expenses incurred to the date of such execution, upon the same terms and conditions as originally provided by the approved encumbrance, and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note, issued by a reputable title insurance company, and insuring that the new encumbrance is a first lien upon the property described in this Lease subject only to current taxes and to conditions, restrictions and reservations of record at the time of recording the new encumbrance.

H. If Lessor exercises either of the above rights, all rights, title and interest of Lessee in the Lease shall terminate and Lessor shall acquire the Lease; provided, however, that such termination shall not relieve the Lessee from any obligation or liability which had accrued prior to the date of termination. Acquisition of the Lease by Lessor under these circumstances shall not serve to extinguish the Lease by merger or otherwise.

I. In the event Lessor does not avail itself of the rights set forth in this Section and any sale under the approved encumbrance occurs, whether by power of sale or foreclosure, the purchaser at such sale shall succeed to all of the rights, title, and interest of the Lessee in

the leasehold estate covered by said approved encumbrance. It is further agreed that if the purchaser at such sale is the encumbrancer, the encumbrancer may sell and assign the leasehold interest without any further consent, provided that the Assignee shall agree in writing to be bound by all the terms and conditions of this Lease. If the encumbrancer is the purchaser, it shall be required to perform this Lease only so long as it retains title thereto. If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer, approval by Lessor and the Secretary of any assignment will be required and said purchaser, as successor in interest to the Lessee, shall be bound by all the terms and conditions of this Lease and will assume in writing all the obligations thereunder.

17. LIENS, TAXES, ASSESSMENTS, UTILITY CHARGES

Lessee shall not permit to be enforced against the leased premises or any part thereof, any liens arising from any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall discharge all such liens before any action is brought to enforce same; further, Lessee shall pay before becoming delinquent, all taxes, assessments, licenses, fees, and other like charges levied during the term of this Lease upon or against the leased land and all interests therein and property thereon, for which either Lessee or Lessor may become liable. Upon request Lessee shall furnish Lessor and the Secretary written evidence duly certified that any and all taxes required to be paid by Lessee have been paid, satisfied, or otherwise discharged. Lessee shall have the right to consent any claim, asserted tax, or assessment against the property, by posting bond to prevent enforcement of any lien resulting therefrom, and Lessee agrees to protect and hold harmless Lessor, Secretary and the leased premises and all interest therein and improvements thereon from any and all claims, taxes, assessments, and like charges and from any lien therefor, or sale or other proceedings to enforce payment thereof, and all costs in connection therewith. Lessor shall execute and file any appropriate documents with reference to real estate tax exemption of the land when requested by Lessee. In addition to the rents, taxes and other charges herein described, Lessee shall pay charges for water, sewage, gas, electricity, telephone, and other utility services supplied to said premises.

18. LESSOR'S PAYING CLAIMS

Lessor shall have the option to pay any lien or charge payable by Lessee under this Lease, or settle any action therefor, if the Lessee after written notice from the Lessor or Secretary fails to pay or to post bond against enforcement. All costs and other expenses incurred by Lessor

in so doing shall be paid to Lessor by Lessee in demand, with interest at the rate of eighteen percent (18%) per annum from the date of Lessor's payment until repayment is made. Failure to make such repayment on demand shall constitute a breach of this Lease.

19. **SANITATION**

- A. Lessee hereby agrees by comply with all applicable sanitation codes, requirements, or law which may be related to the purpose of this document as set forth in Section 3 herein above. Such compliance shall specifically include, but not be limited to, the sanitary regulations of the U.S. Public Health Service. Lessee further agrees to at all times maintain the entire premises in a safe, sanitary condition, presenting a good appearance both inside and out in all buildings operated on the leased premises.
- B. Lessee further agrees to comply with applicable Federal, State, Navajo Nation or local law, statutes, ordinances or regulations, court or administrative orders or decrees pertaining to all environmental matters including but not limited to the storage and disposal of solid waste. Lessee further agrees that all solid waste generated by the Lessee or by any Sublessee shall be disposed of only at a state or tribally certified public or private landfill, and shall maintain records to demonstrate compliance with this requirement.
- C. Lessee agrees to maintain all records required by applicable law and regulations and to make such records available to appropriate officials of the Navajo Nation of federal government.

20. **HAZARDOUS SUBSTANCE**

- A. Lessee shall not cause or permit any hazardous substance (as defined by RCRA, 42 U.S.C. Section 6901 et seq., CERCLA, 42 U.S.C. Section 9601 et seq., or other federal laws and regulations) to be used, stored, generated or disposal of on or in the premises without first obtaining written consent of the Navajo Nation Environmental Protection Agency. For the purpose of this Lease, the term hazardous substance also includes petroleum, diesel fuel, or crude oil or any fraction thereof subject to regulation under 42 U.S.C. Section 6991 et seq. If hazardous substances are used, stored, generated or disposal of on or in the premises except as permitted above, or if the premises become contaminated in any manner for which Lessee or a Sublessee is legally liable, Lessee shall indemnify and hold harmless the Lessor from any and all claims, damages, fines, judgements, penalties, costs, liabilities or losses

(including, without limitations, a decrease in value of the premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the space and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Lease term and arising as a result of such contamination by tenant. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal or restoration mandated by the federal government or Navajo Nation. Without limitation of the foregoing, if Lessee causes or permits the presence of any hazardous substance on the premises and such results in any contamination of the leased premises including, but not limited to the improvements, soil, surface water or groundwater, Lessee shall promptly, at its sole expense, take any and all necessary actions to return the premises to the condition existing prior to the contamination presence by any such hazardous substance on the premises. Lessee shall first obtain Lessor's approval for any such remedial action.

21. PUBLIC LIABILITY INSURANCE

At all times during the term of this Lease, Lessee shall carry a public liability insurance policy in the amount of \$100,000.00 for personal injury to one person and \$ 300,000.00 per occurrence, and \$ 100,000.00 for property damage. Said policy shall be obtained from a reliable insurance company licensed to do business in the State in which the leased premises are located and shall be written jointly to protect Lessee, Lessor and the United States of America and shall provide for notification to Lessor prior to any cancellation or non-renewal of said policy for any reason including non-payment of premiums. A copy of said policy shall be furnished to Lessor and the Secretary. There shall be a periodic review, at not less than five (5) year intervals, of all insurance policies and coverage amounts held under this Lease. The review shall give consideration to the economic conditions at the time and may result in adjustment of the type of insurance coverage or the amounts of any coverage whenever, in the discretion of Lessor, such adjustment is necessary for the protection of Lessor or the United States. Neither Lessor nor the United States Government, nor their officers, agents or employees, shall be liable for any loss, damage, death or injury of any kind whatsoever to the person or property of Lessee or any other person whomsoever, caused by any use of the leased premises, or by any defect in any structure existing or erected thereon, or arising from any accident, fire, or from any other casualty on said premises or from any other cause whatsoever and Lessee, as a material part of the consideration for this Lease, hereby waives on Lessee's

SEP 25 1999

behalf all claims against Lessor and the United State Governemnt and agrees to hold Lessor and the United States Government fress and harmless from liability for all claims for any loss, damages, injury or death arising from the condition of the premises or use of the premises by Lessee, together with all costs and expenses in connection therewith.

22. FIRE AND CASUALTY INSURANCE

- A. Lessee, shall, from the date of approval of this Lease, carry fire and casualty insurance with extended coverage endorsement, covering not less than full insurable value of all improvements on the leased premises. Said policy shall be obtained from a reliable insurance company licensed to do business in the State in which the leased preimses are located and shall be written jointly to protect Lessee, Lessor and the United States of America and shall provide for notification to the Lessor and the Secretary prior to any change in said policy or any cancellation or non-renewal of said policy for any reason, including non payment of premiums. A copy of said policy shall be deposited with Lessor and the Secretary. In the event of damage to any improvement on the leased premises, Lessee shall rebuild, repair or otherwise reinstate the damaged improvement or building in a good and substantial manner according in the plan and elevation of the improvement or building so destroyed or damaged or in accordance with any modified plan approved in writing by the Lessor prior to commencement of repair or reconstruction. Repair or reconstruction shall commence as soon as possible and, in any event, within one (1) year after the damage occurs and shall be pursued diligently. Insurance proceeds shall be deposited in an escrow account with an institution approved by Lessor and the Secretary. Lessee shall also deposit in said escrow account all additional funds required to reconstruct the damaged improvement. Escrow instructions shall include provisions that all funds so deposited shall be used to reconstruct the damaged improvements and that funds shall be disbursed during the prograss of reconstruction on proper architect's, engineer's, or contractors' certificates. All money in escrow after reconstruction has been completed shall be paid to Lessee.
- B. In the event of damage to the extent of seventy-five perent (75%) or more of the total value of all improvements on the leased premises during the last five (5) years of the term of this Lease, Lessee shall have the option to reconstruct said improvements. Lessee shall provide Lessor with a written notice of the exercise of Lessee's reconstruction option within thirty (30) days of the event of damage giving rise to Lessee's reconstruction option. Should Lessee exercise its

option to reconstruct, Lessee shall commence reconstruction of the damaged improvements within ninety (90) days of Lessee's exercise of its reconstruction option and shall diligently pursue the reconstruction to completion. Should Lessee not exercise its option to reconstruct, this Lease shall terminate one hundred and twenty (120) days after the event of damage giving rise to Lessee's reconstruction option. The leased premises shall be cleared of debris at Lessee's expense prior to termination of the Lease. Lessee shall not be charged rent during the period of debris removal unless Lessee occupies the leased premises beyond the Lease termination date, after which the Lessee will be charged hold over rental as provided in Section 32. In the event Lessee does not reconstruct, all insurance proceeds shall be paid to Lessor.

- C. Any encumbrancer shall be named as a beneficiary under all insurance policies required by this paragraph and in the event of loss or damage to the buildings on the leased property while an approved encumbrance remains unpaid, the amount of such loss or damage (but not exceeding the remaining balance of the approved encumbrance) shall be paid to the encumbrancer on the condition that the encumbrancer agrees to comply with the reconstruction obligations set forth herein. If such amount paid to the encumbrancer is sufficient to repair the loss or damage with respect to which it was paid, or if Lessor or Lessee shall within three (3) months after such payment by the insurer to the encumbrancer deposit with the encumbrancer enough money to completely repair the loss or damage, when added to the amount paid by the insurer to the encumbrancer, the encumbrancer shall, upon written order of Lessor to Lessee, pay such monies for such repair, and it shall not be deemed a payment or credit on the encumbrance; but otherwise, at the expiration of such three (3) months said sum so paid by the insurer to the encumbrancer shall be applied and credited upon the approved encumbrance. It is understood and agreed that nothing stated herein shall relieve Lessee of its obligation to repair and/or replace the damaged improvement to a condition as good or better than before the damaged occurred.

23. EMINENT DOMAIN

If, at any time during the term of this Lease, the leased premises or any part thereof is taken or condemned under the law of eminent domain, then and in every such case, the leasehold estate and interest of the Lessee in said premises or part thereof taken shall forthwith cease and terminate. All compensation awarded by reason of any takings of the leased land and any taking of or injury to the buildings or

improvements located thereon shall be awarded to the Lessee and the Lessor as their interests appear at the time of such taking provided that Lessee's right to such awards shall be subject to the rights of an encumbrancer to receive such awards as set out in an approved encumbrance. The rental thereafter payable hereunder to the remainder of the terms of this Lease shall be reduced in the proportion that the value of the entire premises is reduced by such taking or condemnation.

24. DEFAULT

A. Time is declared to be of the essence of this Lease. Should Lessee default in any payment of monies when due, fail to post bond or be in violation of any other provision of this Lease, said violation may be acted upon by the Secretary in accordance with Title 25, Chapter 1, Part 162 of the Code of Federal Regulations or any amendments thereto. In addition to the rights and remedies provided by the aforementioned regulations, Lessor or the Secretary may exercise the following options upon Lessee's default:

- (1) Collect, by suit or otherwise, all monies as they become due hereunder, or enforce, by suit or otherwise, Lessee's compliance with all terms of this Lease; or
- (2) Re-enter the premises and remove all persons and property therefrom, excluding the property belonging to authorized Sublessees, and re-let the premises without terminating this Lease as the agent and for the account of Lessee, but without prejudice to the right to terminate the Lease thereafter, and without invalidating any right of Lessor and the Secretary or any obligations of Lessee hereunder. The terms and conditions of such re-letting shall be in the sole discretion of Lessor who shall have the right to alter and repair the premises as it deems advisable and to re-let with or without any equipment or fixtures situated thereon. Rents from any such re-letting shall be applied first to the expense of re-letting, collection, altering, and repairing, including attorney's fees and any real estate commission actually paid, insurance, taxes and assessments and thereafter toward payment to liquidate the total liability of Lessee. Lessee shall pay to Lessor monthly when due, any deficiency and Lessor or the Secretary may sue thereafter as each monthly deficiency shall arise; or



- (3) Take any other action deemed necessary to protect any interest of Lessor.
- B. No waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant of this Lease.
- C. Exercise of any of the remedies outlined in this Section shall not exclude recourse to any other remedies, by suit or otherwise, which may be exercised by Lessor or the Secretary or any other rights or remedies now held or which may be held by Lessor in the future.
- D. If any approved encumbrancer shall give Lessor, before any default shall have occurred in this Lease, a written notice containing the name and address and the interest in the premises of such encumbrancer, Lessor shall thereafter give to such encumbrancer a copy of each notice of default by Lessee at the same time as such notice of default shall be given by Lessor to Lessee. Lessor shall accept such encumbrancer's performance of any of Lessee's covenants or other obligations under this Lease, with the same force and effect as though performed by Lessee. Upon providing such written notice, the encumbrancer shall have standing to pursue any appeals permitted by applicable federal statutes and regulations that Lessee would be entitled to pursue. Further, Lessor shall not terminate the Lease if an encumbrancer has commenced and is diligently pursuing a foreclosure action to terminate Lessee's interest in said Lease and has cured or is taking action to cure the breach that is the cause of the termination.

25. ATTORNEY'S FEES

Lessee agrees to pay and discharge all reasonable costs, attorney's fees and expenses that may be incurred by Lessor or the Secretary in enforcing provisions of this Lease.

26. NO PARTNERSHIP

No term of this agreement shall be so construed as to provide that a partnership exists between Lessor and Lessee; the only relationship between the parties being that of Landlord and Tenant.

27. TERMINATION OF FEDERAL TRUST

Nothing contained in this Lease shall operate to delay or prevent a termination of Federal Trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of this Lease; however, such

termination shall not serve to abrogate the Lease. The owners of the land and Lessee and their surety or sureties shall be notified of any such change in the status of the land.

28. OBLIGATIONS OF LESSEE

While the leased premises are in trust or restricted status, all of Lessee's obligations under this Lease, and the obligations of their sureties, are to the United States as well as to the Lessor.

29. STATUS OF SUBLEASES

Termination of this Lease, by cancellation or otherwise, shall not serve to cancel approved subleases and/or subtenancies but shall operate as an assignment to Lessor of any and all such subleases and/or subtenancies.

30. NOTICES AND DEMANDS

- A. All notices, demands, requests or other communications to or upon either party provided for in this Lease, or given or made in connection with this Lease, shall be in writing and shall be addressed as follows:

To or upon Lessor:

President
The Navajo Nation
Post Office Box 9000
Window Rock, Navajo Nation (Arizona) 86515

Telefax: 1-520-871-4025

To or upon Lessee:

Deborah Martinez (C#503,894), Jose Akee (C#514,547)
P.O. Box 3807
Tuba City, Arizona 86045

Copies to:

Executive Director
Division of Economic Development
Post Office Box 663
Window Rock, Navajo Nation (Arizona) 86515

Telefax: 1-520-871-7381

- B. All notices shall be given by personal delivery, by registered or certified mail, postage prepaid, by facsimile transmission or by telegram. Notices shall be effective and shall be deemed delivered; if by personal

delivery, on the date of delivery if during normal business hours, or if not during normal business hours on the next business day following delivery; if by registered or certified mail, by facsimile transmission or by telegram, on the next business day following actual delivery and receipt.

C. Copies of all notices shall be sent to the Secretary or his authorized representative at Bureau of Indian Affairs: Area Director, Bureau of Indian Affairs, Navajo Area Office, P.O. Box 1060, Gallup, New Mexico 87305-1060.

D. Lessor and Lessee may at any time change its address for purposes of this Section by notice.

31. INSPECTION

The Secretary and Lessor and their authorized representatives shall have the right, at any reasonable time during the term of this Lease, to enter upon the leased premises, or any part thereof, to inspect the same and all buildings and other improvements erected and placed thereon for purposes, including, but not limited to, conditions affecting the health, safety and welfare of those entering the premises, the protection of the leased premises, any improvements thereto or any adjoining property or uses, or compliance with applicable environmental health or safety laws and regulations. No showing of probable cause shall be required for such entry and inspection. If testing for environmental contamination reveals environmental contamination in violation of applicable law, Lessee shall pay the costs of such testing. Nothing in this paragraph shall limit Lessee's obligation under applicable law or this Lease to perform testing or remediation or otherwise limit Lessee's liability.

32. HOLDING OVER

Holding over by the Lessee after the termination of this Lease shall not constitute a renewal or extension thereof or give the Lessee any rights hereunder or in or to the leased premises. Lessee agrees to pay as hold over rental a daily rental computed at the rate of double the daily rental charged during the year immediately preceding termination of the Lease, from the day following the termination date of the Lease until the Lessee vacates the premises.

33. LEASE REQUIREMENTS NOT EXCLUSIVE

Nothing in this Lease shall be construed to relieve Lessee of any obligations pursuant to any federal or Navajo Nation law for the protection of the environment or the public health, safety, or general welfare which is currently enacted or which may be enacted at a later date.

34. **DELIVERY OF PREMISES**

At the termination of this Lease, Lessee will peaceably and without legal process deliver up the possession of the leased premises, in good condition, usual wear and tear excepted.

35. **NAVAJO PREFERENCE**

In connection with all employment and contracting opportunities arising out of Lessee's activities under this Lease, Lessee shall give preference in employment and contracting to Navajo individuals and certified contractors in compliance with the Navajo Preference in Employment Act, 15 N.N.C. Section 601 et seq. ("NPEA"), and the Navajo Nation Business Preference Law, 5 N.N.C. Section 201 et seq. ("NNBPL"). The terms and provisions of the NPEA and NNBPL are specifically incorporated in, and become a part of this Lease. Violation of such laws by the Lessee shall constitute a breach of this Lease and provide grounds for suspension or termination of the Lease or any other remedy prescribed by the NPEA and NNBPL.

36. **MINERALS**

All mineral, including sand and gravel, contained in or on the lease premises are reserved for the use of Lessor. Lessor also reserves the right to enter upon the leased premises and search for and remove minerals located thereon, paying just compensation for any damage or injury caused to Lessee's personal property or improvements constructed by Lessee.

37. **LEASE BINDING**

This Lease and the covenants, conditions and restrictions hereof shall extend to and be binding upon the successors, heirs, assigns, executors, and administrators of the parties hereto.

38. **INTEREST OF MEMBER OF CONGRESS**

No member of, or delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom, but this provision shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.

39. **VALIDITY**

This Lease, and any modification of or amendment to this Lease, shall not be valid or binding upon either party hereto until approved by the Secretary.

40. **USE OF NAVAJO PRODUCED GOODS AND SERVICES**

Lessee agrees to make all purchases of materials, equipment, goods, and services and transportation from Navajo-owned businesses, whenever such purchase is economically feasible, as required by Navajo law.

41. **AGREEMENT TO ABIDE BY NAVAJO AND FEDERAL LAWS**

The Lessee and the Lessee's employees, agent, and sublessees and their employees and agents agree to abide by all laws, regulations, and ordinances of the United States, now in force and effect or as may be hereafter in force and effect.

42. **GOVERNING LAW AND CHOICE OF FORUM**

Except as may be prohibited by applicable federal law, the laws of the Navajo Nation shall govern the construction, performance and enforcement of this Lease. Any action or proceeding brought by Lessee against the Navajo Nation in connection with or arising out of the terms and conditions of this Lease shall be brought only in the Courts of the Navajo Nation, and no such action or proceeding shall be brought by Lessee against the Navajo Nation, and no action or proceeding shall be brought by Lessee against the Navajo Nation in any court or administrative body of any state.

43. **CONSENT TO JURISDICTION**

Lessee hereby consents to the Legislative executive and judicial jurisdiction of the Navajo Nation in connection with all activities conducted by the Lessee within the Navajo Nation. Nothing contained in this Paragraph shall be construed to abrogate or impair any right of Lessee created or recognized by any valid, prior contract, lease, grant of right-of-way or other agreement between the Navajo Nation and Lessee.

44. **SOVEREIGN IMMUNITY**

Nothing in this Lease shall be interpreted as constituting a waiver, express or implied, of the Sovereign immunity of the Navajo Nation.

20.91.02

IN WITNESS WHEREOF, the parties hereto have set their hands.

Leborah V. Mudge 7-9-98
(Lessee) Date

Joe Lopez 7-9-98
(Lessee) Date

THE NAVAJO NATION, LESSOR

By: [Signature]
President, Navajo Nation

Date: JUL 16 1998

APPROVED:

Pursuant to Secretarial Redlegation Order 209 DM 8,
Secretary's Order Nos. 3150 and 3177 and 10 BIAM Bulletin 13,
as amended.

By: Genni Venetson
ACTING Area Director, Navajo Area
BUREAU OF INDIAN AFFAIRS

Date: SEP 21 1998

* All rental payments shall be submitted to the address below,
make check or money order payable to:

The Navajo Nation

Mail to the following address:

Financial Services Department
Accounts Receivable Section
P.O. Box 3150
Window Rock, Arizona 86515

Homestead No.

TRACT DESCRIPTION

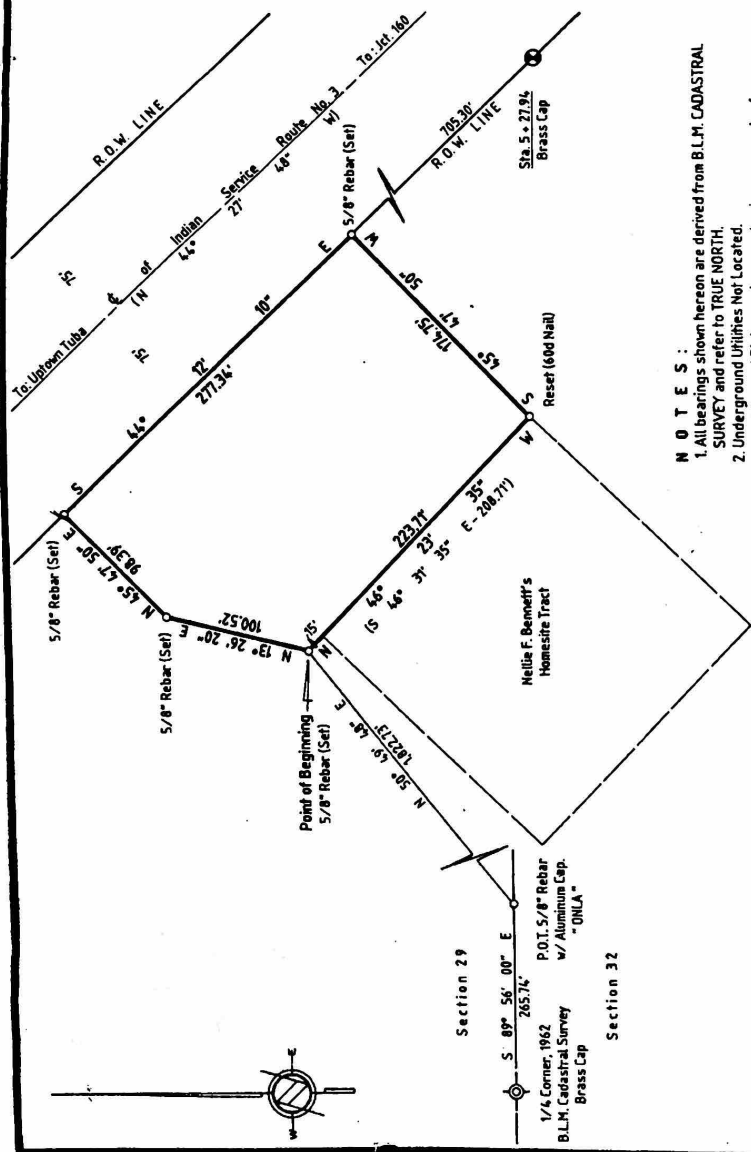
A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SECTION 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE at the Section Quarter Corner Common to Sections 29 and 32, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE run S 89° 56' 00" E, 265.74 feet;
THENCE N 50° 49' 48" E, 1,822.73 feet to the POINT OF BEGINNING of the herein described parcel of land;
THENCE N 13° 26' 20" E, 100.52 feet;
THENCE N 45° 47' 50" E, 98.39 feet;
THENCE S 44° 12' 10" E, 277.34 feet;
THENCE S 45° 47' 50" W, 174.75 feet;
THENCE N 46° 23' 35" W, 223.71 feet to the Point of Beginning.

Being 1.0927 acre(s), more or less, in area, and being subject to any and all existing easements for underground utilities located therein.

Surveyed March 12, 1998 by the Navajo Land Department, The Navajo Tribe, Window Rock, Navajo Nation, Arizona.



- NOTES:
1. All bearings shown hereon are derived from B.L.M. CADASTRAL SURVEY and refer to TRUE NORTH.
 2. Underground Utilities Not Located.
 3. Bearings and Distances in parenthesis are records of surveys adjacent.
 4. Scale, other than tract, is 1" = 200'.



CERTIFICATION OF SURVEY

I HEREBY CERTIFY THAT THE PLAT WAS PREPARED FROM NOTES OF ACTUAL SURVEYS MADE IN THE FIELD, AND THAT THE REPRESENTATION SHOWN HEREON IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.

Melvin F. Bautista
MELVIN F. BAUTISTA, R.L.S. NO. 13969, STATE OF ARIZONA

EXHIBIT "A"

N. L. D.		Debbie Martinez Business Site Tract	
SURVEYED BY	R. Mc.	1.0927 Ac. ±	
DRAWN BY	k. d.	District - 03, Navajo Indian Reservation	
APPROVED BY	MB	SE/4 of Sec. 29, T32N, R11E, G. & S.R.M.	
FIELD BOOK NO.	23:36	Tuba City, Coconino County, Arizona	
JOB NUMBER	WA-3060		
SCALE 1" =	100'		

* Underground Utilities Not Located

NOTICE OF INTENT TO TRANSFER POSSESSORY INTEREST
HELD UNDER NAVAJO NATION BUSINESS SITE LEASE

Notice is hereby given, pursuant to Paragraph 15 of the below described Business Site Lease, of intention to transfer the Lessee's possessory rights thereunder.

1. Name of present Lessee as it appears on lease:
Deborah Martinez (C#503,894) and Jose Akee (C#514,547)
2. Date of Lease: September 21, 1998
3. Name and address of person to whom it is intended to transfer possessory interest.
Cavesa's Car Wash, Incorporated
(NAME)
P.O. Box 3807
(ADDRESS)
Tuba City, Arizona 86045
4. An exact copy of the agreement by which this transfer is proposed to be accomplished is attached.
5. The complete consideration for the proposed transfer is stated in the attached agreement. YES ☐ NO ☒ If answer is NO, attach a separate sheet stating the consideration.
6. The undersigned's present Business Site Lease is attached hereto. It is understood and agreed that if the proposed transfer of possessory interest is approved, this Lease will be canceled and a new Lease for the same term as this Lease was originally issued for will be issued in its place. If the transfer is disapproved the present Lease will be returned to the Lessee named therein.

I certify, subject to the penalties provided by 18 U.S. Section 1001, that all information supplied with this application, including the representations made in all accompanying documents, is true, complete, and correct.

Date: 02-18-01

Deborah Martinez (C#503,894)
Name of Present Lessee

By: Deborah V. Martinez

Jose Akee (C#514,547)
Name of Present Lessee

By: Jose Akee

Name of Assignor(s):

Deborah Martinez (C#503,894) & Jose Akee (C#514,547)

Address of Assignor(s):

P.O. Box 3807
Tuba City, Arizona 86045

Name of Assignee(s):

Cavesa's Car Wash, Incorporated

Address of Assignee(s):

P.O. Box 3807
Tuba City, Arizona 86045

Date of Lease being assigned: _____

DESCRIPTION OF PREMISES

(Must agree exactly with description appearing in Lease)

A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE ¼) OF SECTION 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOW:

COMMENCE at the Section Quarter Corner Common to Sections 29 and 32, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE run S 89° 56' 00" E, 265.74 feet;
THENCE N 50° 49' 48" E, 1,822.73 feet to the
POINT OF BEGINNING of the herein described parcel of land;

THENCE N 13° 26' 20" E, 100.52 feet;
THENCE N 45° 47' 50" E, 98.39 feet;
THENCE S 44° 12' 10" E, 277.34 feet;
THENCE S 45° 47' 50" W, 174.75 feet;
THENCE N 46° 23' 35" W, 223.71 feet
To the Point of Beginning.

Being 1.0927 acre(s), more or less, in area, and being subject to any and all existing easements for Underground utilities located therein.

Surveyed March 12, 1998 by the Navajo Land Department, The Navajo Tribe, Window Rock, Navajo Nation, Arizona.

The above assignment and assumption are hereby approved.

NAVAJO NATION, LESSOR

By: [Signature]
President, Navajo Nation

DATE: 3/14/01

~~DATE APPROVED:~~

~~Pursuant to Secretarial Redlegation Order 209
DM 8, Secretary's Order Nos. 3150 and 3177,
10 BIAM Bulletin 13, as amended.~~

~~Regional Director, Navajo Region~~

APPROVED: OCT 30 2001

Pursuant to Secretarial Redlegation Order
209 DM 8, 230 DM 1 and 3 IAM 4.

[Signature]
Regional Director, Navajo Region

ASSIGNMENT OF BUSINESS SITE LEASE
NAVAJO NATION

KNOW ALL MEN BY THESE PRESENTS, that we, the assignors named below, in consideration of \$ N/A, to us in hand paid by the Assignee below, hereby assign to the said Assignee that certain Navajo Nation Business Site Lease described below TO HAVE AND TO HOLD the same unto the Assignee from and after the date of approval of this assignment by the President of the Navajo Nation for the unexpired portion of the term mentioned in said Lease, together with all the rights therein granted. It is understood and agreed that this assignment shall be null and void if disapproved by the Navajo Nation.

DATED this 18 day of Feb, 2001

Deborah V. Manting
for the
Signature(s) of Assignor(s)

NOTE: IF ASSIGNOR IS MARRIED, BOTH HUSBAND AND WIFE SHOULD SIGN

STATE OF Arizona
COUNTY OF Cocoon

SS:

This instrument was acknowledged before me this 18 day of Feb, 2001, by Jose Alce, Deborah Manting

In witness hereof I have hereunto set my hand and official seal.

MY COMMISSION EXPIRES



Mary Bradley
Notary Public

ASSUMPTION OF LEASE

I, the Assignee named below, for and in consideration of the approval of the above Assignment by the Navajo Nation, Lessor, acting by and through its duly authorized agents, hereby assume and agree to pay and be bound by all the rents, covenants, terms and conditions of that certain Navajo Nation Business Site Lease described below, to the same extent as if I were the Lessee originally named therein. I understand and agree that this assumption shall be null and void if the above Assignment is disapproved by the President of the Navajo Nation, but other wise shall be of full force and effect and irrevocable by me.

Dated this 18 day of February, 2001

Deborah V. Manting
Signature of Assignee
for the

STATE OF Arizona
COUNTY OF Cocoon

SS:

This instrument was acknowledged before me this 18 day of February, 2001, by Deborah Manting / Gabriel Manting

In witness hereof I have hereunto set my hand and official seal.

M. Bradley



it
LEASE NO.: TC-98-11
LEASE FEE: \$125.00

LEASE MODIFICATION

It is hereby agreed by and between the NAVAJO NATION, Lessor, and Deborah Martinez (C#503,894) and Jose Akee (C#514,547) Lessees, and ACSTAR Insurance Company 233 Main Street, New Britain, CT. 06050, Surety, that the Lease covering the Car Wash, Tuba City, Arizona, TC-98-186 be modified this 3rd day of October, 2000 to provide:

ARTICLE 6. RENTAL

- A. 1.) A percentage of gross receipts of business as specified below, whether such business are operated by Lessee, Sublessee, Assignee or operated under a management agreement.

	<u>Year 1-3</u>	<u>Year 4-8</u>	<u>Year 9-14</u>	<u>Year 15-20</u>	<u>Year 20-25</u>
1. Car Wash Operation	-0-	2.0%	2.0%	2.5%	3.0%
2. Other retail operation	-0-	1.5%	2.0%	2.5%	3.0%

2.) The sum of \$ 6,500.00 as a Guaranteed Minimum Annual Rental (GMAR) hereunder. Guaranteed Minimum Annual Rental Shall be waived (Yes X No) for the first three (3) years of the Development period.

ARTICLE 10. COMPLETION OF DEVELOPMENT

- A. The Lessee shall complete the full improvement and development of the Leased premises in accordance with the general plan and architect's design, submitted in accordance with Section 9 above, within 36 months from the beginning date of the term of this Lease.

ARTICLE 44. SOVEREIGN IMMUNITY of Business Site Lease TC-98-186 is to read as follow:

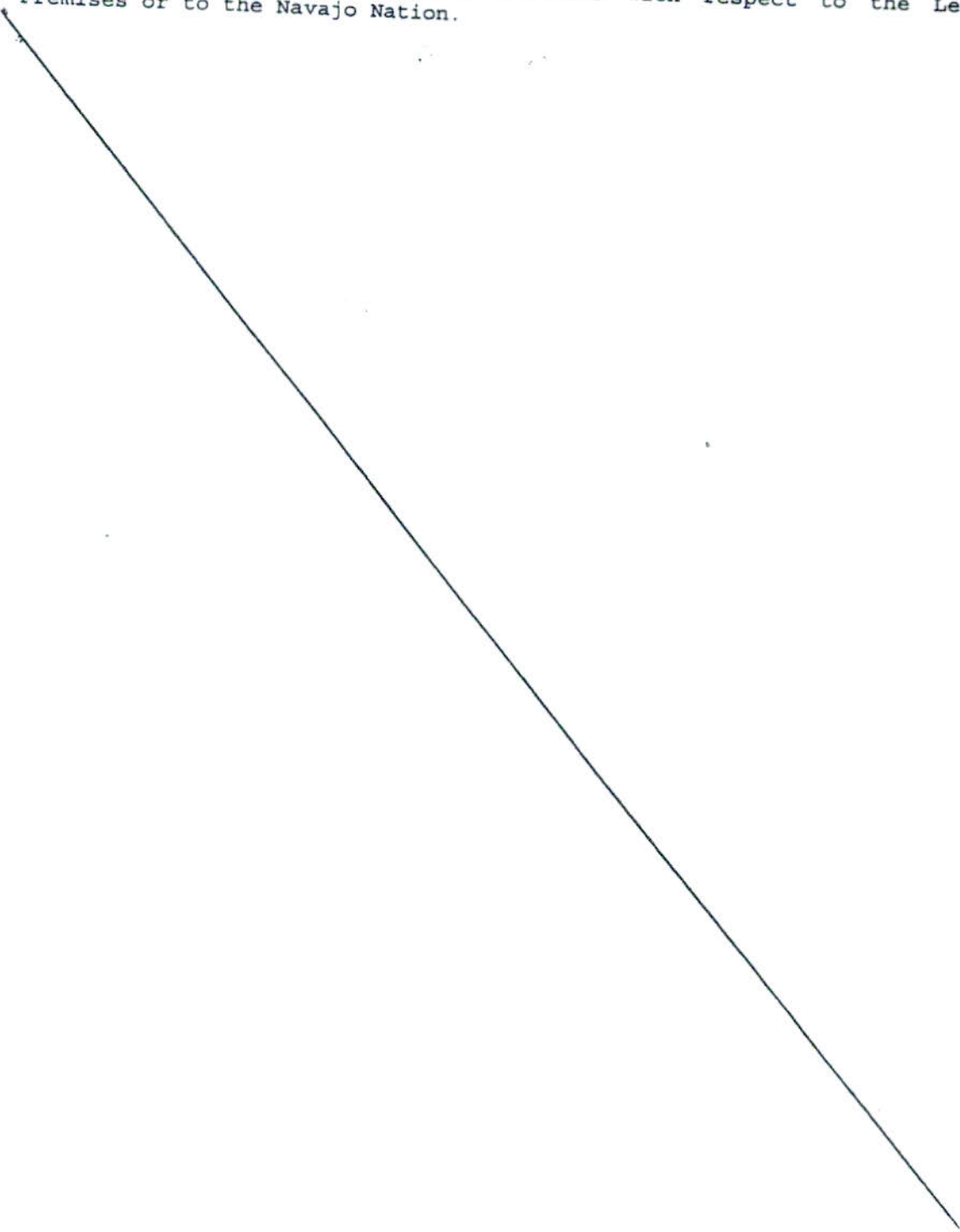
44. NO WAIVER OF SOVEREIGN IMMUNITY.

Incorporate the following provision to Business Site Lease TC-98-186:

45. COVENANT NOT TO CONTEST JURISDICTION.

Lessee hereby covenants and agrees never to contest or challenge the Legislative, executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation, or that the Navajo Nation government is not a government of general jurisdiction, or that the Navajo Nation government does not possess full police power (i.e., the power to legislate and regulate for the general health and welfare) over all lands, persons and activities within its territorial boundaries, or on any other basis not generally applicable to a similar challenge to the jurisdiction

of a state government. Nothing in this Section shall be construed to negate or impair federal responsibilities with respect to the Leased Premises or to the Navajo Nation.



This modification does not change any of the terms and conditions, or stipulations except as specified set forth herein. All other terms and conditions shall remain in force and effect. The total liability of the surety in no event shall exceed \$6,500.

[Signature]
Surety
ACSTAR Insurance Company
Henry W. Nozko, Jr. - President

[Signature]

[Signature]
Lessee (s)

THE NAVAJO NATION, LESSOR

BY: [Signature]
President, Navajo Nation

DATE: _____

Pursuant to Secretarial Redlegation Order 209
DM 8, Secretary's Order Nos. 3150 and 3177,
and 10 BIAM Bulletin 13, as amended.

By: Area Director, Navajo Area Bureau of Indian Affairs

APPROVED: JAN 31 2001

Pursuant to Secretarial Redlegation Order
209 DM 8, 230 DM 1 and 3 IAM 4.

[Signature]
ACTING Regional Director, Navajo Region
Bureau of Indian Affairs

LEASE MODIFICATION

Two

It is hereby agreed by and between the NAVAJO NATION, Lessor, and Cavesa's Car Wash, Incorporated, Lessee, and First Credit Union, Chandler Corporate Plaza, 25 S. Arizona PL. #111, Chandler, AZ 85225, Surety that the Lease covering the Cavesa's Car Wash, Incorporated, TC-98-186 be modified this ___ day of _____, _____ to provide:

Add additional Land to the existing land with additional purposes, rental to accommodate additional purposes and improvements.

2. LAND DESCRIPTION

A parcel of land situated within the southeast quarter (SE¼) of section 29, township 32 North, Range 11 East, Gila and Salt River Meridian in the Vicinity of Tuba City, Coconino County, State of Arizona and is being more particularly described as follows:

Commencing at the Section Quarter Corner Common to Section 29 and 32, TN32N, R11E, G&SRM, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE S 89° 56' 00" E, 265.74 Feet;

THENCE N 50° 49' 48" E, 1,822.73 Feet;

THENCE S 46° 23' 35" E, 223.71 Feet to the Northwest Corner of the herein described tract and the real point of Beginning;

THENCE S 46° 23' 35" E, 256.62 Feet to the Southwest Corner

THENCE N 45° 47' 50" E, 164.94 Feet to the Southeast Corner, said point being on the westerly right of way line of B.I.A. Route N101.

Thence continues along said R.O.W. Line N 44° 12' 10" W, 256.43 Feet to the Northeast Corner;

THENCE S 45° 47' 50" W, 174.75 Feet to Point of Beginning.

Said tract contains (1.0) one acre more or less, and being subject to any and all existing easements for underground utilities located therein.

3. PURPOSE, UNLAWFUL USES

Lessee shall develop, use and operate the leased premises for the following purposes only:

- a.) Operation of a restaurant/café.
- b.) Public Showers & Restrooms
- c.) Automotive Part & Service

6. RENTAL

Rental set forth herein shall be in addition to rental set in the original lease.

Years 2014-2015 Years 2016-2019 Years 2020-2023

-0-

\$ 7,300.00

\$8,213.00

8. IMPROVEMENTS


Construct buildings and other permanent facilities to accommodate the automotive parts & service shop, the restaurant operation and the shower & restrooms at a cost of and having a reasonable value of \$ 500,000.00 or more.


10. COMPLETION OF DEVELOPMENT

A. Lessee shall complete the full improvement and development of the additional land under business site lease modification # 2 by December 30, 2015.

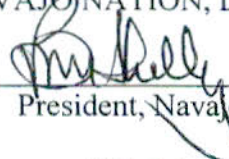
This modification does not change any of the original terms and conditions, or stipulations except as specifically set forth herein. All other terms and conditions shall remain in force and effect.

Surety:


Robert Leigh, Commercial Loan Analyst
First Credit Union


Owner / President
Lessee(s)

NAVAJO NATION, LESSOR

By: 
President, Navajo Nation

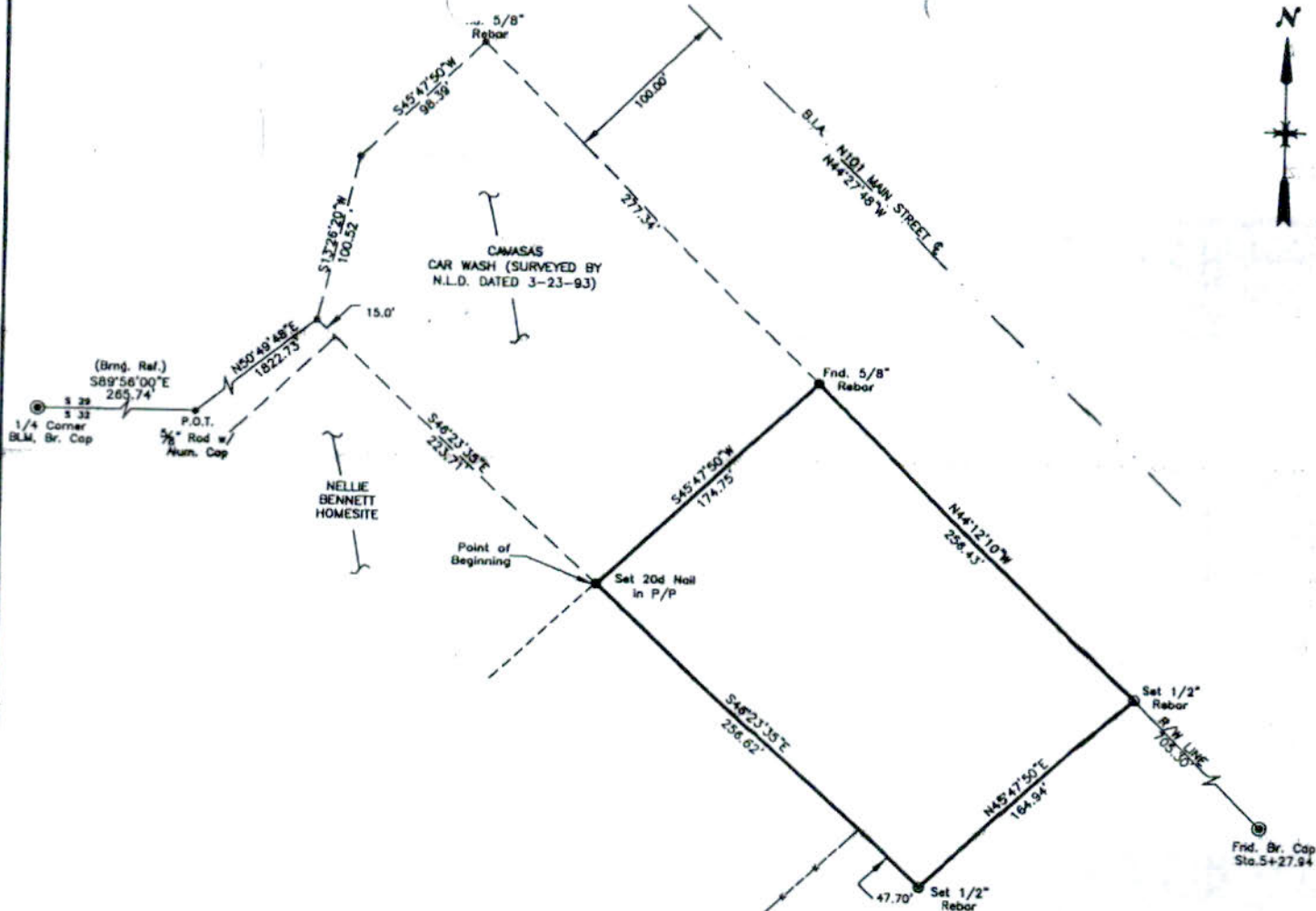
Date: NOV 06 2013

Date: FEB 12 2015

Approved Pursuant to 209 DM 8, Secretary's Order
No. 3105, as amended, 10 BIAM Bulletin 13, as amended,
and the Addendum to 10 BIAM dated June 1, 1988.

By: 


Superintendent, Regional Director
BUREAU OF INDIAN AFFAIRS



NOTES:

1. All Bearing shown hereon are derived from B.L.M. CADASTRAL SURVEY and refer to TRUE NORTH.
2. Underground Utilities Not Located.
3. Bearings and Distances in parenthesis are records of surveys.
4. Scale other than tract is 1"=100'.

LEGEND:

- Fnd. Rebar
- Set 1/2" Rebar
- ⊙ Brass Caps



CERTIFICATE; I, TOMMY R. CONLEY, A REGISTERED PROFESSIONAL LAND SURVEYOR UNDER THE LAWS OF THE STATE OF ARIZONA, HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION MEETING THE MINIMUM REQUIREMENTS OF THE STANDARDS FOR LAND SURVEY AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEFS.

6/14/06

DATE

Tommy R. Conley
TOMMY R. CONLEY
AZ LIC NO. 7687

SURVEY PLAT OF A 1.00 ACRE
TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE :

SCALE:

SURVEYED &
DRAWN BY:

TRACT DESCRIPTION

A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE¹) OF SECTION 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING at the Section Quarter Corner Common to Sections 29 and 32, TN32N, R11E, G&SRM, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE S. 89° 56' 00" E, 265.74 FEET;

THENCE N. 50° 49' 48" E, 1,822.73 FEET;

THENCE S. 46° 23' 35" E, 223.71 FEET TO THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT AND THE REAL POINT OF BEGINNING;

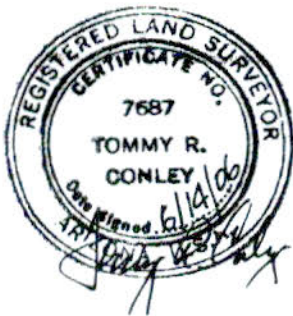
THENCE S. 46° 23' 35" E, 256.62 FEET TO THE SOUTHWEST CORNER;

THENCE N. 45° 47' 50" E, 164.94 FEET TO THE SOUTHEAST CORNER, SAID POINT BEING ON THE WESTERLY RIGHT OF WAY LINE OF B.I.A. ROUTE N101.

THENCE CONTINUE ALONG SAID R.O.W. LINE N. 44° 12' 10" W, 256.43 FEET TO THE NORTHEAST CORNER;

THENCE S. 45° 47' 50" W, 174.75 FEET TO POINT OF BEGINNING.

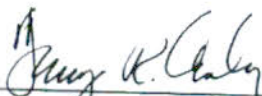
SAID TRACT CONTAINS (1.0) ONE ACRE MORE OR LESS, AND BEING SUBJECT TO ANY AND ALL EXISTING EASEMENTS FOR UNDERGROUND UTILITIES LOCATED THEREIN.



CERTIFICATE; I, TOMMY R. CONLEY, A REGISTERED PROFESSIONAL LAND SURVEYOR UNDER THE LAWS OF THE STATE OF ARIZONA. HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION MEETING THE MINIMUM REQUIREMENTS OF THE STANDARDS FOR LAND SURVEY AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEFS.

6/14/06

DATE


TOMMY R. CONLEY

SURVEY PLAT OF A 1.00 ACRE
TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE :



APPRAISAL REPORT
OF
THE PROPOSED LAUNDROMAT SITE,
COMPRISING OF 1.00 ACRE,
KNOWN AS DEBBIE MARTINEZ BUSINESS SITE TRACT



LOCATED ALONG THE WEST SIDE OF MAIN STREET, NORTH OF
HIGHWAY 264, TUBA CITY, COCONINO COUNTY, ARIZONA

FOR

THE WESTERN REGIONAL BUSINESS DEVELOPMENT OFFICE

BY

AJAY S. MADHVANI, MAI

EFFECTIVE DATE OF APPRAISAL: SEPTEMBER 19, 2016

PROFESSIONAL SERVICE CONTRACT: #CO11894
AM VALUATION FILE 2016-0032

Professional Service Contract: #CO11894
AM File No. 2016-0032
September 19, 2016

Ms. Dolly Lane
Western Regional Business Development Office
P.O. Box 485
Tuba City, AZ 86045

RE: The proposed laundromat site comprising of 1.00 acre, known as Debbie Martinez Business Site Tract located along the west side of Main Street, north of Highway 264, Tuba City, Coconino County, Arizona.

Dear Ms. Lane:

In accordance with your request, I have performed an appraisal of the property described above. This document is written in conformance with the *Uniform Standards of Professional Appraisal Practice* as issued by the Appraisal Foundation (*USPAP*) and the *Uniform Appraisal Standards for Federal Land Acquisitions* as issued by the Appraisal Institute (*UASFLA*). All information pertinent to the value conclusions contained herein is presented in conformance with USPAP Standard Rule 2-2a. Excluded valuation approaches, if any, are explained and supported. This report is considered sufficient such that the client and intended users of the report should understand it, and that they should deem the data, analysis and conclusions contained herein to be credible. Any additional information, if necessary, is contained within the file and is available to the client.

The ***purpose*** of this appraisal is to develop an opinion of the guaranteed minimum annual market rent (GMAR) for the subject property. The ***intended use*** of this report is for leasing purposes. The ***effective date of appraisal*** is September 19, 2016.

The ***Scope of Work*** for this report includes completing an appraisal inspection of the subject, analyzing the Navajo Nation market for trends that impact real estate values, and searching the local market and similar markets for comparable data. The subject reflects a 1.00 acre tract in Tuba City, Arizona. As previously mentioned, I am determining the market rent of the subject property. Additional details on scope of work are in the body of the report.

The ***intended user*** of this report is the Western Regional Business Development Office. The report is also certified for use by the Navajo Nation and appropriate regulatory agencies, for the above stated purpose and intended use.

This report or any portion thereof is for the exclusive use of the client for the above stated purpose and intended use, and is not intended to be used, given, sold, transferred, or relied upon by any persons other than the client without the prior, express written permission of the authors, as set forth within the limiting conditions found within this report. Any party, other than the client, who uses or relies upon any information in this report without the preparer's written consent does so at their own risk.

Based upon the data and discussions contained within the attached report, it is my opinion that the opinion of market rent of the subject property is as follows:

OPINION OF GMAR

OF THE SUBJECT PROPERTY,

AS OF SEPTEMBER 19, 2016\$7,500

The opinion of GMAR also assumes a percentage rent of 2.5% of gross revenue or the GMAR of \$7,500, whichever is higher.

If the subject was marketed at the opinion of market value/rent prior to the effective date of appraisal, exposure time should have been less than two years.

I hereby certify that Ajay S. Madhvani has inspected the subject property; that my fee was not contingent upon the opinion developed herein; and that I have no interest, present or prospective, in the property appraised. Furthermore, I certify that, to the best of my knowledge and belief, all statements and opinions contained in this letter are correct, subject to the assumptions, conditions, special limiting conditions, and certification that are made a part of this letter.

Respectfully submitted,



AJAY S. MADHVANI

Certified General Real Estate Appraiser,
Arizona Certificate #31501

TABLE OF CONTENTS

TABLE OF CONTENTS	1
INTRODUCTION	2
PROPERTY IDENTIFICATION	2
PURPOSE, INTENDED USE, INTENDED USERS	5
EFFECTIVE DATE OF APPRAISAL	5
INTEREST APPRAISED	5
OWNERSHIP HISTORY	5
SCOPE/METHODOLOGY	5
AREA DATA	7
SITE DESCRIPTION	15
SUBJECT PHOTOGRAPHS	20
HIGHEST AND BEST USE	22
VALUATION METHODOLOGY	24
Market Rent Analysis	25
Sales Comparison Approach	43
Market Rent	56
Reconciliation and Conclusions	57
Percentage Rent	58
ESTIMATED MARKETING/EXPOSURE TIME	59
APPRAISER'S CERTIFICATION	60
APPRAISERS QUALIFICATIONS	62
ADDENDA	

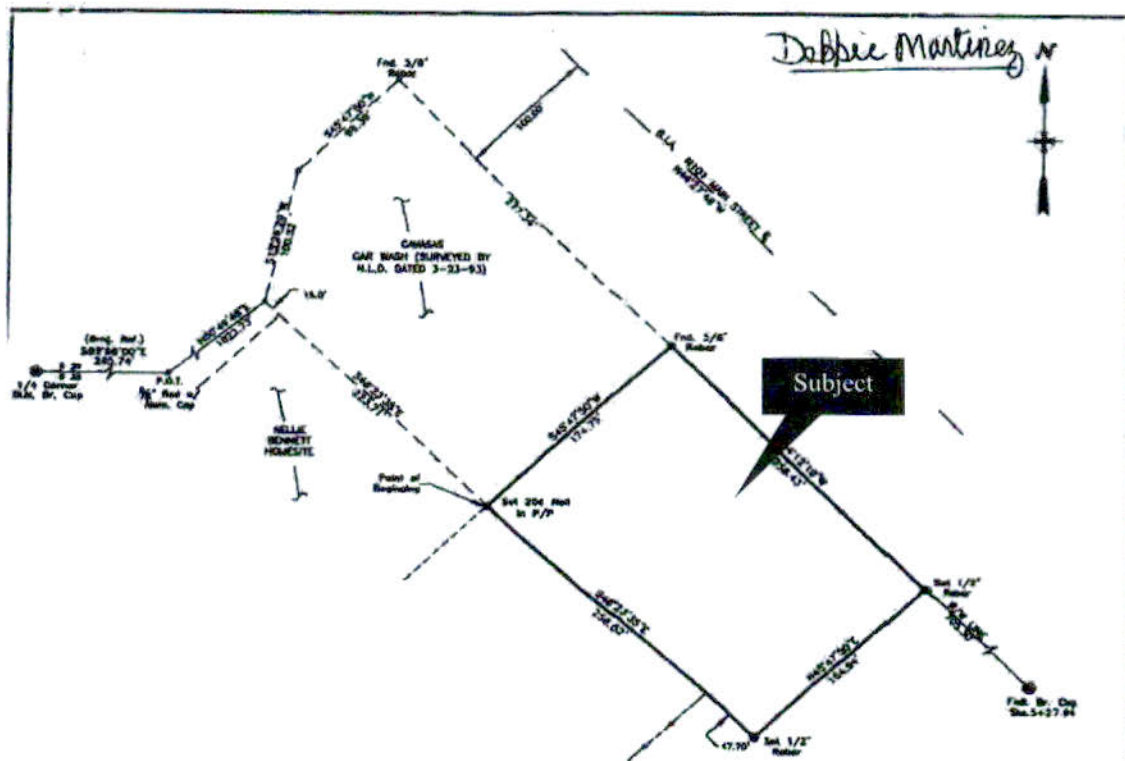
INTRODUCTION

This appraisal is being written in conformance with the *Uniform Standards of Professional Appraisal Practice* as issued by the Appraisal Foundation (*USPAP*) and the *Uniform Appraisal Standards for Federal Land Acquisitions* as issued by the Appraisal Institute (*UASFLA*). All information pertinent to the value conclusions contained herein is presented in conformance with USPAP Standard Rule 2-2a. This report is considered sufficient such that the client and intended users of the report should understand it, and that they should deem the data, analysis and conclusions contained herein to be credible. Any additional information, if necessary, is contained within the file and is available to the client.

PROPERTY

IDENTIFICATION:

The subject property reflects a 1.00 acre site currently reflects a vacant site proposed for a laundromat. The subject is located along the west side of Main Street, north of Highway 264, Tuba City, Coconino County, Arizona.



NOTES:

1. All Bearings shown hereon are derived from B.L.M. CADASTRAL SURVEY and refer to TRUE NORTH.
2. Underground Utilities Not Located.
3. Bearings and Distances in parenthesis are records of surveys.
4. Scale other than tract is 1"=100'.

LEGEND:

- Fnd. Rebar
- Set 5" Rebar
- ⊙ Brass Caps



CERTIFICATE: I, TOMMY R. CONLEY, A REGISTERED PROFESSIONAL LAND SURVEYOR UNDER THE LAWS OF THE STATE OF ARIZONA. HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION MEETING THE MINIMUM REQUIREMENTS OF THE STANDARDS FOR LAND SURVEY AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEFS.

6/14/06
DATE

Tommy R. Conley
TOMMY R. CONLEY
A.Z. LIC. NO. 7687

SURVEY PLAT OF A 1.00 ACRE TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE:	SCALE:	SURVEYED & DRAWN BY:
06/12/2006	1" = 100'	DS

TRACT DESCRIPTION

Debbie Martinez

A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE $\frac{1}{4}$) OF SECTION 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING at the Section Quarter Corner Common to Sections 29 and 32, T32N, R11E, G&SRM, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

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THENCE CONTINUE ALONG SAID R.O.W. LINE N. 44° 12' 10" W, 256.43 FEET TO THE NORTHEAST CORNER;

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SAID TRACT CONTAINS (1.0) ONE ACRE MORE OR LESS, AND BEING SUBJECT TO ANY AND ALL EXISTING EASEMENTS FOR UNDERGROUND UTILITIES LOCATED THEREIN.



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6/14/06

DATE

Tommy R. Conley
TOMMY R. CONLEY
A.Z. LIC. NO. 7687

SURVEY PLAT OF A 1.00 ACRE
TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE :

06/12/2006

PURPOSE: The purpose of this appraisal is to develop an opinion of the guaranteed minimum annual market rent for the subject property.

INTENDED USE: Leasing purposes.

INTENDED USERS: The Western Regional Business Development Office. The report is also certified for use by the Navajo Nation and appropriate regulatory agencies.

EFFECTIVE DATE OF APPRAISAL: September 19, 2016.

INTEREST APPRAISED: The interest analyzed within this appraisal is the fee simple interest.

OWNERSHIP AND SALES HISTORY: The subject is under the control and ownership of the Navajo Nation and has been since the Navajo Nation formed a tribal government in 1923.

The subject is proposed for a laundromat, hence the purpose of this appraisal.

SCOPE: All information pertinent to the value conclusions contained herein is presented in conformance with USPAP Standard Rule 2-2a. The scope of the appraisal includes inspection of the subject property and the neighborhood. General market and regulatory information is accessed from government publications and websites as well as econometrics publications. Market information is also obtained through conversations with brokers, appraisers, and developers.

Two of the three traditional methods of value were considered in the valuation of the subject site. The first method of developing an opinion of the guaranteed minimum annual market rent (GMAR) for the site is through comparable leases. Leases of vacant land occur on a regular basis on the Navajo Reservation, providing adequate comparable lease data. Then a search for properties that were similar with respect to highest and best use, size, current zoning, and location was conducted. Sales were discovered of similar sites off the reservation by which to develop an indication of the market value of the fee simple interest in the subject. This estimate will then be converted into one indication of GMAR for the subject providing additional substantive support for the opinion of GMAR developed within this analysis. Given the quantity and quality of data for both approaches to value, primary weight was applied to the Market Rent

Analysis and good supportive weight was applied to the Sales Comparison Approach.

Given the proposed laundromat use of the subject property, a percentage rent was also considered, following the conclusion of the opinion of the GMAR.

AREA DESCRIPTION

This discussion provides an overview of pertinent information regarding the Navajo Nation and the subject area. It details the social, economic, political, and environmental forces that influence property values.

NAVAJO NATION

The Navajo Nation, encompassing over 27,425 square miles, is the largest Native American reservation in the United States. Larger than ten of the 50 states, it is mostly in northeast Arizona and northwest New Mexico but also extends into southeast Utah. The Nation is also home to the largest American Indian tribe.

Geology/Geography

The reservation is situated on the Colorado Plateau, a 140,000-square mile area in the Four Corners area of Utah, Arizona, New Mexico, and Colorado. This area was 'up-lifted' by 4,000 to 6,000 feet about five million years ago. Current elevations range from about 5,500 to over 10,000 feet and the area is sparsely vegetated mesas, deep canyons, and barren badlands. Climate ranges from Sonoran Desert to alpine although semi-arid conditions prevail, averaging about ten inches of precipitation annually. Vegetation includes native grasses and shrubs, and a variety of trees (juniper, pinon, fir, and pine).

The reservation includes over a dozen national monuments, tribal parks, and historic sites. Canyon de Chelly, Monument Valley Tribal Park, Rainbow Bridge, and the Shiprock landmark are within the reservation. The Colorado/Green River system and Lake Powell form a portion of the western boundary of the reservation. The Petrified Forest and Painted Desert are immediately south of the Nation.

This setting results in the Nation drawing over three million tourists annually from all over the world.

Several sites within the Nation are sacred to the Navajo including The Four Sacred Mountains, Canyon de Chelly, Navajo Mountain, and Spider Rock.

Government

The Navajo Nation headquarters is in the community of Window Rock, Arizona, near the border of New Mexico. A three-branch system of government was established in 1989 with an Executive Branch, Judicial Branch, and the Navajo Tribal Council. The Nation's budget is roughly \$500 million. The government of the Nation is divided into eleven agencies, which are further divided into 110 chapter houses.

The Tribal Government supplies a variety of services including police and fire protection. Navajo Transit Systems provide bus service between larger communities and covers routes from Tuba City to Gallup, and Kayenta to Window Rock.

Land Uses

Land uses are largely livestock grazing along with some farming on irrigated cropland. Residential uses are scattered throughout the reservation with concentrations around small villages.

Industrial uses are largely restricted to coal mines and coal-fired power plants, along with several sand and gravel quarries in the area. There are five industrial parks in the Nation, including Fort Defiance Industrial Park (where Ducommun Technologies was located and a possible site for a warehouse for the Navajo Housing Authority), Church Rock Industrial Park (Cabinets Southwest and possibly a latex glove plant), NAPI Industrial Park (Upland Desert Popcorn and Raytheon), Chinle Industrial Park (White Mesa Materials), Shiprock Industrial Park (BCDS Corporation's metal fabrication), and Navajo Forestry Products Industry Industrial Park (possibly Choice Water Systems). The Nation is also considering acquiring a portion of Fort Wingate, New Mexico in a land transfer.

Most major development has occurred along Interstate 40, concentrated around the off-reservation communities of Gallup, Holbrook, Winslow, and Flagstaff. Development within the reservation has occurred in Tuba City, Red Lake, Kayenta, Shiprock, Pinon, Chinle, Ganado, Sanders, Saint Michaels, and Window Rock. Although Page is not on the reservation, there has also been considerable development in this area.

There have been some scattered residential development along with rural commercial projects such as trading posts and stores.

Population

The Navajo Nation had a total of 298,215 tribal members in 2000, although the 2000 census reported the Navajo Nation population (on the reservation) to be 108,462 reflecting an annual growth rate of 1.8 percent between 1990 and 2000, up from the 1.2 percent reported during the 1980s. The median age of the Nation is 24, well below the national average of 35 years.

The Nation's Division of Economic Development has forecast annual growth will be slightly less than two percent over the next 15 years.

Economy

The Nation has several sources of income, both external and internal.

Mining provides the largest source of internal income, providing over \$71.3 million in 2005, this figure was expected to show a decrease to about \$56 million in 2006 due to the closure of two mining operations. Taxes increased to \$75 million in 2005.

External sources of income include funds from Federal and State governments as well as private investment and grants. Grants were expected to contribute \$300 million dollars in 2005.

The 'basic industries' class of employment usually brings money from outside and provides good-paying jobs that spin off additional jobs in the service fields. This class, including manufacturing, mining, and agriculture, account for only six percent of jobs in the Nation.

Navajo Government is the largest employer with over 6,000 jobs. The Nation has 13 enterprises owned and operated by the tribe. Navajo Agricultural Products Industries has developed 70,000 irrigable acres for farming. Navajo Nation Shopping Centers has ten shopping centers, mostly anchored by Basha's grocery stores, and leases suites to users. Navajo Housing Authority manages a stock of 8,000 housing units and is developing a mortgage department. Navajo Tribal Utility Authority provides utilities, including electricity, natural gas, water, and wastewater to the Nation. Navajo Nation Hospitality Enterprise owns three lodging establishments in Window Rock, Tuba City, and Page; all are operated under a Quality Inn flag. Navajo Engineering and Construction Authority is involved in construction of infrastructure as well as reclamation for the uranium and coal industries. Navajo Nation Oil and Gas Company is charged with the development of energy resources. Navajo Broadcast Enterprise operates four radio stations. Navajo Arts and Crafts Enterprise protects craft traditions and the livelihood of the tribal artisans and craftspeople. The Navajo Times is the largest Indian owned newspaper in the world with a paid circulation of 22,000 and readership of over 100,000 each week. Dineh Power Authority participates in energy development projects that provide ownership, design, financing, and operation of the projects.

The State of Arizona (3,800 jobs), Navajo Area Indian Health Services (3,100), Bureau of Indian Affairs (2,800), and the State of New Mexico (1,300) round out the five largest employers.

Private employers include a variety of mining, manufacturing, communications, and energy firms. Employment for these firms are:

<u>Name</u>	<u>Employees</u>	<u>Type</u>
Four Corners Power	586	Electricity plant
Peabody Energy	560	Coal production
Navajo Generating Station	512	Electricity plant
Navajo Mine	357	Coal production
Pittsburg & Midway Coal	301	Coal production
Raytheon Missile Systems	100	Electronic manufacturing
Frontier Company	94	Telephone provider
Tooh Dineh Industries	89	Electronics manufacturing

There is potential from additional development of natural resources, tourism, and gaming.

Tourism

Tourism is a significant potential generator of income for the Nation with an impact of over \$100 million, and Division of Economic Development is considering adding lodging facilities, RV parks, and welcome centers. The Nation, along with the National Park Service, leased a site on

Lake Powell for development of a marina, fuel facilities, lodging facility, restaurant, et cetera. The Navajo Nation Scenic Byway, from Interstate 40 to Chinle, accredited in 2001, has boosted tourism in the area.

The Nation has 13 large lodging facilities, many with restaurants and swimming pools. Chinle has a Best Western and Holiday Inn along with Thunderbird Lodge and Many Farms Inn. Kayenta has Hampton Inn, Wetherill Inn, and Kayenta Monument Valley Inn along with Anasazi Inn. Tuba City has Tuba City Dine Inn, Greyhills Inn and Quality Inn. Window Rock has the Navajoland Days Inn and Quality Inn. Page has a Quality Inn and several other lodging facilities.

There are several tours available, led by tribal members, into Canyon de Chelly, Monument Valley, and Antelope Canyon.

Unemployment

The unemployment rate for the Nation has always been high, increasing from 42 percent in 2001 to 48 percent in 2004. As the labor pool has increased each year, the number of jobs has remained static. Unemployment is continuing to grow. Ducommun Technologies, an electronics manufacturing firm recently closed their facility, laying off 100 employees. However, there is a fairly large 'underground' economy that overstates the unemployment rate of the Nation: many arts and crafts vendors at road-side stalls as well as food and vending stalls are included in the unemployment figures.

Because of the low employment and low wages, the Nation suffers from a very high poverty rate of 43 percent; the four surrounding states have poverty rates of nine to 18 percent.

Fire Rock, a casino/hotel in Church Rock near Gallup, was completed in November 2008. Fire Rock includes 750 slot machines, a 300-seat bingo hall and eight table games. In addition, the facility includes a full-service restaurant with lounge and two fast food outlets. Future expansion is planned to take the property up to 1,200 slot machines and the addition motel.

Flowing Water Navajo Casino near Shiprock is the nation's second casino. The casino opened in October of 2010 and is 11,000 square feet and includes 120 gaming machines. In early 2012, the nation completed its third casino near Farmington, Northern Edge Navajo Casino. The Northern Edge Navajo Casino is 86,000 square feet and includes 750 slot machines, six poker tables, and 10 live game tables. The Navajo Nation has completed construction on a fourth casino near Flagstaff, Arizona. The Twin Arrows Navajo Casino Resort was completed in late 2013.

Planned Development/Recently Completed

The Division of Economic Development is currently striving to induce several firms to locate manufacturing facilities in the Nation including a latex glove plant, expansion of a textile plant, fiberglass injection molding plant, metal fabrication plant, bottled water plant, prefabricated housing panel plant, and digitizing of Department of Defense manuals.

The Nation announced in September 2007 that Fluor Corporation will be the contractor to build the \$3 billion Desert Rock Energy Project south of Farmington. This 1,500-megawatt plant will be built over the next four years and will provide \$400 million annually to the Nation while providing thousands of construction jobs and over 400 permanent jobs for tribal members. The plant will have the lowest emissions of any coal-fired power plant in the US with a 15- to 20-percent reduction in carbon dioxide emissions and an 80-percent reduction in water requirements.

There was a groundbreaking in October 2008 for Nahata Dziil (New Lands) Shopping Center. The shopping center is at the northwest side of the Interstate 40 and the southbound Highway 191 interchange. The shopping center will be 30,000 square feet and proposed tenants include Bashas' Dine Market, Sandia Oil, and Navajo Arts and Crafts Enterprise. Construction has yet to proceed, as of September, 2016.

Construction was recently completed on a 96-unit apartment complex in Shiprock, New Mexico, along Highway 491, just north of the Indian Health Service hospital. The first phase, "Chaco River I," was completed in the first quarter of 2009. The second phase, "Chaco River II," has 72 units and was completed in the fourth quarter of 2009.

The Kayenta Medical Health Center is currently under construction and is located on the eastern outskirts of town, south of Highway 160. The Tuba City Justice Center was completed in late 2010 and will cost an estimated \$53.5 million. The facility is 144,000 square feet and consists of a detention center, district court, police department, and public safety programs.

Constraints to Development

According to the Division of Economic Development, there are several major constraints to encouraging outside capital to invest in the Nation. First, is 'sovereign immunity', which does not permit a non-Navajo to sue the Nation for contractual agreements. The use of binding arbitration would reduce the perception that tribal courts are biased toward tribal members. The shortage of infrastructure, banking facilities, entrepreneurs, and capital will also have to be overcome.

Additional constraints include development approval period, a timely and in depth process. Other constraints are natural such as having low population centers that are spread out. All of these factors limit development motivations.

On the other hand, the Bennett Freeze was recently lifted. This was a ban enacted in 1966 that severely limited new construction including infrastructure and home renovations. The Bennett Freeze affected both Navajos and Hopis. Currently, there is a "Recovery Plan" that is intended to identify unmet needs for current, past, and future residents, and to plan for regional development.

Education

There are several school boards impacting the Nation, including three state public school systems (Arizona, New Mexico, and Utah), BIA schools, Navajo schools, grant schools, charter schools, and private schools.

Dine College has eight campuses and offers associate degrees. Navajo Technical University provides a wide variety of training. Northern Arizona University, based in Flagstaff, has a distant learning center as well as seven satellite campuses on the reservation.

Health

The Indian Health Service is grossly under-funded and spends less than \$2,000 per patient, well less than what the government spends on prisoners (\$3,800) and the average American expense of \$5,000. Other health providers on the reservation include the Nation's Division of Health with a budget of \$78 million.

There are hospitals in Chinle, Crownpoint, Fort Defiance, Kayenta, Shiprock, and Gallup in addition to six health centers, 15 health stations, 45 health locations, and 26 dental clinics.

Hopi Reservation

The Hopi Reservation, with 2,410 square miles, is within the Navajo Reservation. The village of Old Oraibi is believed to have been continuously occupied since about 1150 AD. The population declined from 7,360 in 1990 to 6,946 in 2000; there is no more recent data available. Government (Bureau of Indian Affairs, Indian Health Services, and Hopi Tribal Government) account for about 46 percent of total employment; private employers account for the remaining 54 percent.

The Hopi Reservation is served by 133 motel rooms, hospital, community college, and the 4,200-foot Polacca Airport. Law enforcement is provided by the Hopi Tribal Rangers and fire protection is provided by a staffed city department.

A large proposed project known as Gateway To Hopiland will include fast-food restaurants, a grocery store, art gallery, and a building that may serve as a university branch. The project will be on a 72-acre tract across the highway from Tuba City. Construction was recently completed for the first phase of the project, a \$6 million travel center with a car wash, gas station, McDonald's, and convenience store. The 100-room hotel and conference center and Denny's restaurant was also recently completed for \$13 million. The larger project is expected to cost about \$92.5 million.

TUBA CITY

Tuba City is situated in the extreme western portion of the Navajo Indian Reservation in the northern portion of Coconino County, Arizona. The community is situated at the junction of US Route 160 and State Route 264 about ten miles east of US Route 89. US-89 connects Flagstaff and Interstate 40 to Page along the Utah border. SR 264 crosses the reservation to Window Rock. US Route 160 connects to Kayenta and Mexican Water.

Tuba City is a trade, administrative, and educational center for the area and is seat of the Tuba City Chapter. The tribal government has designated the community as a 'growth center'. The area is a major tourist draw because of the nearby Grand Canyon and Lake Powell.

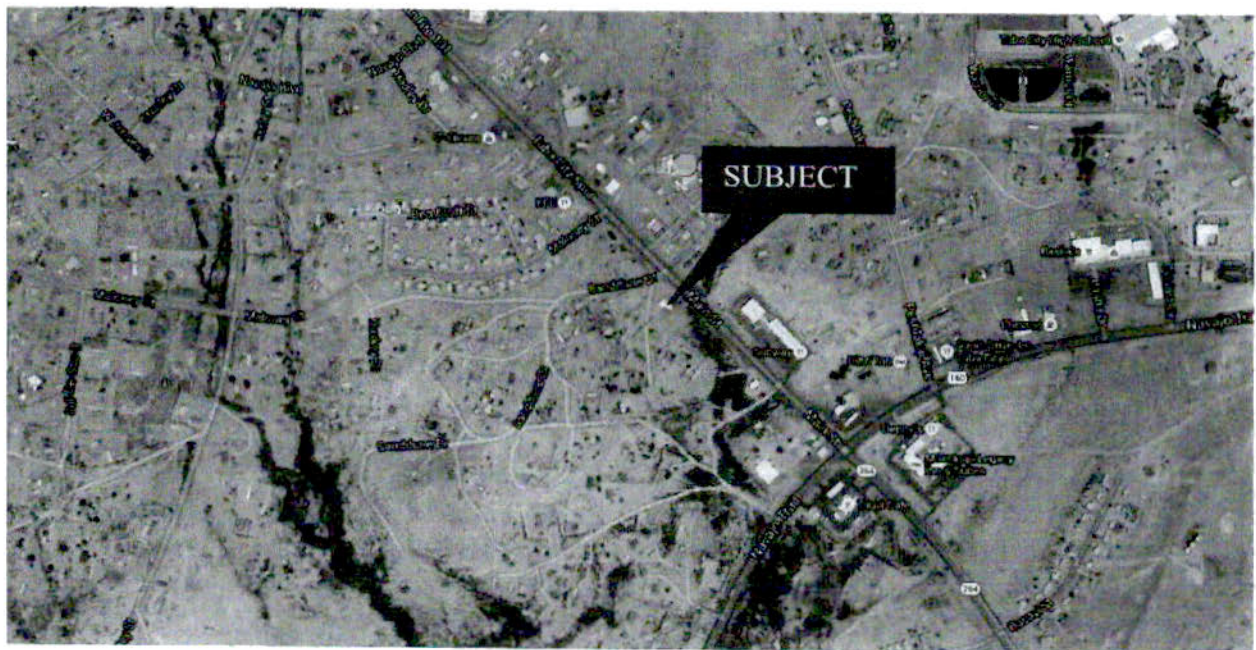
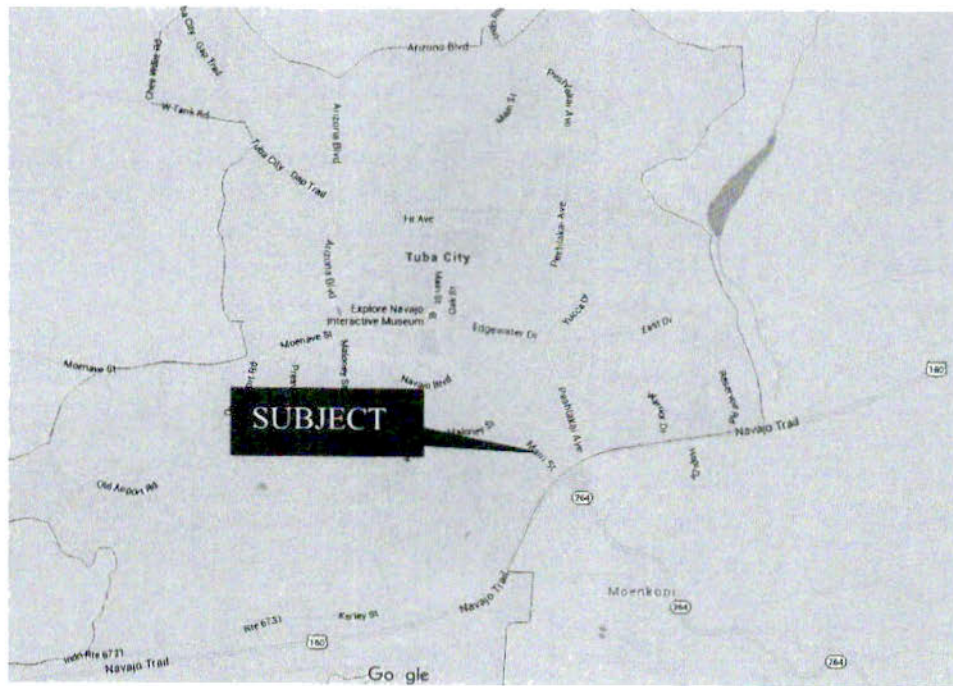
The 2010 population was 8,611 and the median age is about 23 years. Median household income is about \$38,556, below the state median of \$50,448, and the poverty level for the community is 28 percent.

The major economic force in the area is government with most jobs in public administration, leisure and hospitality, education, and trade. The 62,000-square Tuba Center Shopping Center includes Bashas' grocery. The community includes typical services such as restaurants, convenience stores, automotive service, and laundromats, museum, and a fairground. A retail/office complex is on the east side of Main Street, south of Moenave Street, but has experienced high vacancy. The police station at the southeast side of Moenave Street and Main Street was recently redeveloped. Increased tourism is expected for the area and there are currently four lodging facilities available. There is a proposed 50- to 100-acre industrial park in Tuba City.

The junction of US-89 and US-160 is developing into a highway-oriented area with service stations and a convenience store.

The community has a Tribal Chapter House, community center, gym, and parks. Police protection is from the Navajo Police and fire protection is from the BIA Fire Department. Tuba City has elementary, middle, and high schools. The community has a hospital, the US Public Health Service Hospital. There are 180 lodging rooms including the recently constructed 100 room hotel just south of US-160 on the Hopi Reservation. Overall, the area is considered to have a balanced to positive long-term impact upon the subject property.

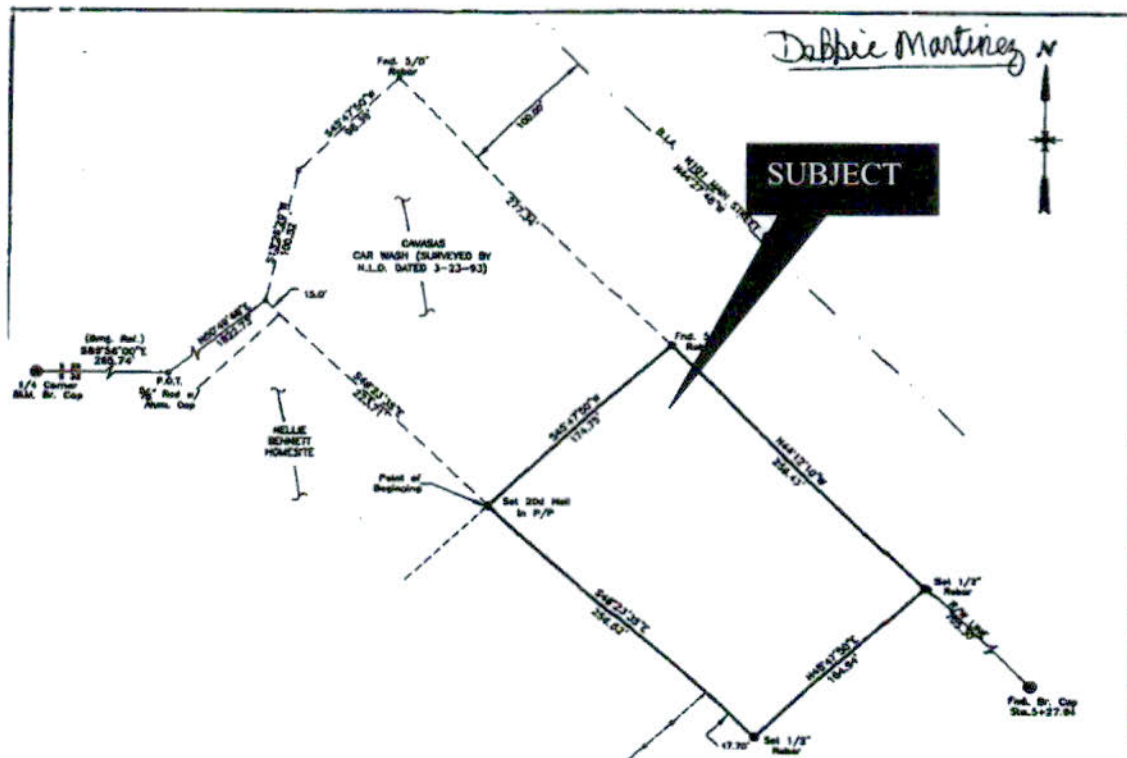
NEIGHBORHOOD MAPS



SITE DESCRIPTION

The subject property is comprised of a single parcel of commercial land, located along the east side of Main Street, north of Highway 264. Details of the subject property follow:

Legal Description:	The legal description reflects lengthy metes and bounds and is within the site survey below.
Tax Parcel Number:	N/A
Real Estate Taxes:	As part of the Navajo Nation, the subject property is not subject to property tax assessments.
Site Size/Shape:	According to the site survey, the subject reflects 1.00 acre of site area, equal to about 43,560 square feet of land area. The site size is assumed to be correct and will be used in this analysis.



NOTES:

1. All Bearing shown hereon are derived from S.L.M. CADASTRAL SURVEY and refer to TRUE NORTH.
2. Underground Utilities Not Located.
3. Bearings and Distances in parenthesis are records of surveys.
4. Scale other than tract is 1"=100'.

LEGEND:

- Fnd. Rebor
- ⊙ Set 1/2" Rebor
- ⊙ Brass Caps



CERTIFICATE: I, TOMMY R. CONLEY, A REGISTERED PROFESSIONAL LAND SURVEYOR UNDER THE LAWS OF THE STATE OF ARIZONA HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION MEETING THE MINIMUM REQUIREMENTS OF THE STANDARDS FOR LAND SURVEY AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEFS.

6/14/06
DATE

Tommy R. Conley
TOMMY R. CONLEY
A.Z. LIC. NO. 7687

SURVEY PLAT OF A 1.00 ACRE
TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE:	SCALE:	SURVEYED & DRAWN BY: DS
06/12/2006	1" = 100'	

TRACT DESCRIPTION

Debbie Martinez

A PARCEL OF LAND SITUATED WITHIN THE SOUTHEAST QUARTER (SE¹) OF SECTION 29, TOWNSHIP 32 NORTH, RANGE 11 EAST, GILA AND SALT RIVER MERIDIAN IN THE VICINITY OF TUBA CITY, COCONINO COUNTY, STATE OF ARIZONA AND IS BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING at the Section Quarter Corner Common to Sections 29 and 32, T32N, R11E, G&SRM, a found Bureau of Land Management Cadastral Survey Brass Cap dated 1962;

THENCE S. 89° 56' 00" E, 265.74 FEET;

THENCE N. 50° 49' 48" E, 1,822.73 FEET;

THENCE S. 46° 23' 35" E, 223.71 FEET TO THE NORTHWEST CORNER OF THE HEREIN DESCRIBED TRACT AND THE REAL POINT OF BEGINNING;

THENCE S. 46° 23' 35" E, 256.62 FEET TO THE SOUTHWEST CORNER;

THENCE N. 45° 47' 50" E, 164.94 FEET TO THE SOUTHEAST CORNER, SAID POINT BEING ON THE WESTERLY RIGHT OF WAY LINE OF B.I.A. ROUTE N101.

THENCE CONTINUE ALONG SAID R.O.W. LINE N. 44° 12' 10" W, 256.43 FEET TO THE NORTHEAST CORNER;

THENCE S. 45° 47' 50" W, 174.75 FEET TO POINT OF BEGINNING.

SAID TRACT CONTAINS (1.0) ONE ACRE MORE OR LESS, AND BEING SUBJECT TO ANY AND ALL EXISTING EASEMENTS FOR UNDERGROUND UTILITIES LOCATED THEREIN.



CERTIFICATE: I, TOMMY R. CONLEY, A REGISTERED PROFESSIONAL LAND SURVEYOR UNDER THE LAWS OF THE STATE OF ARIZONA, HEREBY CERTIFY THAT THIS PLAT WAS PREPARED FROM AN ACTUAL SURVEY CONDUCTED BY ME OR UNDER MY DIRECT SUPERVISION MEETING THE MINIMUM REQUIREMENTS OF THE STANDARDS FOR LAND SURVEY AND IS TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEFS.

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SURVEY PLAT OF A 1.00 ACRE
TRACT FOR
DEBBIE MARTINEZ
SE/4, SEC 29, T32N, R11E,
G&SRM
TUBA CITY, COCONINO CO.,
ARIZONA

DATE :

06/12/2006



Topography:	The subject site is somewhat flat with a slight slope down towards the south.
Frontage/Visibility:	The subject site has direct frontage along Main Street. Since the subject fronts a main roadway, the subject's visibility is considered good.
Access:	The subject site has legal and physical access to Main Street. Overall, access to the subject is considered to be good.
Zoning:	The subject is not formally zoned but is designated for a laundromat and commercial uses by the Navajo Nation.
Easements:	The physical inspection of the subject indicated that there are no apparent encroachments or easements that adversely impact the use of the site.
Flood Plain:	National Flood Insurance Rate Maps are not available for the subject area. However, the subject does not appear to be impacted by any apparent drainage way.
Utility Access:	All necessary utilities are to the subject.
Police and Fire Protection:	Police and fire protection are provided by the Navajo Nation.

Natural, Cultural
Recreational, Or
Scientific Values:

The property does not have any apparent natural, recreational, cultural, or scientific value.

Environmental:

A Phase I Environmental Study was not provided to the appraiser. The subject is currently being utilized as a hotel with a restaurant and curio shop; physical inspection did not reveal any environmental hazards or concerns. This appraisal report assumes that the subject property is environmentally clean, and that no hazardous conditions exist which would negatively impact upon the value or marketability of the subject property. If this is an area of concern, a Phase I Environmental Survey should be obtained.

Surrounding Uses:

North: Car wash followed by vacant land.

West: Single family residential uses

South: Vacant land

East: Main Street followed by a strip retail/office development and vacant land.

Summary:

The subject site reflects a 1.00 acre parcel along Main Street. The site is within the central portion of the community. The subject is not considered to have any physical or legal constraints that would preclude it from being developed with many types of commercial uses. The subject site has all necessary utilities, is considered to have good access, functional utility, and is designated for commercial uses, in conformance with its highest and best use.

Site Improvements:

None, proposed for a laundromat.

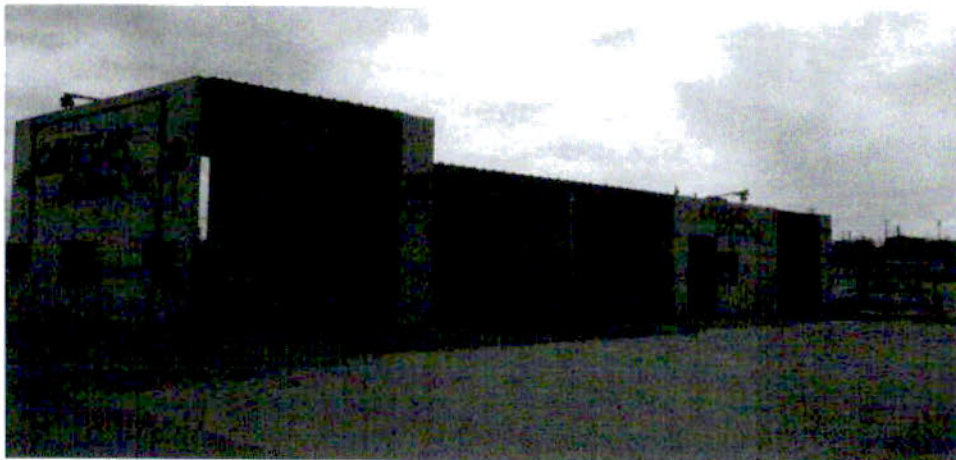
SUBJECT PHOTOGRAPHS

Top Photograph: View of the subject site, looking south.
Middle Photograph: View of the subject site, looking west.
Bottom Photograph: View of the subject site, looking north.



SUBJECT PHOTOGRAPHS

Top Photograph: View of Main Street, looking north.
Middle Photograph: View of Main Street, looking south.
Bottom Photograph: View of the car wash to the north.



HIGHEST AND BEST USE

Highest and best use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. The subject is comprised of both the site and improvements. As the use of land can be limited by the presence of improvements, highest and best use is typically analyzed individually, for the land as though vacant and the property as improved.

According to The Appraisal of Real Estate; Thirteenth Edition, published by the Appraisal Institute, highest and best use is defined as:

“The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.”

The purpose of estimating the highest and best use of the subject site, as though vacant, is to identify the uses that cause the site to have value. The use of the subject site found to be legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest present land value is considered to be the highest and best use of the site, as if vacant. The purpose of estimating the highest and best use of the property, as improved, is to identify the use of the property that is expected to produce the highest overall return per dollar invested.

Highest and Best Use and Market Analysis, and Highest and Best Use and Feasibility Analysis are interrelated. Market and Feasibility Analyses are tools utilized in determining the highest and best use of a specific property.

In estimating the highest and best use of land, as if vacant, or a property as improved, there are essentially four stages of analysis:

- 1) Legally permissible uses - the uses of the subject that are permitted by zoning, existing leases, and/or deed restrictions;
- 2) Physically possible uses - the uses of the subject that are physically possible;
- 3) Financially feasible uses - the uses of the subject that are possible and permissible and that will produce a net return to the owner of the land; and
- 4) Maximally productive use - the use of the subject site among the feasible uses that produces the highest net return to the subject. This use is essentially the Highest and Best Use of the subject.

The stages of Highest and Best Use analysis have been applied to the subject.

HIGHEST AND BEST USE CONTINUED

The subject is comprised of 1.00 acre being analyzed as vacant land. The subject has frontage and exposure to Main Street. This property is considered to be a desirable property given its visibility and accessibility from Main Street. Physically, the site is of sufficient size to allow for a variety of commercial uses that would benefit from this type of location. Legally, commercial uses are allowed and would be supported in the market. My analysis of this parcel (as if vacant) would indicate that a medium intensive commercial use would reflect its highest and best use. Typical users that position themselves at these types of frontage locations would include auto repair facilities, carwashes, laundromat, destination retail uses, office uses or a showroom/warehouse use. These types of uses are considered to be supported in the Tuba City area and would provide maximum returns to the underlying land. Since the subject is not at a hard corner or in an anchored shopping center, a more intensive commercial use such as a fast food restaurant, bank branch, convenience store with fuel dispensing, or drug store is considered less viable at this location.

VALUATION

As established within the highest and best use section of this report, the highest and best use of the subject site is considered to be for its proposed commercial use. As previously mentioned, I am determining market rent for the subject site. Here follows a discussion of the Valuation Methodology for determining the GMAR for the subject.

Two of the three traditional methods of value were considered in the valuation of the subject site. The first method of developing an opinion of the GMAR for the site is through comparable leases. Leases of vacant land occur on a regular basis on the Navajo Reservation, proving adequate comparable lease data.

The second method, begins with a search for properties that were sold that were similar with respect to highest and best use, size, current zoning, and location was conducted. Sales were discovered of similar sites within the reservation and similar communities off the reservation by which to develop an indication of the market value of the fee simple interest in the subject. This estimate will then be converted into one indication of GMAR for the subject providing additional substantive support for the opinion of GMAR developed within this analysis. Given the quantity and quality of data for both approaches to value, generally equal weight was applied to the Market Rent Analysis and Sales Comparison Approach.

As I am assuming this to be a long-term lease for the subject, I considered a rent escalator clause. Typically, long-term leases have escalator clauses, effectively increasing the lease payment over time. This analysis will follow the determination of GMAR.

Here follows the analysis of the subject property starting with the Market Rent analysis of the subject site "as is".

MARKET RENT ANALYSIS

Comparable leases of similarly sized parcels of land within the reservation have been analyzed to provide support for our opinion of the subject's GMAR. The unit of comparison used in the analysis of the subject property was the gross rent. The accompanying tabulation depicts the leased properties generally similar to the subject. Adjustments to the comparable sales were considered for market conditions, location, size, site utility and utility availability. The adjustments considered appropriate in comparison to the subject are shown on the adjustment tabulation, following the discussion. A map depicting the location of the comparable leases in relation to the subject is available on the following page, followed by data sheets for each of the comparable leases.

COMPARABLE LAND LEASES										
#	Date	Location	Town & State	Annual Rent	Size Acres	Size SF	Percentage Rent	Lease Term Years	Free Rent Term/Years	Use
1	Aug-03	S side of Hwy 160 W of Hwy 98	Shonto, AZ	\$3,500	2.50	108,900	1.50%	25	2	Propane & Septic Sales
2	Jan-04	Along N side of Hwy 160, E of Main St	Tuba City, AZ	\$10,000	1.29	56,192	N/A	25	2	Auto Parts Store & Laundromat
3	Sep-04	S side of Hwy 64, E of Hwy 491	Shiprock, AZ	\$6,510	2.51	109,336	3.00%	25	2	Self Storage
4	Mar-05	E of Hwy 191, N of Rte 7	Chinle, AZ	\$4,800	0.95	41,382	N/A	20	0	Industrial
5	Jun-06	Moenave Rd, W of Maloney Rd	Tuba City, AZ	\$6,000	5.95	259,182	N/A	25	N/A	Mobile Home Park
6	Jul-08	N side of Hwy 64, E of Valentine Loop	Shiprock, NM	\$5,600	2.53	110,207	N/A	25	0	Propane Supplier
Subject		W side of Main St, N of Hwy 264	Tuba City, AZ		1.00	43,560				Laundromat

COMPARABLE LAND LEASE MAP



LAND LEASE COMPARABLE ONE



LOCATION:

Description: South side of State Highway 160 and State Highway 98, Shonto, Navajo County, Arizona.

LEASE DATA:

Lease No: TC-03-216
Date of Lease: 8/29/2003
Lease Term: 25 years with one 25-year renewal option
Annual Lease Rate: \$3,500, subject to renegotiation every five years
Free Rent: 2 years
Percentage Rent: 1.5%
Landlord: Navajo Nation
Tenant: Dine' Propane

PROPERTY DESCRIPTION:

Size: 108,900 square feet
2.50 acres
Zoning: Commercial

VALUE INDICATORS:

Rent per Foot: \$0.032/SF/Year

CONTINUED

COMMENTS:

All utilities were to site. Site utility is good. Good visibility and access from Highway 160, the main roadway in the northern portion of the Navajo Nation. This site is improved with a propane and septic retailer. The lease was for land only.

CONFIRMATION:

With:	Lease and lease summary, reviewed at the Office of the Special Trustee, Office of Appraisal Services
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

LAND LEASE COMPARABLE TWO



LOCATION:

Description: North side of Highway 160, east of Main Street, Tuba City,
Coconino County, Arizona

LEASE DATA:

Lease No: UK
Date of Lease: 1/13/2004
Lease Term: 25 years, 10 year option
Annual Lease Rate: \$0 years 0 - 2, \$10,000 years 3 - 25
Free Rent: 2 years
Percentage Rent: N/A
Landlord: Navajo Nation – Tuba City Agency
Tenant: NAPA Auto Parts

PROPERTY DESCRIPTION:

Size: 56,192 square feet
1.29 acres
Zoning: Commercial

VALUE INDICATORS:

Rent per Foot: \$0.178

CONTINUED

COMMENTS:

Site was proposed for development with two metal buildings to contain an auto parts store and a laundromat. All utilities were proximate to site when purchased. Site utility is good, although it is slightly below grade with its frontage roadway. Good visibility and access from Main Street, the main roadway in Tuba City.

CONFIRMATION:

With:	Lease and lease summary, reviewed at the Office of the Special Trustee, Office of Appraisal Services
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

LAND LEASE COMPARABLE THREE



LOCATION:

Description: Property is located on the south side of Highway 550, east of Highway 491, Shiprock, San Juan County, Arizona.

LEASE DATA:

Lease No.: SR-04-188
Date of Lease: September 2004
Lease Term: 25 years and a 25 year option
Free Rent: 2 years
Annual Lease Rate: \$6,510
Percentage Rent: 3%
Landlord: The Navajo Nation
Tenant: AMMJ, Inc.

PROPERTY DESCRIPTION:

Size: 109,336 square feet
2.51 acres
Zoning: Commercial area

VALUE INDICATORS:

Rent per Foot: \$0.060

CONTINUED

COMMENTS:

All utilities were to site when leased. Site is rectangular and generally level and is considered to have reasonable utility. Site fronts along one of the mains road in Shiprock, providing it good exposure in the market. This parcel has been improved with a self-storage facility. The lease is for the land only.

CONFIRMATION:

With:	Lease and lease summary, reviewed at the Office of the Special Trustee, Office of Appraisal Services and Tenant Representative
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

LAND LEASE COMPARABLE FOUR



LOCATION:

Description: Property is located east of Highway 191, north of Route 7 within the Chinle Industrial Park, Apache County, Arizona.

LEASE DATA:

Lease No.:	CH-05-129
Date of Lease:	March 2005
Lease Term:	20 years
Free Rent:	None
Annual Lease Rate:	\$4,800
Percentage Rent:	N/A
Landlord:	The Navajo Nation
Tenant:	White Mesa Materials

PROPERTY DESCRIPTION:

Size:	41,382 square feet 0.95 acres
Zoning:	Industrial area

VALUE INDICATORS:

Rent per Foot:	\$0.116
----------------	---------

CONTINUED

COMMENTS:

All utilities were to site when leased. Site is rectangular and generally level and is considered to have good utility. Site sets back from Highway 145, behind the Coca Cola distribution facility. This parcel was improved with a metal industrial building, but the lease is for the land only.

CONFIRMATION:

With:	Lease and lease summary, reviewed at the Office of the Special Trustee, Office of Appraisal Services and Tenant Representative
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

LAND LEASE COMPARABLE FIVE



LOCATION:

Description: Moenave Road, west of Maloney Road, Tuba City, Coconino County, Arizona.

LEASE DATA:

Lease No.: TC-229
Date of Lease: June 2006
Lease Term: 25 years
Annual Lease Rate: \$6,000 or percent rent, whichever is higher
Free Rent: Not Applicable
Percentage Rent: 1.5% for years 2006-2008; 2% for years 2009-2011; 2.5% for years 2012-2031
Landlord: Navajo Nation – Tuba City Agency
Tenant: Yellowman Trailer Park

PROPERTY DESCRIPTION:

Size: 5.95 acres
Zoning: Mobile Home Park

COMMENTS:

Site is improved with a mobile home park. Site is improved with mobile home spaces, paved streets, street lights and fencing. All

utilities were to site when leased. Site utility is good. The site has average visibility and access from Moenave Road.

CONTINUED

CONFIRMATION:

With:	Michael Sells Land Lease Spreadsheet
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

LAND LEASE COMPARABLE SIX



LOCATION:

Description: North side of State Highway 64, east of Valentine Loop, Shiprock, San Juan County, New Mexico.

LEASE DATA:

Lease No: NNSR-08-0013
Date of Lease: 7/25/2008
Lease Term: 25 years, with 2-25 year options
Annual Lease Rate: \$5,600, CPI adjustment every 5 years
Free Rent: 0 years
Percentage Rent: N/Ap
Landlord: Navajo Nation - Shiprock Agency
Tenant: R. Shane Chance and Anita Choate DBA: Tse Bit Ai Propane

PROPERTY DESCRIPTION:

Size: 110,207 square feet
2.53 acres
Zoning: Commercial, the lease allows for sales of propane, wood, wood products and coal. The lease also allows for sales of propane related products, rent office space, and billboard advertising.

VALUE INDICATORS:

Rent per Foot: \$0.051/SF/Year

CONTINUED

COMMENTS:

The property is located in the eastern outskirts of Shiprock, along the north side of Highway 64. All utilities were to site. Site utility is good. Good visibility and access from Highway 64, the main roadway in the area. This site is improved with a propane retailer. The lease was for land only.

CONFIRMATION:

With:	Lease and Mr. Henry C. Silentman, Senior Economic Development Specialist in Shiprock RBDO
By:	Ajay Madhvani, MAI
Inspected By:	Ajay Madhvani, MAI

Specific Adjustments:

The rent comparables commenced from 2003 to mid-2008. Analysis of the broader rural real estate market throughout the Navajo Nation has indicated that there has not been much change in the land lease rates from 2003 to 2016, with no adjustment applied to the comparables for this factor.

The following discussions reflect the reasoning behind the other subjective adjustments.

Physical Adjustments:

Location/Visibility and Access:

The subject is situated along a main arterial that runs through Tuba City, with good access and exposure. The Community of Tuba City is a rural market but also receives visitors from nearby towns in the vicinity.

Comparable One is sited in Shonto, Arizona, just southwest of the intersection of State Highways 160 and 98. This location is more remote as compared to the subject and is overall inferior, warranting an upward adjustment for this factor.

Comparable Two is located along the north side of Highway 160, east of Main Street in Tuba City, Arizona. This comparable is located along the north side of Highway 160, east of the Highway 160 and Main Street intersection, the busiest intersection in Tuba City. Overall, the site is considered superior to the subject, warranting a downward adjustment for this factor.

Comparable Three is located along Highway 64, east of Highway 491 in Shiprock. This site has good exposure to the highway and is generally considered similar to the subject with no adjustment necessary.

Comparable Four reflects a backage parcel in the community of Chinle. Chinle This site is located in an industrial park and does not have direct access to a highway, and is considered inferior to the subject. An upward adjustment is applied to the comparable for location.

Comparable Five is located along a secondary street in Tuba City, Arizona. Moenave Street is not a primary street in Tuba City, but is still well traveled and provides access to businesses, government offices, and residences. Overall, Comparable Five is considered inferior to the subject, warranting an upward adjustment for this factor.

Comparable Six is located in the eastern outskirts of Shiprock, along the north side of Highway 64, east of Valentine Loop. This comparable receives inferior exposure than the subject, warranting an upward adjustment for this factor.

Utility Availability

The subject site is served or nearby all necessary utilities. All of the comparables are served with are nearby all necessary utilities, with no adjustment applied for this factor.

Zoning:

The subject site is not subject to any formal zoning ordinance and allows for a wide array of uses. All the comparables are located on the Navajo Nation and allow for a wide array of uses, warranting no adjustments for this factor.

Site Utility:

The subject site is generally level and is considered to have good site utility. All the comparables except Comparable Three appeared to have good site utility, warranting no adjustment for this factor. Comparable Three has an irregular site shape, warranting an upward adjustment for this factor.

Site Size:

In general, smaller sites rent for less than do larger sites, all else being equal. The subject contains about 1.00 acre of land area. The comparables range in size from 0.95 to 5.95 acres. My research indicates that site size is not a factor for lease rates, with no adjustment applied.

The following tabulation summarizes the adjustments applied to the comparable leases.

LAND LEASE ADJUSTMENT GRID						
Comparable #	1	2	3	4	5	6
Annual Lease Rate	\$3,500	\$10,000	\$6,510	\$4,800	\$6,000	\$5,600
Transactional Adjustments						
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Terms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Market Conditions	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Sub-total of Adjustments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Lease Rate	\$3,500	\$10,000	\$6,510	\$4,800	\$6,000	\$5,600
Physical Adjustments						
Location/Visibility	Inferior +	Superior -	Similar =	Inferior +	Inferior +	Inferior +
Utility Availability	Similar =	Similar =	Similar =	Similar =	Similar =	Similar =
Zoning Status (and permitted uses)	Similar =	Similar =	Similar =	Similar =	Similar =	Similar =
Site Utility	Similar =	Similar =	Inferior +	Similar =	Similar =	Similar =
Size	No effect =	No effect =	No effect =	No effect =	No effect =	No effect =
Summary of Adjustments	+	-	+	+	+	+
Legend						
- or -- means downward adjustment						
= means no adjustment						
+ or ++ means upward adjustment						

Summary:

As shown above, the comparable's gross rent ranges from \$3,500 to \$10,000 prior to adjustments. All the comparable leases required few adjustments as they were all considered similar to the subject. Comparables One, Three, Four, Five, and Six indicate a lease rate greater than \$6,500. Comparable Two suggests a lease rate less than \$10,000/Year for the subject. Considering the subject's location and physical attributes, it is my opinion that the subject's annual market rent of about \$8,000 is reasonable and supported by the comparables.

Neighboring Lease

The car wash site adjacent north of the subject is leased for \$6,500 with 2% percentage rent. The lease commenced in September of 1998 with a term of 25 years. The site is 1.09 acres and is very similar to the subject. The lease is older and sets a low indication of rent for the subject site. This lease generally supports my opinion of value for the subject of \$8,000.

OPINION OF GMAR,

FOR THE SUBJECT PROPERTY,

VIA THE MARKET RENT ANALYSIS.....\$8,000

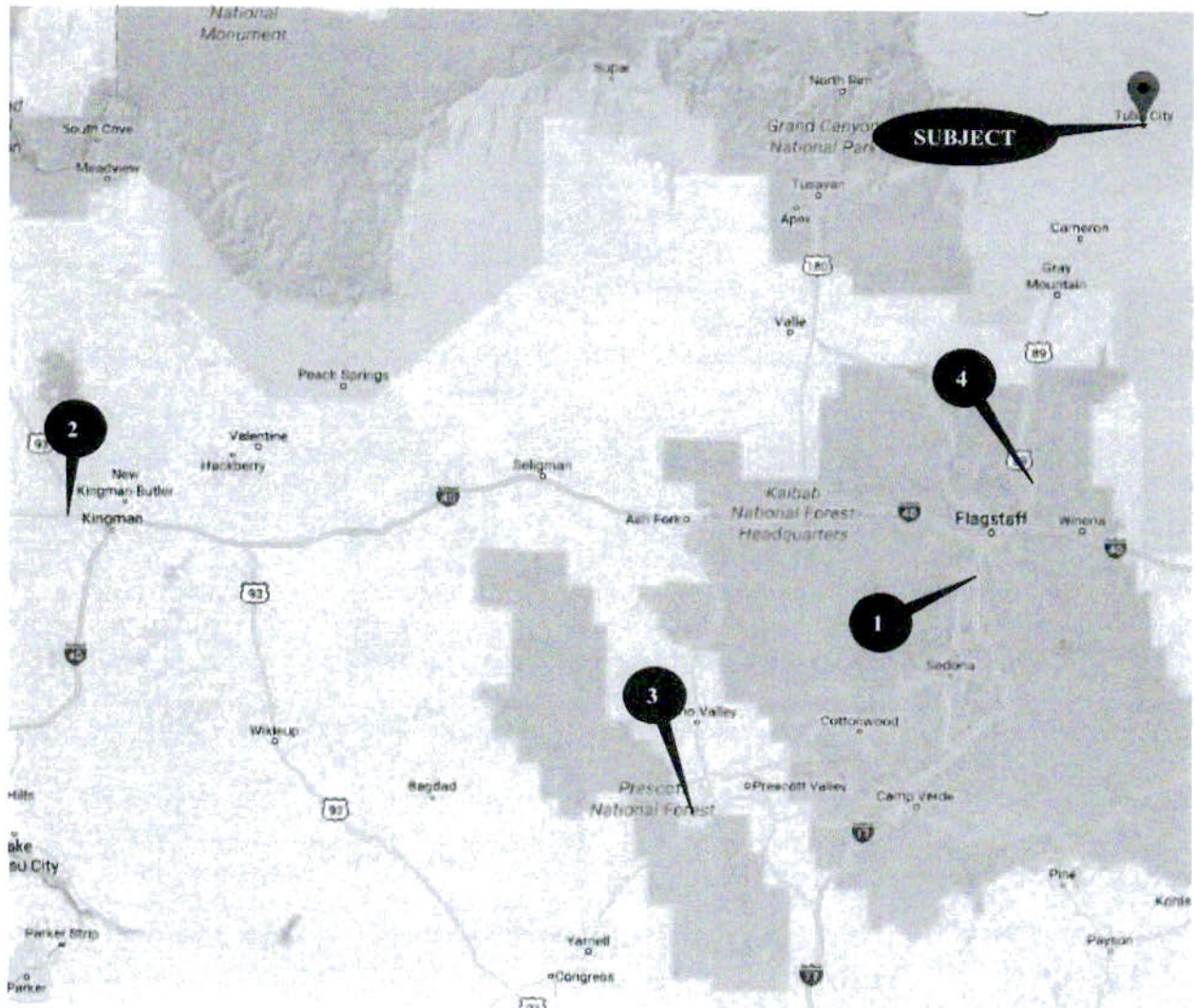
SALES COMPARISON APPROACH

The subject parcel contains 1.0 acre of land area. In order to identify sales of similar parcels for comparison to the subject, a search of similar properties in the Northern Arizona Region was conducted. This search uncovered four similar sales off the Navajo Nation, but are in communities considered similar to Tuba City, Arizona. The Sales selected are considered the best data available with which to arrive at the market value of the subject site.

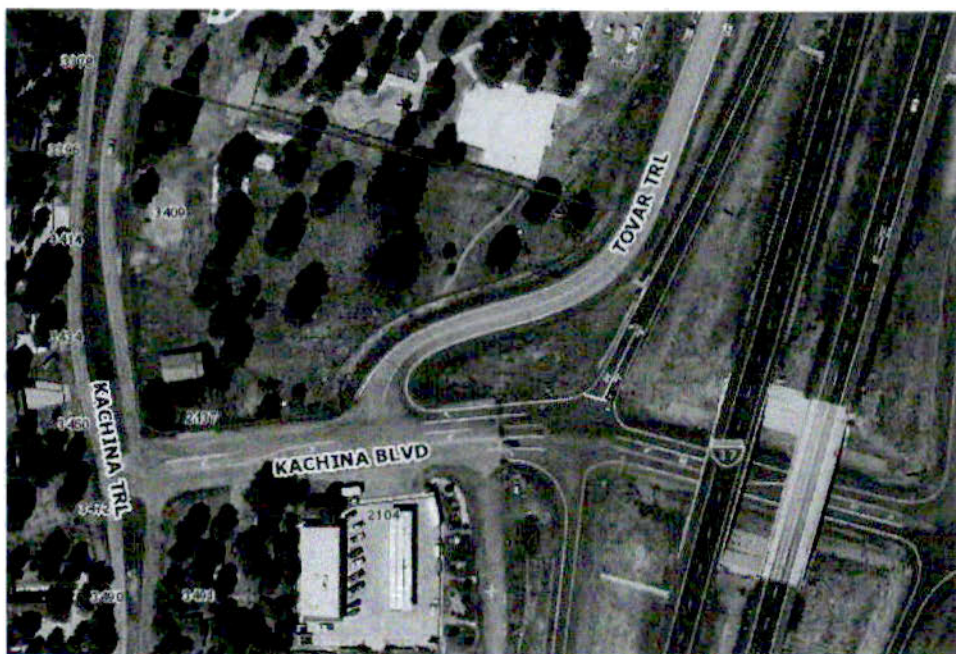
The unit of comparison used in this analysis, is the sales price per square foot of land area. The following tabulation depicts the four selected sales. A map depicting the location of the comparable sales in relation to the subject is available on the following page, which is followed by data sheets for each of the comparable sales.

COMPARABLE LAND SALES							
Sale #	Date	Location	City	Sales Price	Size Acres	Size SF	Price /S.F.
1	Feb-14	Kachina Blvd & I-17	Flagstaff, AZ	\$210,000	2.70	117,612	\$1.79
2	Jul-14	4235 W. Highway 68	Golden Valley, AZ	\$144,000	1.82	79,279	\$1.82
3	Apr-15	1001-1003 W. Gurley St	Prescott, AZ	\$75,000	1.00	43,560	\$1.72
4	Mar-16	11950 N. Highway 89A	Flagstaff, AZ	\$195,000	1.77	77,101	\$2.53
Subject		W of Main St & N of Highway 264	Tuba City, AZ		1.00	43,560	

COMPARABLE LAND SALES MAP



LAND COMPARABLE ONE



LOCATION:

Description: Northwest corner of Kachina Boulevard and I-17, Flagstaff, AZ. The property is located at 3409 Kachina Trail.

Legal: Subdivision: KACHINA CC VILLAGE AKA KACHINA VILL 1&2 A POR LOT 158 DESC AS; COM NE COR SEC 30; TH S0-14-50W 207.63?; TH S15-31-36W 453.66?; TH S20-5-56W 301.96?; TH N74-28-24W 269.45?, POB; TH S2-24-57W 213.1?; TH N87-35-3W 262.24?, ELY ROW KACHINA TRL; NON TANGENT CURVE ARC 274.87 R 1102.68 C N2-26-1E R TH S74-28-24E 269.17?, POB Sixteenth: NE Quarter: NE Section: 30 Township: 20N Range: 07E, Coconino County, AZ.

Parcel No.: 116-50-022D (now 116-50-022E, -022F, -022G, -023)

SALE DATA:

Reference: Special Warranty Deed, Document No. 2015-3723551

Date of Sale: 02/01/2014

Recorded Date: 06/11/2015

Days on Market: 1,410

Sales Price: \$210,000

Terms: Cash to seller

Buyer: SW Kachina DG LLC.

Seller: M&S Investment Company L.L.P.

PROPERTY DESCRIPTION:

Size: 2.70 Acres, 117,612 square feet
Zoning: C-G 10,000 (Commercial General -10,000 SF min.), Coconino Co.

VALUE INDICATORS:

Sales Price per AC: \$77,778
Sales Price per SF: \$1.79

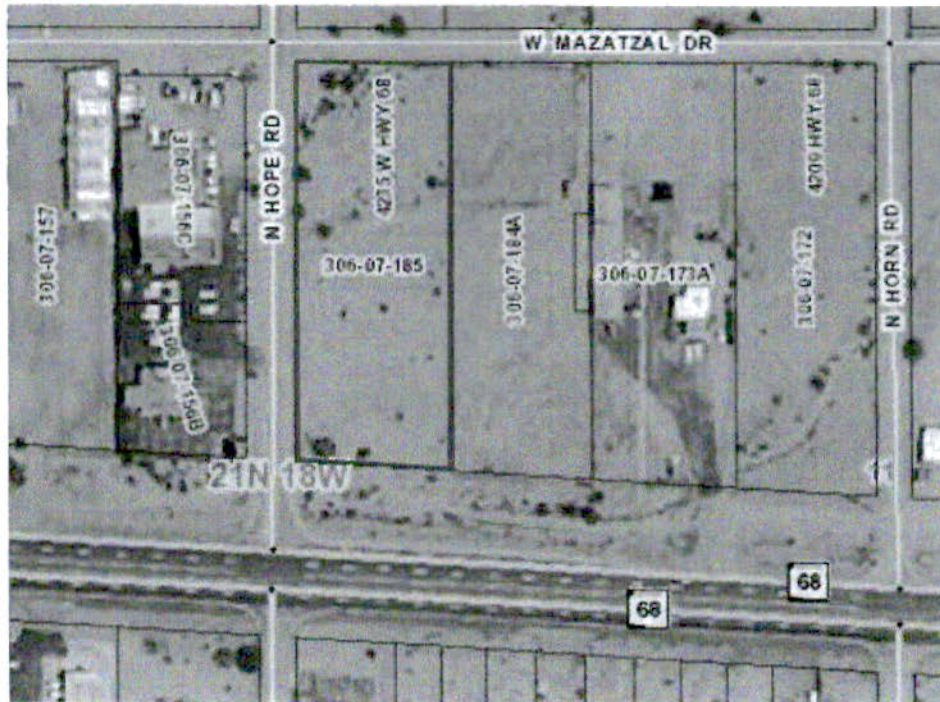
COMMENTS:

At the time of sale the property did not have any structures on the vacant land. The sale date occurred in February of 2014 but was not recorded until June of 2015. After the parcel was bought it was spilt into four parcels. The buyer intends on building a Dollar General and sold the three excess parcels. All utilities are to the lot line and paved access is near the property.

CONFIRMATION:

With: David Slaughter, Listing Broker,
Special Warranty Deed and
RealQuest
By: Ajay Madhvani

LAND COMPARABLE TWO



LOCATION:

Description: 4235 W. Arizona Highway 68, Golden Valley, AZ.
Legal: GOLDEN SAGE RANCHOS, UNIT 55, BLK M LOT 17, Mohave
County, AZ
Tax Parcel: 306-07-185

SALE DATA:

Reference: Warranty Deed, 2014-029260
Date of Sale: 06/26/2014
Recorded Date: 07/03/2014
Sales Price: \$144,000
Terms: Cash to seller
Buyer: Lewis Paul S
Seller: Santa Fe Coffee LLC

PROPERTY DESCRIPTION:

Size: 1.82 Acres
79,279 Square feet
Zoning: C-2, Highway

VALUE INDICATORS:

Sales Price per AC: \$79,121
Sales Price per SF: \$1.82

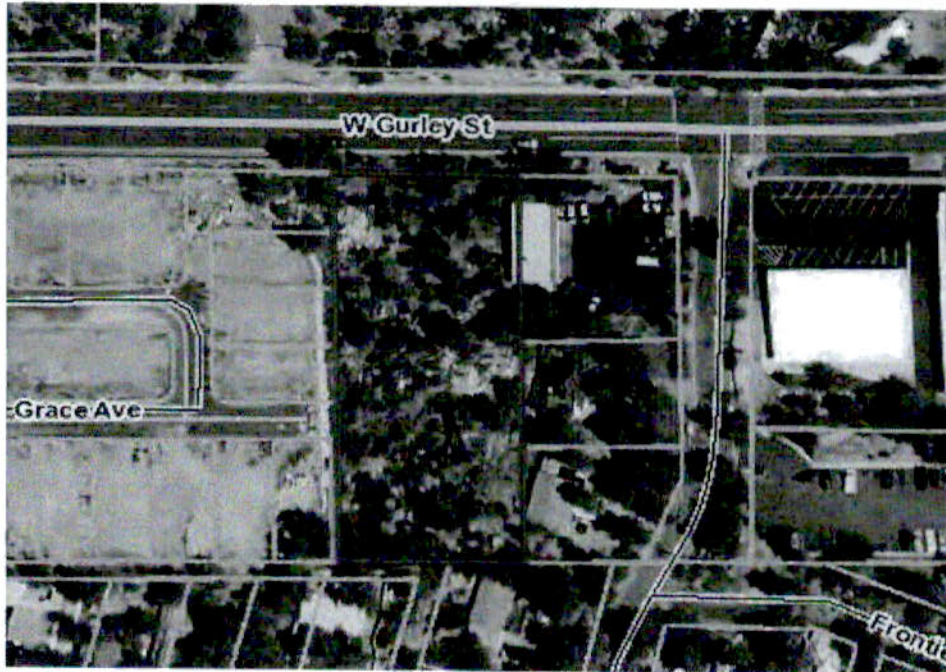
COMMENTS:

The site has all utilities to the lot line. The site has good frontage along Arizona Highway 68 and is located in a very similar area compared to the subject.

CONFIRMATION:

With: Ann Petit, Listing Broker,
Warranty Deed, and
RealQuest
By: Ajay Madhvani, MAI

LAND COMPARABLE THREE



LOCATION:

Description: 1001 W. Gurley Street, Prescott, AZ.
Legal: 1AC BY M&B IN LOT 9 OF SEC 32 14 2W AP 98, Yavapai
County, AZ.
Parcel No.: 111-12-142

SALE DATA:

Reference: Warranty Deed, Document No. 2015-0019339
Date of Sale: 4/17/2015
Recorded Date: 4/30/2015
Days on Market: N/A
Sales Price: \$75,000
Terms: Cash to seller
Buyer: Shanks Family Trust
Seller: Propps Farms, LLC

PROPERTY DESCRIPTION:

Size: 1.0 Acre, 43,560 square feet
Zoning: BG (Business General) 70%, City of Prescott
SF-9 (Residential) 30%, City of Prescott

VALUE INDICATORS:

Sales Price per AC: \$75,000
Sales Price per SF: \$1.72

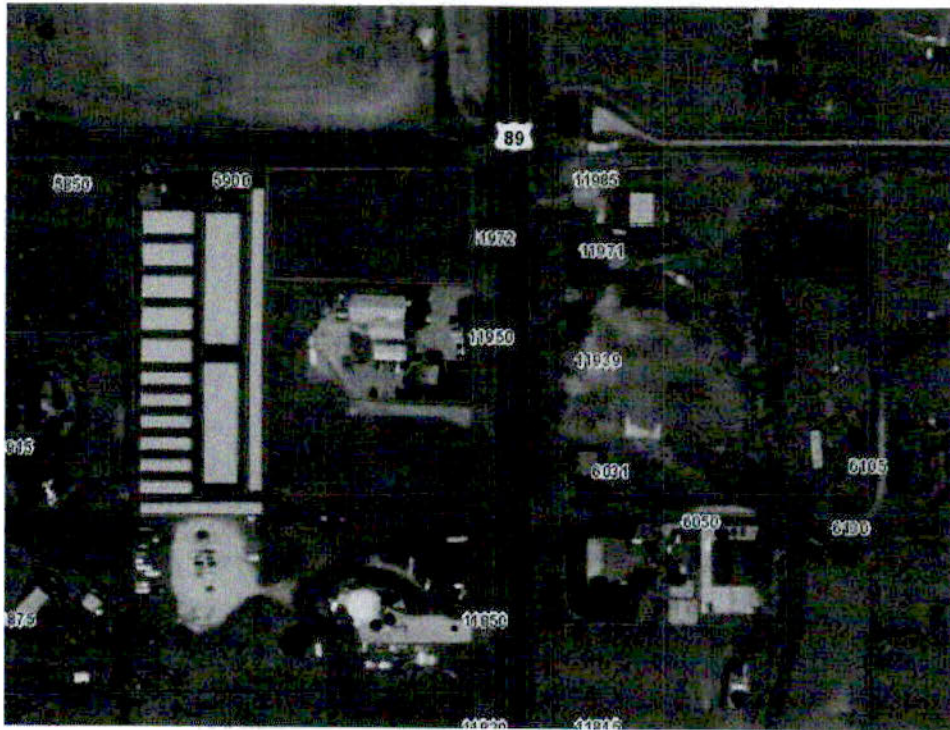
COMMENTS:

The property has good frontage along Gurley Street and is about a mile west from Arizona Highway 89. The property has all utilities to the lot line. Seventy percent of the northern section is zoned for general business use and the remaining thirty percent in the southern section is zoned for residential use.

CONFIRMATION:

With: Warranty Deed and RealQuest Professional
By: Ajay Madhvani

LAND COMPARABLE FOUR



LOCATION:

Description: Southwest corner of US 89 and Copeland Lane, in Flagstaff, Coconino County, AZ. 11972 N. US Highway 89.

Legal: SIXTEENTH: NE QUARTER: NE SECTION: 09 TOWNSHIP: 22N RANGE: 08E LOCATED IN THE NE4 NE4 NE4 AND BEING A POR OF THAT PROP DEPICTED IN A RESULTS OF SURVEY REC AS BOOK 7, PG 78 (R1); AND DESC AS FLLWS: COMMENCING FOR REF AT THE SE COR OF R1 FROM WHICH THE N-N-1/64 COR OF SEC 9 BEARS N 89-25-36 E 50.87'; TH N 00-17-09 E ALNG THE WLY R/W LN OF US HWY 89 423.87' TO TPOB; TH N 89-04-10 W 369.98'; TH N 00-17-08 E 203.29' TO A PT ON THE SLY R/W LN OF COPELAND LANE; TH N 89-27-26 E ALNG THE SLY R/W LN OF COPELAND LANE 370' TO THE NE COR OF R1; TH S 00-17-09 W ALNG THE WLY R/W LN OF US HWY 89 212.80' TO TPOB. Navajo County, AZ.

Parcel No.: 301-68-019A

SALE DATA:

Reference: Warranty Deed, Document No. 2016-3745412

Date of Sale: 02/24/2016

Recorded Date: 03/01/2016
Days on Market: 585 days
Sales Price: \$195,000
Terms: Cash to seller
Buyer: Timberline Firearms LLC
Seller: P & M Barnett Trust

PROPERTY DESCRIPTION:

Size: 1.77 Acres, 77,101 square feet
Zoning: C-G 10,000 (Commercial General -10,000 SF min.), Coconino Co.

VALUE INDICATORS:

Sales Price per AC: \$110,170
Sales Price per SF: \$2.53

COMMENTS:

The property has all utilities to the lot line. The property is located in an area built-up with commercial uses similar to that of the subject.

CONFIRMATION:

With: Warranty Deed and RealQuest Professional
By: Ajay Madhvani

Adjustments

Adjustments to the comparable sales were considered for transactional differences such as property rights transferred, terms of sale, sales conditions, and market conditions (date of sale). Additionally, physical factors such as location, site size, site utility, and zoning must also be examined. The adjustments considered appropriate in comparison to the subject are shown in the tabulation following this discussion.

Transactional Adjustments:

My analysis of the broader rural commercial oriented market throughout northern Arizona has indicated a slow and steady upward trend with commercial land prices over the past two years but is down from three to five years ago. Additionally, this is reflected by the comparable sales utilized within this analysis. As such, an upward adjustment is warranted to Comparable One and Two for market conditions since they occurred in 2014. Comparables Three and Four are newer sales, warranting no adjustment for market conditions.

No further adjustments for factors relating to the comparables transactions were required. The following discussions reflect the reasoning behind the subjective adjustments.

Subjective Adjustments:

Location/Visibility:

The subject is located along Main Street on the west side about a quarter of a mile north of the intersection of Main Street and Navajo Trail also known as U.S. Route 160 in, Tuba City, Arizona. The property is located within Tuba City but the area is rural in nature. Given the subject's frontage and mid-block location on Main Street and close proximity to U.S. Route 160, the site is well suited for a medium commercial use.

Comparable One is located on the northwest corner of Kachina Boulevard and Interstate 17 in Flagstaff, Arizona. The property sits at the entrance of a master planned community known as Kachina Village. Compared to the subject, Comparable One has more traffic, is in a higher end community with amenities and is closer to more populated areas. Due to these reasons, Comparable One's location is considered superior to the subject, warranting a downward adjustment for this factor.

Comparable Two is located along the north side of Arizona Highway 68 in Golden Valley, Arizona. This property is in a rural area with a mix of commercial and residential uses similar to the subject, warranting no adjustment for this factor.

Comparable Three is located along the south side of Gurley Street in Prescott, Arizona about a mile west of Arizona Highway 89. This property is located within the city of Prescott and in an area with commercial and residential uses. Comparable Three's good frontage off of Gurley and close proximity to the central business district of Prescott makes its location more desirable than the subject, warranting a downward adjustment for this factor.

Comparable Four is located at the southwest corner of Arizona Highway 89 and Copeland Lane, north of Flagstaff, Arizona in a rural area. The land is in a prime location due to numerous people traveling to Lake Powell and the Grand Canyon via Arizona Highway 89 and therefore is considered superior to the subject, warranting a downward adjustment for this factor.

Parcel Size:

Such an adjustment is based on market evidence that suggests that larger parcels will sell for less on a "per square foot" basis than smaller parcels, all else being equal. Justification for this adjustment is often attributed to the notion that larger parcels inherently carry more perceived risk relative to smaller parcels. The subject site's area measures 43,560 square feet. Comparable One is 117,612 SF and is considered significantly larger than the subject warranting an upward adjustment. Comparable Three is exactly the same size as the subject, warranting no adjustment for this factor. Comparables Two and Four are 79,279 SF and 77,101 SF respectively, and are considered larger than the subject warranting an upward adjustment.

Zoning:

The subject is not formally zoned by the Navajo Nation and is currently designated for commercial use. All of the Comparables are zoned for commercial use which matches the subject, warranting no adjustment for this factor.

Utility Availability

The subject site contains all necessary utilities to the site. All of the Comparables have utilities to the lot line warranting no adjustments for this factor.

Site Utility:

The subject reflects a parcel of land that has good utility with generally level topography and a useable site shape. Comparables Two, Three and Four reflect flat sites with good site shapes and are considered similar to the subject with regards to utility, warranting no adjustments for this factor. Comparable One is a triangularly shaped site that is heavily treed with tall pines that would need to be removed to build improvements on the site, thus warranting an upward adjustment for this factor.

The following tabulation summarizes the adjustments considered appropriate for application in this analysis.

Comparable Land Sales

Comparable Number:	1	2	3	4
Sale Date:	Feb-14	Jul-14	Apr-15	Mar-16
Location:	NWC of Kachina Blvd & I-17	4235 W. Highway 68	1001 W. Gurley St	11950 N. Highway 89A
APN:	116-50-022D	306-07-185	111-12-142	301-68-019A
Zoning:	C-G, 10,000	C-2, Highway	BG, SF-9	C-G, 10,000
Terms of Sale:	Cash	Cash	Cash to Seller	Cash to Seller
Utilities:	All to lot line	All to lot line	All to lot line	All to lot line
Access:	Paved Roads	Paved Roads	Paved Roads	Paved Roads
Site Size (SF):	117,612	79,279	43,560	77,101
Sales Price	\$210,000	\$144,000	\$75,000	\$195,000
Sales Price Per SF	\$1.79	\$1.82	\$1.72	\$2.53
Transactional Adjustments:				
Property Rights	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/SF	\$1.79	\$1.82	\$1.72	\$2.53
Terms of Sale	0.0%	0.0%	0.0%	0.0%
	Cash	Cash	Cash to Seller	Cash to Seller
Adjusted Price/SF	\$1.79	\$1.82	\$1.72	\$2.53
Sale Conditions	0.0%	0.0%	0.0%	0.0%
	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjusted Price/SF	\$1.79	\$1.82	\$1.72	\$2.53
Market Conditions	5.0%	5.0%	0.0%	0.0%
	Inferior	Inferior	Similar	Similar
Adjusted Price/SF	\$1.87	\$1.91	\$1.72	\$2.53
Physical Adjustments:				
Location	-	=	-	-
Size	Superior ++	Similar +	Superior =	Superior +
Zoning/Use	Much Larger =	Larger =	Similar =	Larger =
Utility Availability	Similar =	Similar =	Similar =	Similar =
Site Utility	Similar +	Similar =	Similar =	Similar =
	Inferior	Similar	Similar	Similar
Summary of Adjustments	+	+	-	-

Summary:

All the comparable sales required some degree of adjustments but were generally representative of the subject. The comparables noted above, before adjustments ranged from \$1.72/SF to \$2.53/SF. After adjustments Comparables One and Two suggest an upward adjustment and Comparables Three and Four suggest a downward adjustment. Comparable Three appears to have sold below market, while Comparable Four appears to be slightly on the higher end of the market and are given supportive weight. Overall, after considering the differences in the comparables, a price of \$2 per square foot is reasonable. Multiplying this number by the subject's 43,560 square feet, results in a market indication of \$87,120.

Market Rent

The Sales Comparison Approach has been utilized to estimate the market value of the subject parcel assuming fee simple ownership. This method of analysis supported an opinion of the subject's market value at \$87,120.

To convert the estimated market value of the subject into an annual rental rate estimate, an overall rate or conversion factor needs to be developed. Research into overall rates or conversions factors for properties in the Navajo Nation did not reveal any relevant data. Discussions with a number of real estate brokers who operate in Arizona and New Mexico indicated that rates of return for improved properties were typically in the 7% to 9% range. The brokers interviewed indicated that overall rates on improved properties have stabilized over the last year due to interest rates remaining low, and the lack of alternative investments. For further support, I analyzed a market study performed for ground rents in Colorado.

A study was performed by William B. Love Appraisals, Inc. for the USDA Forest Service in 2004. The purpose of this study was to perform a market study for ground rents in Colorado. This study concluded that non-agricultural overall rates ranged from 7% to 10%. This study also indicated that overall rates for ground leases have changed very little for the past several decades. The median of the overall rates used in the study was 8%, which will be used in this analysis. Colorado borders the Navajo Nation and is considered generally comparable with regards to location.

Based upon my discussions with a number of brokers and market-abstracted rates of ground leased properties, it is my opinion that the appropriate overall rate to apply in this analysis is 8%. Given my opinion of the subject's market value at \$87,120 and an 8% overall rate, the indicated fair market rent for the subject property is \$7,000 per year, rounded ($\$87,120 \times 8\% = \$6,970$).

OPINION OF GMAR

FOR THE SUBJECT PROPERTY

VIA THE SALES COMPARISON APPROACH.....\$7,000

RECONCILIATION AND CONCLUSIONS

As previously mentioned, two methods were utilized to determine the market rent for the subject property and are summarized below.

OPINION OF GMAR

FOR THE SUBJECT PROPERTY

VIA THE MARKET RENT ANALYSIS\$8,000

OPINION OF GMAR

FOR THE SUBJECT PROPERTY

VIA THE SALES COMPARISON APPROACH\$7,000

As shown above the fair market rent derived via the Market Rent Analysis, \$8,000 is slightly above the fair market rent derived via the Sales Comparison Approach, \$7,500. The Market Rent Analysis was fully developed using similar leased properties on the Navajo Nation and is considered well supported. The Sales Comparison Approach was fully developed using similar land sales off the Navajo Nation. The land value conclusion was converted into market rent using the capitalization method. Given the support for each method of valuation and general consensus in value, generally equal weight was applied to both methods of value. In conclusion, it is my opinion that the subject's guaranteed minimum annual rent is \$7,500 per year.

OPINION OF GMAR

FOR THE SUBJECT SITE\$7,500

PERCENTAGE RENT

Since the subject will be improved with a laundromat, a percentage rent was also considered within this analysis.

Analyzing the comparables indicates that percentage rent from similar properties is in the 1.50% to 3.00% range. Based upon my analysis of the lease comparables analyzed, it is my opinion that the subject's percentage rent shall be \$7,500 or 2.50% of gross receipts from the laundromat, whichever is greater. The breakeven point is \$300,000 ($\$7,500/.025$)

ANNUAL LEASE CALCULATION

The subject's estimated GMAR at \$7,500 is considered to reflect its third year lease payment. The first two years are dedicated for the development period. Typically, long-term leases have escalator clauses, effectively increasing the lease payment over time. Analysis of various leases from within Arizona indicates that most often the escalator factor is set as an annual increase. Currently, escalator clauses for leases are approximately 1.0% to 3.0% per year. From my experience, property on the Navajo Nation does not see much increase or decrease in values, supporting a lower adjustment. Based upon this data, I have estimated an annual lease escalator of 5.0% every five years or so. The tabulation below reflects my opinion of the subject's GMAR into the future.

LEASE ADJUSTMENT CALCULATION	
5-Year Adjustment	5.0%
Year(s)	Estimated Fair Market Rent
Development Period-Years 1-2	\$0
Years 3-5	\$7,500
Years 6-10	\$7,875
Years 11-15	\$8,269

As shown above the estimated fair market rent increases from \$7,500 to \$8,269 over a 15 year period.

ESTIMATED MARKETING AND EXPOSURE PERIOD

The marketing period for the subject property is dependent upon a number of variables including: the national and local economies, market conditions, terms of sale (either cash or seller carry back financing), and the availability of similar properties in the market which provide competition for the subject.

Exposure time is defined as the period of time required to market a property prior to the date of appraisal (*historic*). Most commercial properties, if properly priced, have been selling or leasing within one to two years. If the subject property was marketed at the opinion of market rent prior to the date of value, exposure time should have been less than two years.

APPRAISERS' CERTIFICATION

I HEREBY WARRANT AND CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF,

The statements of fact contained in this appraisal report, which are used as the basis of my analyses, opinions, and conclusions, are true and correct. I have no responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering, or other technical matters. Any sketches prepared by me and contained in this report are included solely to aid the user of the report in visualizing the property and its location, and are not necessarily to scale.

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

I have no present or contemplated future interest in the real estate that is the subject of this appraisal report and, further, I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. My engagement in this assignment was not contingent upon developing or reporting predetermined results.

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

My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Institute.

Ajay S. Madhvani, MAI inspected the subject property on the effective date of value. Mr. Madhvani has not performed any valuation services for the subject property in the past three years. Mr. Madhvani has the appropriate knowledge and experience required to complete the assignment competently. Furthermore, Ajay S. Madhvani, MAI is current on continuing his education with the Appraisal Institute.

No one provided significant professional assistance to the signer of this report unless noted. Further, no one other than the undersigned formed the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report, unless such participation by another party is indicated by the co-signing of this report by such other party.

APPRAISERS' CERTIFICATION (CONTINUED):

I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur. I assume that there are no conditions that are not apparent relating to the real estate, subsoil conditions, or structures located on the real estate, which would affect my analyses, opinions, or conclusions with respect to the real estate.

The data gathered in this appraisal process (except data furnished by the client) and the appraisal report itself remain my property. With respect to data provided by the client, I shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to me. I am, however, authorized by the client to disclose all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute, if such disclosure is required, to enable me to comply with the bylaws and regulations of said Institute now or hereafter in effect.

This appraisal report shall not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without my prior written consent. Neither all nor any part of the contents of this report (especially the conclusions as to value, the identity of the appraisers or references to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or other public means of communication without my prior written consent and approval.

Based upon the data and discussions contained within the attached report, it is my opinion that the opinion of market rent of the subject property is as follows:

**OPINION OF GMAR,
OF THE SUBJECT PROPERTY,
AS OF SEPTEMBER 19, 2016.....\$7,500**

The opinion of GMAR also assumes a percentage rent of 2.5% of gross revenue or the GMAR of \$7,500, whichever is higher.

If the subject was marketed at the opinion of market value/rent prior to the effective date of appraisal, exposure time should have been less than two years.



AJAY S. MADHVANI
Certified General Real Estate Appraiser,
Arizona Certificate #31501

QUALIFICATIONS OF AJAY S. MADHVANI, MAI

State of Arizona Certified General Real Estate Appraiser, Certificate #31501
State of New Mexico Certified General Real Estate Appraiser, Certificate #02802-G
State of Utah Certified General Real Estate Appraiser, Certificate #6561803-CG00

PROFESSIONAL EXPERIENCE

2011 - Current AM Valuation Services, Owner

2004 - 2011 AXIA Real Estate Appraisers (formerly KB), as Commercial Staff Appraiser

PROFESSIONAL AFFILIATIONS AND MEMBERSHIPS

Member of the Appraisal Institute (MAI)

Licensed Real Estate Agent, State of Arizona

Mentor Kids USA, Volunteer

FORMAL EDUCATION

Bachelor of Science in Business Administration with double major in Finance and Business Management, University of Arizona, Tucson, Arizona, 2003

PROFESSIONAL EDUCATION

- 2016
 - 7-hour National USPAP by the Appraisal Institute
 - Business Practices and Ethics by the Appraisal Institute
 - Supervisor-Trainee Course by McKissock
- 2015
 - Small Hotel/Motel Valuation by the Appraisal Institute
 - Rates and Ratios: Making Sense of GIMs, OARs, and DCF by the Appraisal Institute
 - Subdivision Valuation by the Appraisal Institute
- 2014
 - Introduction to Green Buildings: Principles & Concepts by the Appraisal Institute
 - Comparative Analysis by the Appraisal Institute
 - 7-hour National USPAP by the Appraisal Institute
- 2013
 - Forecasting Revenue by the Appraisal Institute
- 2012
 - Appraising the Appraisal: Appraisal Review-General by the Appraisal Institute
 - 7-hour National USPAP Update by the Appraisal Institute
- 2011
 - Appraisal Curriculum Overview by the Appraisal Institute

- Litigation Appraising: Specialized Topics and Applications by the Appraisal Institute
 - Business Practices and Ethics by the Appraisal Institute
- 2010
- 7-hour National USPAP Update by the Appraisal Institute
 - 15-hour Federal Agency Update by the International Right of Way Association and Appraisal Institute
 - Condemnation Appraising: Principles and Applications by the Appraisal Institute
- 2008
- 7-hour National USPAP Update by the Appraisal Institute
 - Advanced Income Capitalization by the Appraisal Institute
 - Advanced General Applications by the Appraisal Institute
 - Business Practices and Ethics by the Appraisal Institute
 - 14-hour National USPAP by the Arizona School of Real Estate

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.
- Appraisal assignments include business site leases, vacant land, subdivisions, office buildings, retail buildings, service stations, industrial buildings, mobile home parks, as well as numerous special use properties.
- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.
- Appraisal assignments have been completed in Apache, Cochise, Pima, Coconino, Maricopa, Navajo, Pinal, Santa Cruz, and Yavapai Counties within the state of Arizona, as well as McKinley, Cibola, San Juan, Sandoval and Socorro Counties in the state of New Mexico.

COMPLETED WORK AND APPRAISED FOR

Allstate Appraisal, L.P.	Salt River Pima-Maricopa Indian Community
Amphi Unified School District	Snell & Wilmer L.L.P.
Canyon Community Bank	US Dept of the Interior Off. of Special Trustee
City of Tucson	Washington Federal Savings
Colliers International	Wells Fargo Bank
Community Food Bank	Zions First National Bank
Commerce Bank of Arizona	
Grand Point Bank	
Great Western Bank	
LookingGlass Appraisal Management Systems	
National Bank of Arizona	
Navajo Nation Shopping Centers, Inc.	
Navajo Nation, Division of Economic Dev.	
Ocwen Financial Corporation	
PCV/Murcor Real Estate Services	
Property Sciences Group, Inc.	
Rusing Lopez & Lizardi, PLLC	

Document No. 013746Date Issued: 11/19/2019**EXECUTIVE OFFICIAL REVIEW**Title of Document: BSL Cavesa's Carwash, Inc. - Mod 3Contact Name: LANE, DOLLYProgram/Division: DIV. OF ECONOMIC DEVELOPMENTEmail: dlane@navajo-nsn.govPhone Number: 928-283-3014☒ **Business Site Lease**

1. Division: ELC/Long 11/21/19 Den Date: 11-26-19 ☒ ☐
2. Office of the Controller: 12/12/19 P. C. B. L. Date: 12-6-19 ☒ ☐
(only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review)
3. Office of the Attorney General: 12/12/19 Jana C. Murre Date: 12-16-19 ☒ ☐

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

1. Division: _____ Date: _____ ☐ ☐
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

1. Office of Management and Budget: _____ Date: _____ ☐ ☐
2. Office of the Controller: _____ Date: _____ ☐ ☐
3. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Navajo Housing Authority Request for Release of Funds**

1. NNEPA: _____ Date: _____ ☐ ☐
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Lease Purchase Agreements**

1. Office of the Controller: _____ Date: _____ ☐ ☐
(recommendation only)
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Grant Applications**

1. Office of Management and Budget: _____ Date: _____ ☐ ☐
2. Office of the Controller: _____ Date: _____ ☐ ☐
3. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

1. Division: _____ Date: _____ ☐ ☐
2. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Relinquishment of Navajo Membership**

1. Land Department: _____ Date: _____ ☐ ☐
2. Elections: _____ Date: _____ ☐ ☐
3. Office of the Attorney General: _____ Date: _____ ☐ ☐

☐ **Land Withdrawal or Relinquishment for Commercial Purposes**

Sufficient Insufficient

- | | | | | |
|------------------------------------|-------|-------------|--------------------------|--------------------------|
| 1. Division: | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Office of the Attorney General: | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases**

- | | | | | |
|-------------|-------|-------------|--------------------------|--------------------------|
| 1. NLD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. F&W | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. HPD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Minerals | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. NNEPA | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. DNR | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. DOJ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Rights of Way**

- | | | | | |
|------------------------------------|-------|-------------|--------------------------|--------------------------|
| 1. NLD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. F&W | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. HPD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Minerals | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. NNEPA | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Office of the Attorney General: | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. OPVP | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease**

- | | | | | |
|-------------|-------|-------------|--------------------------|--------------------------|
| 1. Minerals | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. OPVP | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. NLD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **Assignment of Mineral Lease**

- | | | | | |
|-------------|-------|-------------|--------------------------|--------------------------|
| 1. Minerals | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. DNR | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. DOJ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)**

- | | | | | |
|-------------|-------|-------------|--------------------------|--------------------------|
| 1. NLD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. F&W | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. HPD | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Minerals | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. NNEPA | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. DNR | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. DOJ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. OPVP | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |

☐ **OTHER:**

- | | | | | |
|----------|-------|-------------|--------------------------|--------------------------|
| 1. _____ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. _____ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. _____ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. _____ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. _____ | _____ | Date: _____ | <input type="checkbox"/> | <input type="checkbox"/> |





NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT REVIEW REQUEST FORM



DOJ
12/11/19 @ 1027a
DATE / TIME
<input type="checkbox"/> 7 Day Deadline
DOC #: 013746
SAS #:
UNIT: ECDW

☐ RESUBMITTAL

*** FOR NNDJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. ***

CLIENT TO COMPLETE

DATE OF REQUEST:	11/19/2019	DIVISION:	Division of Economic Development
CONTACT NAME:	Dolly Lane	DEPARTMENT:	Small Business Development Dept. WRBDO
PHONE NUMBER:	(928)-283-3011	E-MAIL:	dlane@navajo-nsn.gov
TITLE OF DOCUMENT: Approval of Business Site Lease TC-98-186 Modification 3# to delete certain Purpose and Rental from Modification #2, add a Laundromat with sale of Laundry Detergents & Supplies under Purpose & new rental rate for the laundromat under Rental..			

DOJ SECRETARY TO COMPLETE

DATE/TIME IN UNIT:	DEC 11 2019 11:40pm	REVIEWING ATTORNEY/ADVOCATE:	Lillian Schwales
DATE TIME OUT OF UNIT:			

DOJ ATTORNEY / ADVOCATE COMMENTS

12/13/19 emailed requesting clarification of Mod #3 attorneys.

legally sufficient

REVIEWED BY: (Print)	Date / Time	SURNAMED BY: (Print)	Date / Time
Lillian L. Schwales	12/13/19 1:00pm	Jana C. Werner	12-16-19 12:00pm

DOJ Secretary Called: EM Dolly Lane	for Document Pick Up on	DEC 16 2019	at 259pm by: ah
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PICKED UP BY: (Print)	DATE / TIME:
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NNDJ/DRRF-July 2013



THE NAVAJO NATION

JONATHAN NEZ | PRESIDENT MYRON LIZER | VICE PRESIDENT



MEMORANDUM

TO : 164 Reviews
Resource and Development Committee of the Navajo Nation Council
Office of the President/Vice-President

FROM : 
Dolly Lane, PEDS
Western Regional Business Development Office
Division of Economic Development

DATE : November 19, 2019

SUBJECT : Executive Summary – Business Site Lease Modification #3
RE: Cavesa's Car Wash, Inc.



Business Site Lease TC-98-186 (Lease) was approved by Area Director, Navajo Area Bureau of Indian Affairs on September 28, 1998 for a term of 25 years, see Exhibit "A". The original Lease was in the name of Deborah V. Martinez and Jose Akee, the Lease was assigned to Cavesa's Car Wash, Inc. by a Transfer and was approved on October 30, 2001, see Exhibit "B".

The Lease went through two (2) Modifications, the first modification extended the development period from 2 years to 3 years under Article 6 and Article 10A, it also changed the language under Article 44 and Article 45, see Exhibit "C". Modification #2 added additional land to the Lease under Section 2. Land Description, added a Restaurant/Café, Auto Parts & Service, and Public Showers & Restrooms under Section 3. Purpose, Unlawful Uses with rental for the 3 purposes under Section 6. Rental, see Exhibit "D".

Modification # 3 will delete the Auto Parts sale under Section 3. Purpose, Unlawful Uses, delete the rental under Section 6. Rental, add a Laundromat with sale of Laundry Detergent Supplies under Section 3. Purpose, Unlawful Uses and a rental rate for the Laundromat under Section 6. Rental.

Business Site Lease TC-98-186 is a Bureau of Indian Affairs Lease and is subject to approval of the Resource and Development Committee of the Navajo Nation Council, the Navajo Nation President and the Regional Director of Bureau of Indian Affairs.

Memorandum: 164 Reviewers, Resource & Development Committee of the Navajo Nation Council, The Navajo Nation.

Subject: Executive Summary – Business Site Lease Modification #3, RE: Cavesa's Car Wash, Inc.

11-19-19

Pg. 2

Business Site Lease TC-98-186 is enclosed with all supporting documents, your favorable review and approval of Modification #3 to Business Site Lease TC-98-186 will be appreciated. If you have any questions, contact our office at (928) 283-3014.

CONCURRED:



Naomi Yazzie, Program Manager
Western Regional Business Development Office

Enclosures

Cc: Business Site Lease TC-98-186 file

RESOURCES AND DEVELOPMENT COMMITTEE
24th Navajo Nation Council

ROLL CALL
VOTE TALLY SHEET:

Legislation # 0035-20: An Action Relating to Resources and Development Committee; Approving Modification Number Three to Business Site Lease No. TC-98-186 Cavesa's Car Wash Incorporated within the To'Naneesd'Dizi (Tuba City) Chapter Vicinity, Navajo Nation *Sponsor: Honorable Otto Tso*

Date: February 26, 2020 - Regular Meeting
Meeting Location: Lake Valley Chapter
Lake Valley, New Mexico

Main Motion:

Motion: Thomas Walker, Jr. S: Mark A. Freeland Vote: 5-0-1 (CNV)

In Favor: Mark A. Freeland, Thomas Walker, Jr., Kee Allen Begay, Jr., Wilson C. Stewart, Jr., and Herman M. Daniels

Oppose: None

Excuse: None

Not Voting: Chairperson Rickie Nez



Honorable Rickie Nez, Chairperson
Resources and Development Committee



Shammie Begay, Legislative Advisor
Office of Legislative Services