

APPRAISAL REPORT



**Approximately 1.08 acres of a Larger 2.74 Acre Property Located
at the Southeast Corner of 2nd Street and Ventura Road,
City of Oxnard, California**

PREPARED FOR:
Mr. Kevin Flynn
Kimley-Horn and Associates, Inc.
765 The City Drive, Suite 400
Orange, CA 92868-6914

PREPARED BY:
Kevin P. McAtee, MAI
HOFFMAN, VANCE & WORTHINGTON, Inc.
1000 South Seaward Avenue,
Ventura, CA 93001

Date of Value: January 6, 2010

Date of Report: January 19, 2010

HOFFMAN, VANCE AND WORTHINGTON, INC.

1000 SOUTH SEAWARD AVENUE
VENTURA, CALIFORNIA 93001-3798

WALTER W. HOFFMAN
OATHER C. VANCE (1923-1979)
WILLIAM E. WORTHINGTON (1914-2005)
RICHARD S. HAMBLETON, JR.
BEVERLY C. GUTIERREZ
DOMINICK J. McCORMICK
KEVIN P. McATEE, MAI

TELEPHONE:
(805) 642-0211
FAX:
(805) 642-1220

January 19, 2010

Mr. Kevin Flynn
Kimley-Horn and Associates, Inc.
765 The City Drive, Suite 400
Orange, CA 92868-6914

Re: **Approximately 1.08 acres of a larger 2.74 acre property located at the southeast corner of RPZ Land, Oxnard, California**

Mr. Flynn:

In accordance with your written request, I have personally examined and appraised the above referenced real property for the purpose of reporting to you my opinion of its Market Value. A careful examination was made of the subject property and surrounding area, and of those factors which tend to influence the value of the subject. This examination included the inspection and analysis of market data in the immediate and general vicinity of the subject that are physically, locationally and/or economically comparable.

The subject property is a 2.74 acre property partially improved as a retail convenience shopping center. The Area of Acquisition, or Take, consists of approximately **1.08** acres of a larger 2.74 acre parcel.

The subject property is located at the southeast corner of 2nd Street and Ventura Road. The ownership is under the name of *Mutih and Huda Abdulhai*. The subject property includes a multi-tenant retail shopping center. The potential for development of the subject property is affected by its proximity to the Oxnard Airport. The subject is included in the Ventura County Airport Land Use Commission's *Airport Comprehensive Land Use Plan* and identified as either Height Restriction Zone or Runway Protection Zone and/or Ultimate Runway Protection Zone. That portion of the subject improved with the retail center structure is located within the Height Restriction Zone while the improved parking lot is located within the Runway Protection Zone and/or Ultimate Runway Protection Zone. The height limits within the Height Restriction Zone were complied with when constructing the retail structure. Permitted land uses within the Runway Protection Zone are restricted to agriculture. Alternative uses such as parking require a conditional use permit for which discretionary approvals must be obtained. The balance of the subject is vacant agriculture land. It is the balance, or the 1.08 acres, that is the Area of Acquisition (Take).

Under normal appraisal methodology involving a Take, a Before and After analysis would be completed on the subject property. The Before would analyze the subject's value prior to the take, while the After analysis would address the values of the subject after the acquisition. This type of analysis would also discuss any damages or special benefits to the remainder. However, as stated the remainder is not affected by the planned acquisitions. Therefore, the subject property's Before and After values differ only in that the Area of Acquisition (Take). For this reason, the analysis does not include a Before and After analysis of the entire subject property. Rather, the appraisal simply addresses the value of the Area of Acquisition (Take).

The Area of Acquisition (Take) is currently used for agriculture purposes. According to the City of Oxnard zoning maps, the subject property is zoned C-2PD (General Commercial Planned Development). The City's General Plan identifies the property as AC (Airport Compatible) and OSB (Open Space Buffer).

The subject property is impacted by its proximity to an existing US Federal Aviation Administration (FAA) Instrument Approach. A previously existing Approach was converted to an aviation easement by a document recorded May 8, 1995 (doc. no. 95-054899) titled "Grant of Aviation Easement and Runway Protection Zone Restriction and Covenants Running with the Land" (a copy of which has been included in the Addenda). With the recording of an easement the FAA now owns the air rights and specifically prohibits any encroachment into the airspace over the Area of Acquisition (Take).

The combination of the City of Oxnard's General Plan, zoning ordinance, and the *Airport Comprehensive Land Use Plan* result in significant prohibitions on land use for the subject property. That portion most impacted is the Area of Acquisition (Take), or the 1.08 acre southerly portion. While the northerly 1.66 acres is suitable for the existing retail development, given the land use restrictions imposed by the *Land Use Plan* the 1.08 acre southerly portion is limited to agriculture.

Based on my investigation and upon a complete review of the facts presented herein, it is my opinion that the **Market Value** of the **Fee Simple** interest in the Area of Acquisition (Take), in cash equivalent terms and subject to the Assumptions and Limiting Conditions, as of **January 6, 2010** was:

\$81,000

I would anticipate an exposure period of approximately **6 to 9 months** if the property were exposed to the market for sale at the appraised value.

This Report is a "Summary Appraisal Report". As such, it has been prepared in accordance with **Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a Summary Appraisal Report (effective July 1, 2006)**. Summary discussions of the data, reasoning and analyses that were used to develop the opinion of value are presented in the appraisal report, including summary descriptions of the subject property, the property's locale, and the appraiser's opinion of highest and best use. Any data, reasoning and analyses not discussed in this Summary Appraisal Report are retained in the appraiser's work file.

Mr. Kevin Flynn
January 19, 2010
Page 3

The depth of discussion contained in this report is specific to the needs of the client and for the intended use of the report, which is for **potential acquisition** purposes. The appraiser is not responsible for unauthorized use of this report.

Your attention is directed to the contents of this Summary Appraisal Report, including all descriptions, market data, analyses and other relevant factors upon which my conclusions are based. I have made every effort to ensure that the Summary Appraisal Report which follows complies with USPAP.

I, the undersigned, do hereby certify the statements and opinions rendered herein are true and correct to the best of my knowledge and belief, subject to the limiting conditions contained herein.

Sincerely,

HOFFMAN, VANCE & WORTHINGTON, Inc.

A handwritten signature in black ink, appearing to read 'Kevin P. McAtee', is written over a horizontal line.

Kevin P. McAtee, MAI

CA Certified General AG014257

SUMMARY OF SALIENT FACTS	
Property Address	SE Corner of 2 nd Street and Ventura Road, Oxnard, CA
Subject Property:	
Assessor's Parcel Number	202-0-010-755
Land Size	2.74 acres
Property Description	Retail Center and Vacant Land
Zoning	C2-PD (General Commercial Planned Development), City of Oxnard
General Plan	AC (Airport Compatible) and OSB (Open Space Buffer)
Airport Comp Land Use Plan	Commercial and Agriculture
Highest and Best Use	Commercial and Agriculture
Area of Acquisition (Take):	
Assessor's Parcel Number	Portion of 202-0-010-755
Land Size	1.08 acre portion of a 2.74 acre larger property
Highest/Best Use	Agriculture
Interest Appraised:	Fee Simple
Fair Market Value:	\$81,000
Date of Value:	January 6, 2010

SUMMARY APPRAISAL REPORT - COMPLETE APPRAISAL

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide the client with the appraiser's best estimate of the "as is" **Market Value** of the subject real property.

Market value is defined by the Uniform Appraisal Standards for Federal Land Acquisition as follows:¹

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving the consideration to all available economic uses of the property at the time of the appraisal.

INTENDED USE OF THE REPORT:

This appraisal is intended for the exclusive use by *Kimley-Horn and Associates* for **potential acquisition** purposes.

INTEREST VALUED:

Fee Simple. There are no personal property, fixtures, or intangible items which have been valued in this appraisal.

EFFECTIVE DATE OF VALUE:

January 6, 2010.

DATE OF REPORT:

January 19, 2010.

1 Uniform Appraisal Standards for Federal Land Acquisition, Fifth Edition, p. 30

APPRAISAL DEVELOPMENT AND REPORTING PROCESS:

In preparing this appraisal, the appraiser made a number of independent investigations and analyses. Listed below are the investigations undertaken and the major data sources relied upon.

Location Description

The city analysis, while not included in this report, was conducted utilizing information obtained from a personal physical inspection by the appraiser, municipalities, the Chamber of Commerce, etc. Back-up information is maintained in the appraisers' work files.

Site and Improvement Description

The site description and analysis was prepared from information gathered during various physical inspections of the subject, the most recent of which was on January 6, 2010, and a review of the Ventura County Assessor's maps.

Land and Improved Sale and Rental Data

The factual information concerning land sales has been provided by *Costar*, *Metroscan*, and information provided by local area brokers and other appraisers. An attempt has been made to contact buyers, sellers and brokers to verify all information and to ensure the sales reflected are "arm's-length" transactions.

Other Data

Other information, such as tax records and zoning, was provided by governmental sources.

To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses, reasoning and conclusions. Supporting documentation is retained in the appraiser's work files.

DESCRIPTION OF THE REAL ESTATE APPRAISED:***Neighborhood Description***

The subject property is located at the southeast corner of 2nd Street and Ventura Road, north of 5th Street, in the City of Oxnard. The neighborhood in which the subject property is located is generally defined by Gonzales Road to the north, 5th Street to the South, Oxnard Blvd. to the east, and Victoria Avenue to the west.

Land uses in the neighborhood are a primarily residential and commercial in nature. The residential components of the neighborhood are located north of 2nd Street and south of 5th Street. Southwest of the subject, across Ventura Road, is the Oxnard Airport. Southeast of the subject are Oxnard School District and National



Guard facilities. Commercial and retail uses are scattered along the major thoroughfares such as Ventura Road. Immediately north of the subject is the Gold Coast Plaza, a recently constructed multi-tenant retail project located at the southeast corner of Ventura Road and 2nd Street. Immediately south of the subject is a vacant parcel of agriculture land, beyond which is a supermarket-anchored neighborhood shopping center located at the northeast corner of Ventura Road and 5th Street.

The primary transportation corridors within the general area are 5th Street and Ventura Road. 5th Street is a two-lane east/west residential surface street connecting the beach community of Oxnard Shores to the west, with the agricultural land east of downtown Oxnard. Ventura Road is a north/south arterial which connects the Ventura (101) Freeway to the southern parts of Oxnard and Port Hueneme.

The subject's proximity to the Oxnard Airport is central to the discussion of value.

Market Conditions

As will be more thoroughly discussed in the Property Description, the Area of Acquisition (Take) is vacant land used for agriculture. The subject is zoned for commercial uses, specifically C-2PD (General Commercial Planned Development). However, as discussed in the Highest and Best Use section, the use restrictions imposed by the Airport Land Use Comprehensive Use Plan restricted the Area of Acquisition's highest and best use to agriculture. The focus of the market overview was, therefore, the agriculture market.

In addition to the market data included in the Sales Comparison Approach, market survey data published by California Chapter of the American Society of Farm Managers and Rural Appraisers (ASFMRA) for lemon, avocado and row crop land was considered. The ASFMRA publishes a report titled Trends in Agricultural Land & Lease Values addressing values for various types of agriculture land. According to the 2009 report, during 2008 Ventura County lemon orchard values ranged from **\$30,000** to **\$52,000** per acre, while avocados ranged from **\$25,000** to **\$75,000** per acre. Row crop land ranged from **\$45,000** to **\$75,000** per acre. The 2009 report states that open land value during 2008 increased to a point that improved orchards and vacant land are the same.

According to the 2008 ASFMRA report, during 2007 Ventura County lemon orchard values ranged from **\$20,000** to **\$52,000** per acre, avocados ranged from **\$25,000** to **\$52,000** per acre and row crop farming ranged from **\$45,000** to **\$75,000**. Activity was reported to be stable with a similar trend on values. The 2007 report, which addressed the 2006 market, reported a stable market with stable trending and land values at **\$20,000** to **\$55,000** per acre for lemons with avocado orchard values remaining stable at **\$25,000** to **\$47,000**. Row crop values during 2006 within Ventura County, as reported in the 2007 ASFMRA report, ranged between **\$45,000** and **\$75,000** per acre.

Since the most recent ASFMRA Trends report was published, the world economy and commercial real estate markets have been roiled by events unimaginable even in recent times. Economies around the world are sagging, and capital investment flows are minimal. As a result, local property fundamentals are weakening. It is expected that the credit-induced recession will further hobble the global market. The economy is expected to remain at or near recessionary levels through 2010. Both consumer and business confidence have continued to decline. Discretionary consumer spending will remain low given the expectation of continued job losses.

Ventura County has lost 7,200 jobs in the past 12 months. Financial markets are in such a state of volatility and according to Bill Watkins, executive director of the US Santa Barbara Economic Forecast Project, “what’s happening by the hour affects how you would interpret it, but in the long term you have to believe that things are going to turn around”.

As of the date of value, the evidence of stress on the commercial and industrial market following the fall of the residential market was palpable. Given sustained food prices, the agriculture market has been less affected by the general economy. Those properties enjoying a strong life style component of value, such as gentleman farms, have been directly affected by the downturn in the market. Row crop land, which tends to reflect the economics of farming rather than life style, seems to have been less affected by the downturn. That said, few transactions have occurred since the downturn from which to discern market impacts.

Few transactions will likely occur in the near future, not only because of sellers’ unwillingness to accept the changes in market conditions, but because buyers are finding financing more difficult to obtain and are unwilling to part with cash. Financing, where it can be secured, will include low loan-to-value ratios as lenders require more and more equity.

From my research of the comparable land sales, and after discussions with knowledgeable brokers in the immediate area, I am of the opinion that **6 to 9 months** would be a reasonable exposure time for the Area of Acquisition.

Property Description**Site Description:**

The subject property is a 2.74 acre parcel partially improved as a retail convenience center. The subject of this appraisal, or Area of Acquisition (Take), is a **1.08** acre portion of a larger 2.74 acre property.



The Ventura County Assessor identifies the subject property as **Parcel No. 202-0-010-755**.

The site's topography is essentially level. All utilities and off-site improvements are located in the general proximity of the subject property. While a soils report was not provided for review, no evidence of settling was noted upon inspection.

The subject property includes a convenience retail center constructed in recent years. Water to the retail center is provided by the City of Oxnard. It is an assumption of this appraisal that the City of Oxnard also provides water to the farming operation on the 1.08 acre portion of the subject. The property immediately south of the subject is also planted in row crops and believed to be farmed by the same farming tenant of the subject's 1.08 acres. It is possible that water from the property to the south is being used for the farming operation on the subject's 1.08 acres. As stated in the Assumptions and Limiting Conditions, it is an assumption of this appraisal that the subject's sole access to water is the City of Oxnard. This potential alternative source of water was not considered to affect the value of the subject property.



Subject Property Facing West

The appraiser was not provided with any Environmental Site Assessment reports. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the **possibility** of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic

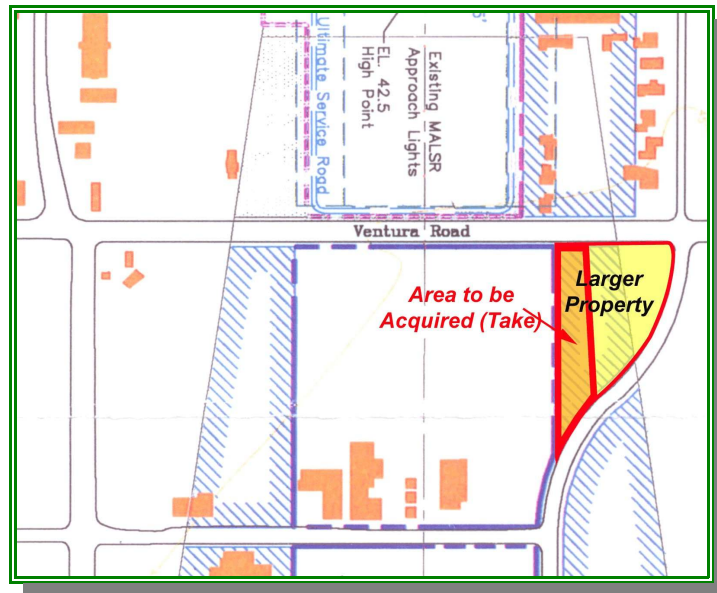


Subject Property Retail Center

materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of potentially hazardous materials may affect the value of the property. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

As stated, a title report was not provided for review. Title is assumed to be good and marketable.

The subject property is zoned **C-2PD (General Commercial Planned Development)**. The 2020 General Plan for the City of Oxnard designates the subject property as AC (Airport Compatible) and OSB (Open Space Buffer).

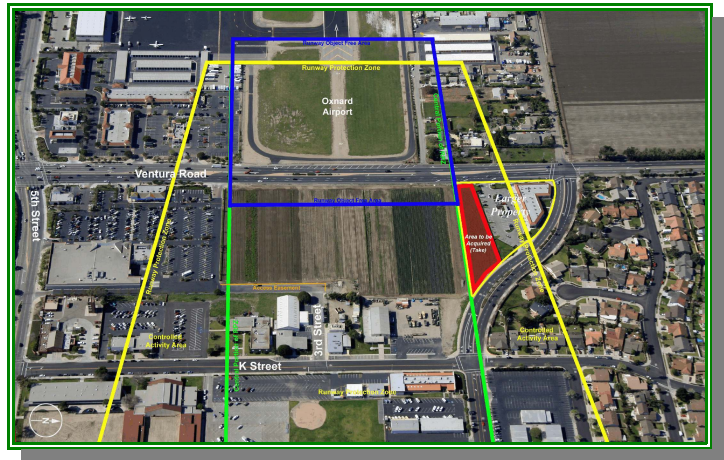


The subject property is located in close proximity to the Oxnard Airport. The Airport is a general aviation airport with commuter flights to larger regional airports such as Los Angeles

International. As will be discussed in the Highest and Best Use section, the subject's proximity to the Oxnard Airport is significant relative to allowable land uses.

In November 1991, the Ventura County Airport Land Use Commission approved an *Airports Comprehensive Land Use Plan* (1991 CLUP) for the three public use airports and one military airport in Ventura County (Oxnard, Camarillo, Santa Paula and the NAWS Point Mugu). The *Land Use Plan* was updated in July 2000. According to the report, the *Airports Comprehensive Land Use Plan* is intended to protect and promote the safety and welfare of residents near the military and public use airports in the County, as well as airport users, while promoting the continued operation of those airports. Specifically, the *Land Use Plan* seeks to protect the public from the adverse effects of aircraft noise, to ensure that people and facilities are not concentrated in areas susceptible to aircraft accidents, and to ensure that no structures or activities encroach upon or adversely affect the use of navigable airspace.

State law requires the County Board of Supervisors to establish an Airport Land Use Commission (ALUC). In the case of Ventura County, the Ventura County Transportation Commission was designated to act as the ALUC for the County. In formulating a land use plan, the Commission may develop height restrictions on buildings, specify use of land, and determine building standards, including soundproofing. State law requires that local general plans conform with the ALUC's comprehensive airport land use plan and grants the ALUC the authority to review amendments to general plans, specific plans, and zoning ordinances and building regulations applying within the airport planning boundary. If the commission determines that a proposed action is inconsistent with the commission's plan, the local agency may, after a public hearing, overrule the commission by a two-thirds vote of its governing body.



The 2020 Oxnard General Plan was adopted in November 1990 and includes Amendments through December 2000. Section V of the General Plan is titled Land Use Element. Item 11, page V-8 titled Airport reads as follows: *Oxnard Airport is located in the northwest portion of the City and operates as a commuter service facility. Due to its proximity to residential areas and Oxnard High School, there is a potential for land use conflicts. Consideration is being given to relocating the high school in which case the site could be made available for recreational use.* (The high school was ultimately relocated.)

The Noise Element of the *Land Use Plan* includes several goals and policies related to airport compatibility planning. Item C. 5, page X-16 under Development Policies reads *Municipal policies shall be consistent with the Ventura County Airport Land use Commission's adopted land use plan.* Item 5, page X-17 under the Implementation Measures reads *Rezone property within the Oxnard Airport area to nonresidential and non-sensitive land uses that are consistent with the "Airport Compatible" designation of the Land Use Element.*

Two major elements of the *Airport Comprehensive Land Use Plan* are safety and noise. While noise does affect land uses, sound attenuation measures are generally sufficient remedies. Safety issues, however, result in restriction on land use. Four defined zones discussed in the *Land Use Plan* affect the subject property. In order of degree of land use restrictions, the four designations are the Runway Protection Zone (RPZ), Outer Safety Zone (OSZ), Traffic Pattern Zone (TPZ), and Height Restriction Zone (HRZ). The following provides a summary of uses per zone:

Runway Protection Zone (RPZ)

The Runway Protection Zone, or Inner Safety Zone, permits agriculture only. Communication/utilities and automobile parking are conditional upon meeting established criteria. These latter uses are permitted only if approved by FAA as not constituting a hazard to air navigation. Golf courses and water recreation are conditionally permitted provided no clubhouse type structures are included within the zone.

Outer Safety Zone (OSZ)

The Outer Safety Zone permits all uses allowed in the Runway Protection Zone, but include communication/utilities, automobile parking, and golf courses as unconditionally permitted uses. Offices, wholesale and retail services, manufacturing, light industrial, research and development and business

park/corporate offices are conditionally permitted. The maximum structural coverage must be no more than 25 percent of the site area.

Traffic Pattern Zone (TPZ)

The Traffic Pattern Zone includes all permitted uses in the Outer Safety Zone. Parks, outdoor amusement, resorts and camps are also permitted. In addition, conditionally approved uses include all forms of residential with a maximum site coverage of 25 percent. Hotels and motels, offices, wholesale and retail uses, manufacturing, light industrial, research and development, and business parks/corporate offices are conditionally permitted with a maximum site coverage of 50 percent of the site.

Height Restriction Zone (HRZ)

F.A.R. Part 77 requires people proposing to construct certain tall structures (over 200 feet) or other structures near airports that would penetrate imaginary surfaces defined in Part 77 to notify the FAA of the proposed construction. The FAA may issue an acknowledgment stating that the proposed construction may be a hazard to air navigation. The FAA cannot prevent the construction of hazards to air navigation. It can only require that they be marked.

The subject property is included in the Height Restriction Zone and Existing Runway Protection Zone and/or the Ultimate Runway Protection Zone.

As stated, the City of Oxnard can disregard land use restrictions imposed by the *Airport Comprehensive Land Use Plan* with a two-thirds majority vote of the City Council. A project Environmental Impact Report would be required to note the departure from the *Land Use Plan* and opposition from the Commission.

The subject property is also impacted by it's proximity to an existing US Federal Aviation Administration (FAA) Instrument Approach. An existing Approach was recently converted to an avigation easement by a document recorded May 8, 1995 (doc. no. 95-054899) titled "Grant of Avigation Easement and Runway Protection Zone Restriction and Covenants Running with the Land" (a copy of which has been included in the Addenda). With the recording of the easement the FAA now has the right to prohibits any encroachment into the airspace over the subject starting at approximately 100 feet above the surface elevation. The easement further prohibits the construction of any buildings within the State designated Runway Protection Zone area which is in keeping with the *Airport Comprehensive Land Use Plan*. It is noteworthy that one other provision of the avigation easement is in conflict with

the *Airport Comprehensive Land Use Plan*. Item (b) includes the following language: *Nothing contained herein shall prohibit (i) the driving and parking of vehicles on the Property below the easement granted herein.*” As discussed previously under the definition of Runway Protection Zone, automobile parking is permitted only if approved by FAA as not constituting a hazard to air navigation.

The combination of the City of Oxnard’s General Plan, zoning ordinance, and the *Airport Comprehensive Land Use Plan* result in significant prohibitions on land use for a portion of the subject property. Namely, it is the Area of Acquisition (Take), or the southerly 1.08 acre portion of the subject property, that is impacted by the *Land Use Plan*. The entirety of the Area of Acquisition (Take) is located within either the Runway Protection Zone and/or the Ultimate Runway Protection Zone.

The subject property is located in a **Zone C**, which is an area of moderate or minimal hazard from the principal source of flood in this area. Flood insurance is available in participating communities but is **not** required by Federal regulations. Community and Map Panel No. **060417-0010C** (dated October 15, 1985).

The site is not located in a designated Alquist/Priolo earthquake Special Studies zone.

A complete environmental assessment of the site is beyond the capability of the appraiser. The client is urged to obtain professional assistance to precisely determine the magnitude of any environmental issues. The consultant claims no expertise in this area.

In conclusion, the site is limited relative to permitted land uses. The Oxnard General Plan designates the property as Airport Compatible and Open Space Buffer, while the Oxnard zoning ordinance calls for commercial. The *Airport Comprehensive Land Use Plan* limits uses on that portion of the subject property referred to as the Area of Acquisition (Take) to agriculture.

HISTORY OF OWNERSHIP:

According to public records, title to the subject property has been in the name of *Mutih and Huda Abdulhai* since October 2008. To the best of the appraiser’s knowledge the property has not changed hands since 2008. The property is not currently available for sale.

REAL ESTATE TAXES:

As stated, the site is currently identified as **Assessor's Parcel No. 202-0-010-755**. It is located in Tax Rate Area 03294. Current 2009-10 Assessed Values are as shown on the following page.

Assessed Land Value	\$1,845,100
Assessed Imp. Value	\$1,954,900
Total Assessed Value	\$3,800,000
Total Taxes & Assessments	\$47,084.48
Effective Total Tax Rate	2.5519%

Real estate taxes for the 2009-10 tax year are **\$47,084.48**, including special assessments. The current effective tax rate (including special assessments) is **2.5519%** of the assessed value. As of the date of this report real estate taxes are paid and current, according to the Ventura County Tax Collector's office.

The passage of Proposition 13 established a maximum property tax of 1% of full cash value on transfer of the property or on new construction. In addition to the base tax rate of 1%, amounts necessary to satisfy general obligations, bonds, or other indebtedness approved by the voters prior to July 1, 1978, is added to the tax rate. The amount of the taxes is limited to a maximum increase of 2% per year by law for each year of continued ownership. All properties are reassessed at full market value upon resale.

HIGHEST AND BEST USE OF THE LAND

Introduction

Highest and Best Use is an appraisal concept which addresses the actual and/or hypothetical utilization of a site in relation to the physical, social, governmental and economic constraints affecting it. Of key importance in analyzing vacant land and/or improved property in terms of highest and best use is a determination of net benefits (monetary and non-monetary) which inure to the property as a result of a specified program of utilization. The Appraisal Institute defines Highest and Best Use as:

*the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.*⁵

The Appraisal Institute recognizes the concept of highest and best use as being distinguishable into two categories:

- 1) The highest and best use of the land, as though vacant and available for development, and;
- 2) The highest and best use of the total property, as it is presently improved.

Because the Area of Acquisition (Take) is vacant, undeveloped land, the highest and best use of the land only is included in the discussion which follows.

HIGHEST AND BEST USE OF THE LAND

Any supportable conclusion as to the highest and best use of the land (site) must be capable of meeting four criteria. The use must be:

- 1) Legally permissible
- 2) Physically possible
- 3) Financially feasible
- 4) Maximally productive

Legally Permissible

The City of Oxnard's zoning designation for the subject property is C-2PD (General Commercial Planned Development). The legally permissible uses would, therefore, seem to allow commercial development as evidenced by the existing retail convenience center. As discussed in the Property Description, the City of Oxnard General Plan calls for Airport Compatible and Open Space Buffer uses on a portion of the subject property. Only a 1.66 acre portion of the subject property is improved as the retail convenience shopping center. The 1.66 acres includes a single-story structure and parking lot. The balance of the subject, or 1.08 acres, is vacant agriculture land.

However, as discussed previously, the subject's proximity to the Oxnard Airport results in its inclusion in the *Airport Comprehensive Land Use Plan for Ventura County*. The subject is partially located within the Airport's Runway Protection Zone. Uses with the Protection

⁵ The Appraisal Institute, The Appraisal of Real Estate, Tenth Edition, (Chicago, Illinois), 1992, p. 275.

Zone are limited and, by virtue of the letter from the FAA dated November 1, 2007, appear to be restricted to agriculture. Agriculture is not a permitted use per the General Plan or the zoning designation. Furthermore, the Grant of Avigation Easement and Runway Protection Zone Restriction and Covenants Running with the Land recorded May 8, 1995 (doc. no. 95-054899) prohibits the construction of any buildings within the State designated Runway Protection Zone area which is in keeping with the *Airport Comprehensive Land Use Plan*.

When considering the Oxnard General Plan, city zoning ordinance and the *Comprehensive Land Use Plan*, the legally permitted uses are commercial on those portions located outside the *Runway Protection Zone*, while those area located within the *Zone* are limited to agriculture. The parking lot serving the retail center was permitted on a Conditional Use Permit. While not permitted in the C-2PD zoning, the agriculture use has existed on the property for many years without interruption. The use is, therefore, considered a legal non-conforming use. Therefore, given the lack of an approved land use, the subject's legally permissible uses was concluded to be commercial. However, those portions located within the *Runway Protection Zone* of the *Comprehensive Land Use Plan* area are limited to agriculture. A Conditional Land Use may permit parking. The limitations further prohibit construction of any structures.

Physically Possible

The second development constraint imposed upon a site is its configuration, size, topography and location within a given block, taking into consideration only those uses that are legally permissible. The size and location of the parcels are the most important determinants of value. In general, the larger the site, the greater its potential to achieve economics of scale and flexibility in development.

The size of the parcel and the permitted uses stipulated have considerable influence on a site's development potential. The overall location and exposure of the subject site was considered to provide adequate access and visibility. While the size of the site was judged to be adequate, the shape was considered a hindrance to efficient development of the site. The existing topography is not felt to pose any development problems. Drainage at the site is assumed to be adequate.

Considering the subject property's physical and locational characteristics, and the surrounding land uses, it appears that the current use would be compatible at the subject site. Therefore, in conjunction with the previously mentioned land use restraints, the existing use was concluded to be physically possible.

Financially Feasible

It is the appraiser's opinion that the subject site is in a good location within the subject neighborhood. There is adequate street ingress/egress. The land area of the site is also adequate to support its current use. The convenience retail center is served by the improved parking lot. While the Area of Acquisition (Take) is permitted for agriculture, permission to expand the existing parking lot could be applied for via a Conditional Use Permit. Given that the expansion of the retail center does not seem likely, expansion of the parking lot seems similarly unlikely. Therefore, while the subject property's financially feasible uses are limited to its current uses - a 1.66 acre retail center with parking and 1.08 acres of vacant agriculture land.

Maximally Productive

Based on the foregoing, the commercial on the 1.66 acres and agriculture on the 1.08 acres was considered to be maximally productive use for the subject property.

Conclusion

The subject site is of sufficient size and shape to accommodate a range of uses. Legally, the only permissible use would be commercial and agriculture. Physically possible and financially feasible options are limited by the legal limitations imposed by its proximity to the Oxnard Airport as well as the recorded Grant of Avigation Easement and Runway Protection Zone Restriction and Covenants Running with the Land. In conclusion, considering the site's current zoning designation, immediate location and surrounding environs, it is concluded that the highest and best use of the subject property is its current retail convenience center with parking and agriculture use. However, no structures can be constructed in concert with agriculture use.

ANALYSIS AND VALUATION:

Under normal appraisal methodology involving a Take, a Before and After analysis would be completed on the subject property. The Before would analyze the subject's value prior to the take, while the After analysis would address the values of the subject after the acquisition. This type of analysis would also discuss any damages or special benefits to the remainder. However, as stated the remainder is not affected by the planned acquisitions. Therefore, the subject property's Before and After values differ only in that the Area of Acquisition (Take). For this reason, the analysis does not include a Before and After analysis. Rather, the appraisal simply addresses the value of the Area of Acquisition (Take).

The intended user of the appraisal is the Ventura County Department of Airports. The FAA currently has aviation air rights over the property. It is the intention of the Department of Airports to acquire the fee simple interest in the Area of Acquisition (Take) and thereby own its entire bundle of rights. The appraisal assumes the Area of Acquisition (Take) has been severed from the subject property and, as such, represents a separate legal parcel. Severing the Area of Acquisition (Take) from the remainder does not affect the 1.66 acres improved as a retail convenience center. Therefore, as stated, the convenience center and related land was not considered in the appraisal.

As discussed, the purpose of this appraisal is to estimate the Fair Market Value of the **Fee Simple** interests in the Area of Acquisition (Take).

The valuation of any type of real property is accomplished through the application of a defined process of research, analysis, application, correlation and reconciliation of factual data. Regardless of the type of value sought, a logical program of fact finding and reasoning, known as the "Valuation Process", must be employed for any determination of value. The Valuation Process typically involves a six-step process encompassing the following tasks:

1. Definition of the Appraisal Problem
2. Preliminary Analysis and Data Selection and Collection
3. Determination of Highest and Best Use (Land and Property)
4. Application of Specific Appraisal Procedures or "Approaches, including, where applicable:
 - Cost Approach
 - Sales Comparison Approach
 - Income Capitalization Approach
5. Reconciliation of Value Indicators from Applied Appraisal Procedures
6. Report of Defined Value

Valuation Methodology

The thrust of the Valuation Process and the primary focus of any real estate appraisal assignment is the systematic and correct application of one or more of three traditional valuation procedures or "approaches" to valuing a property. As shown in the Valuation Process summary above, the valuation approaches are identified as the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The valuation approaches are techniques used by the appraisers to derive separate indicators of real property value. One or more of the approaches may be used, depending on whether they are applicable to a particular appraisal assignment. After applying the appropriate approaches in the valuation process, the appraisers reconcile the indicated values by each approach into a final value conclusion by weighing the strengths and weaknesses of each approach and their relevance to the appraisal assignment. A brief description of each of the valuation approaches is presented below.

VALUATION APPROACHES

Cost Approach

The Cost Approach is a method of valuing the property as if it were separable into the physical and economic components of land, building improvements and profit. Each is estimated separately and reassembled into a total property value conclusion. The land is valued by direct sales comparison, as if it were developable into its highest and best use. The improvement portion is valued by estimating its construction cost, and deducting for observed physical, functional and external forms of accrued depreciation. The land and improvement values are reassembled, together with a margin for profit, into a total property value estimate. Underlying the theory of the Cost Approach is the principle of substitution, which suggests no prudent person would pay more for a property than the amount for which he/she can obtain an equally desirable substitute property, by purchasing a site and constructing a building of equal desirability and utility. The Cost Approach is particularly useful for valuing special purpose properties for which there may be little or no comparison sales data or an applicable income stream. Newer general purpose properties which have incurred little or no depreciation are also well suited to valuation by the Cost Approach.

Sales Comparison Approach

The Sales Comparison Approach is based on a concept that suggests that the value of a property tends to be set by the prices of equally desirable substitute properties. The value is predicated on prices paid for similar properties in "arms length" market transactions over a time period that reasonably reflects market conditions. Therefore, the validity of the Sales Comparison Approach depends on the existence of recent sales of properties which are comparable in location, size, age, condition, utility, construction and overall market appeal. This method can be useful for valuing developed general purpose properties or vacant land.

Income Capitalization Approach

The Income Capitalization Approach is predicated on using one or more of several capitalization processes, employing market derived investment return rates to capitalize the

net income into a value estimate. In addition to return rates, every element of the cash flow is market derived or supported; these include rents, expenses and vacancy rates. Therefore, as with the other approaches to value, the validity of the Income Capitalization Approach depends on adequate market data.

Selection of Appropriate Valuation Approach

As discussed in the Property Description, the Area of Acquisition (Take) is limited to agriculture and prohibited from construction of any structures. Therefore, the property can be used to grow fruits and vegetables, but, given that no structures can be constructed on the property, can not be used for any rural residential purposes. This is relevant because much of the agriculture market throughout the County of Ventura has an intrinsic rural residential component of value. More specifically, properties measuring 10 to 20 acres or less are most certainly affected by their “life style” component of value as gentleman ranches. While this is more pronounced with properties located in the foothills and canyons of the County, it applies to the flat land as well. The Area of Acquisition (Take) is prohibited from construction of any improvements. Not only is it prohibited from having a barn or shed that may enhance its efficient use for agriculture purposes, it is prohibited from having a residence.

After considering the approaches to value and the relevancy of each to the Area of Acquisition (Take) and the appraisal problem, two of the three approaches to value for the subject property was utilized. The Sales Comparison Approach has been used to establish an indication of value for the subject through analysis of the sales of properties considered comparable. However, in all cases the comparable properties were permitted to have improvements, including a residence. The Sales Comparison Approach was not suited for extracting from the market the diminution in value attributed to the prohibition on improvements because none of the sales shared the prohibition.

Farm land is often rented to growers. There are any number of instances throughout the County where growers lease rather than own property on which they cultivate a commercial crop. In these cases the tenant is less interested in “life style” component of value as they are only interested in their ability to grow a commercially viable crop. While residences can sometimes be of benefit, it is not uncommon for the property owner to rent a residence to someone other than the tenant of the farm land. In either case, the property owner is not enjoying the “life style” component of value. It is my contention that the rental market may provide a means to capture the value of the land absent any intrinsic value to the “life style”

if affords. This is evidenced by the rental values remaining relatively somewhat constant despite very different locations throughout the County.

Farm land rarely sells based on its ability to generate rental income. That is to say, investors rarely purchase agriculture land in order to earn a return on investment generated by rent. Buyers of farmland are generally farmers intent on growing a crop on the property. However, renting the property is often a consideration. There are many properties throughout the Oxnard Plain that are owned by farmers but leased to other growers. Reasons can be as simple as crop rotation or as complicated as asset management. In the latter, given the high cost of farming and fluctuating market conditions, land owners may prefer to lease their property than farm. An excellent example of this is the sod business. With the downturn in the residential construction business, sod farmers are planting less sod. Rather than let the land go fallow, sod ground owners are leasing their land to fruit and/or vegetable growers.

As will be discussed in an abbreviated Income Capitalization Approach, the rental income generated by farmland provides a means to assess the value to the farmer. By applying an overall capitalization rate to the rental income, the value attributable to the farming use can be determined. A fair market value in excess of the farming value would represent the "life style" component of value.

ANALYSIS AND VALUATION:

Sale Comparison Approach

To estimate the value of subject, the Sales Comparison Approach has been utilized. A search was conducted throughout the subject's market area to identify sales of land considered generally comparable to the subject site. The sales utilized in this analysis were gathered through a search of the County public records and interviews with local brokers, developers and other appraisers. The sales have been analyzed and compared to the subject on the basis of the physical, locational and economic factors which influenced their respective prices.

The selected comparables were determined to represent the market as of the date of value. The sales which we considered to be the most pertinent in forming our opinion of value are summarized in the following pages.



LAND SALE SUMMARY TABLE

No	Address/ Assessor Parcel No.	Sale Date	Size (Acres)	Zone	Price	Price/ Acre
1	Las Posas Rd., n/o Hueneme Rd., Oxnard (APN 230-0-090-090, 750, 830)	Feb-09	40.24	AE	\$2,600,000	\$64,612
2	Rice Road, Oxnard (APN 218-0-011-345, 355, 365, 375)	Sep-08	25.92	AE	\$2,462,500	\$95,000
3	Sand Canyon Road, Somis Area (APN 110-0-210-120)	Jun-08	20.05	AE	\$1,400,000	\$69,825
4	Santa Rosa Road, Camarillo Area (APN 520-0-180-215)	Jan-08	8.83	OS-40	\$1,050,000	\$118,913
5	Rancho Vista Road, Santa Paula Area (064-0-330-245)	Mar-07	8.30	RA5	\$850,000	\$102,410
6	11600 Santa Rosa Road, Camarillo (APN 520-0-340-025)	Nov-06	13.65	OS10	\$1,273,000	\$93,260
7	11475 Foothill Road Santa Paula (064-0-290-775)	Jul-06	9.75	RE	\$1,500,000	\$153,846
8	NWC Bardsdale Ave & Ventura St. Bardsdale (046-0-196-030)	Jan-06	9.11	AE	\$875,000	\$96,048

Sale Comparable No. 1, *Las Posas Road, north of Hueneme Road, Oxnard* (APN 230-0-090-090, 750 & 830). The property is a 40.24 acre parcel located approximately 7.2 miles southeast of the subject. The property sold in February 2009 (Document No. 20395). The buyer and seller were *Eagle Creek Pacific, LLC* and *Elizabeth Bond Trust.*,



respectively. The sale price was **\$2,600,000**, cash to the seller. The property was zoned AE, was level topography and used for row crops. Water was provided by Pleasant Valley County Water District and a 50% interest in a shared well. Access is via Las Posas Road. The sale price equated to **\$64,612** per acre. The property included no improvements. The property was not on the market at the time of sale. The property is split by high-voltage power lines which run to the east and west. The additional seller for parcel 230-0-090-090, which included the water well, was Naumann Family Trust. The property was subsequently rented at \$3,200 per acre.

Sale Comparable No. 2, *Rice Road, Oxnard*, is a 25.92 acre property located roughly 3.25 miles southeast of the subject.

The parcel sold in September 2008 (Document No. 146907). The buyer and seller were *Sundance Berry Farms LLC* and *Kotake Family Ltd.* The property is row crop land with level sloping topography. Water is provided by an on-site water well. Water is also provided by United Conservation Water District.



The property is four legal parcels measuring roughly 6.48 acres each. The parcels included no improvements. The sale price was \$2,462,500, or **\$95,000** per acre. The seller carried a note for 70% of the purchase price. The note included a 20 year amortization, all due in 5 years, at an interest rate of 6%.

Sale Comparable No. 3, Sand Canyon, Somis, is a 20.05 acre property located roughly 14 miles northeast of the subject. The parcel sold in June 2008 (Document No. 89999). The property sold for **\$1,400,000**, cash to the seller. The buyer and seller were *Grether Family* and *Ehud Ariav Enterprises, Inc.* The property is planted in

lemons and avocados with gently sloping topography. Water is provided by a private water well shared with six other property owners. The property included no improvements. The sale price equated to **\$69,825** per acre, cash to the seller.



Sale Comparable No. 4, Santa Rosa Road, Camarillo (APN 520-0-180-215), is an 8.83 acre parcel located roughly 16 miles northeast of the subject. The parcel sold in January 2008 (Document No. 11482). The buyer and seller were *Haroon Hanasab* and *The Archdiocese of Los Angeles*, respectively.

The property sold for **\$1,050,000**, cash to the seller. The property is zoned OS-40, was level terrain used for growing row crops. Water is provided by Ventura County District Water. Access is via Santa Rosa Road. The sale price equated to **\$118,913** per acre. The property included no improvements. The appraiser represented the seller in the sale transaction. Working files provided the details of the sale.



Sale Comparable No. 5, *Rancho Vista Road, Santa Paula* (APN 064-0-330-245) is located approximately 8 miles northeast of the subject. The comparable is one parcel which totals **8.3** acres that sold in March 2007 (Document No. 61450). The sale price was **\$850,000**, cash to the seller.



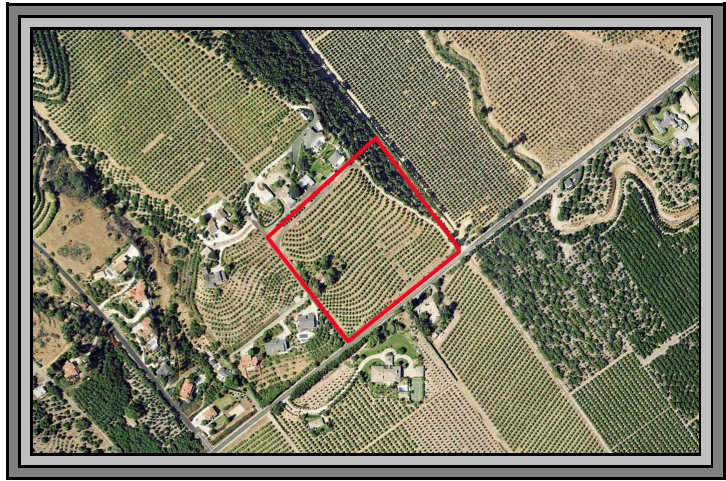
The property was zoned RA5A, rolling and currently not being farmed. There were no improvements on the property at the time of sale. Water was provided by shares in the Mutual Water Company. The sale price equated to **\$102,410** per acre, land value only.

Sale Comparable No. 6, *11600 Santa Rosa Road, Camarillo* (APN 520-0-340-025). The property is a **13.65** acre parcel located approximately 17 miles northeast of the subject. The property sold in November 2006 (Document No. 244660). The buyer and seller were *Manuel Magdelano* and *Homer Caston Trust*, respectively. The sale price was **\$1,273,000**, cash to the seller. The property was zoned OS-10, was gently rolling and used for row crop farming. Water was provided by a shared well. Access is via Santa Rosa Road. The sale price equated to **\$93,260** per acre. The property had a retail store structure and a building site for a single-family residence on the site.



Sale Comparable No. 7, 11475 Foothill Road, Santa Paula (APN 064-0-290-775) is located approximately 8 miles northeast of the subject. The comparable is one parcel which totals **9.75** acres that sold in July 2006 (Document No. 143174). The sale price was **\$1,500,000**, cash to the seller. The property was zoned RE, rolling and currently

used for growing lemons and avocados. There were a home in poor condition on the property at the time of sale. Information on the water source for this property was unavailable. The sale price equated to **\$153,846** per acre. The house is now being renovated.



Sale Comparable No. 8, northwest corner of Bardsdale Avenue and Ventura Street, Bardsdale (APN 046-0-196-030) is located approximately 20 miles northeast of the subject. The comparable is one parcel which totals **9.11** acres that sold in January 2006 (Document No. 6783). The sale price was **\$875,000**, cash to the seller. The property was zoned AE, level and used for growing oranges. There were no improvements on the property at the time of sale. Water was provided by Southside Irrigation District. The sale price equated to **\$96,048** per acre, land value only.



Discussion of Physical and Locational Characteristics

Each land sale surveyed has been analyzed in terms of a number of selected property characteristics. All of the properties are similar to the subject in one or more characteristics, and together, serve as a reasonable comparison pool for establishing an indication of value for the Area of Acquisition (Take). Due to numerous simultaneous differences among the comparables, it is sometimes not possible to precisely extract specific adjustments relative to the noted differences in the comparison characteristics; however, wherever general directions in value are identified they may be relied upon wherever possible and reasonable. In addition, knowledgeable active brokers and principals are interviewed to obtain opinions of the impact on value due to differences in the adjustment variables. These opinions are then factored in with the observed trends in the market data to develop adjustments for the identified differences between the comparison properties and the Area of Acquisition (Take) relative to the selected comparison characteristics. In some cases, adjustments are based on mathematical estimates which are then tested for reasonableness in light of the opinions of informed sources.

The adjustment for *conditions of sale* reflects the fact that some properties are sold on a distress basis. In the case of the comparables discussed above, none included unusual motivation on the part of the seller.

The adjustment for *financing* reflects a cash equivalence calculation. The calculation takes into account financing provided by a seller as an enhancement to the buyer. The enhanced financing would include terms considered more favorable than those available through conventional financing. According to the buyer of **Sale Comparable No. 2**, financing was an enhancement to the transaction. However, its proximity to his larger farming operation also enhanced his interest in the property. In the balance of the selected comparables, no finance enhancements were provided the buyers.

Adjustments for *market conditions* are based on a comparison of market supply-demand conditions at the date of sale as compared to the supply-demand conditions on the date of value. Typically, market statistics can provide insight into the market conditions at a particular point in time. Furthermore, it is very helpful to gain the opinion of active brokers relative to such changes in market conditions. As discussed in the Market Overview, given sustained food prices, the agriculture market has been less affected by the general economy. Those properties enjoying a strong life style component of value, such as gentleman farms, have been directly affected by the downturn in the market. Row crop land, which tends to reflect the economics of farming rather than life style, seems to have been less affected by the downturn. Given the prohibition on construction of improvements on the Area of Acquisition (Take), the property has no “life style” component of value. What value does

exist is limited to its utility as farm land. In any event, new challenges to obtaining financing are viewed to have negatively affected all types of real property to some degree.

The *condition of sale* addresses whether the sale represents an arms length transaction or one that was unduly influenced in any way by buyer or seller. **Sale Comparable No. 2** was purchased by a tenant of several years. The tenant also rented adjacent farmland which affected his motivation to purchase the property. According to the buyer, the property's proximity to his farming operation was a definite factor in his purchase decision. The balance of the sales were considered arms-length with no unusual motivation on the part of the buyer or seller.

Adjustments for *location* address perceived differences in general and/or specific location. Factors considered include freeway proximity, character of surrounding development, property maintenance levels, traffic congestion, economic stability, the incidence of crime and other socio-economic factors. Only **Sale Comparable Nos. 1 and 2** are located in Oxnard. The balance of the sales are located northeast of Oxnard in Somis, Camarillo, Santa Paula, and Bardsdale. It would have been preferred to have been able to identify more sales in the subject's immediate neighborhood. Unfortunately, agriculture land on the Oxnard Plain rarely changes hands. Furthermore, most of the sales are significantly larger than the subject's 1.08 acres. Rather than utilize sales in excess of 100 acres, for example, the geographic area was broadened so that sales of similar size would be identified. While location remains a very important characteristics of real property, given the size of the available sales in closer proximity to the subject, location was given secondary consideration to size.

Adjustment for *size* follow the general economy of scale rule that smaller size equates to larger unit prices. Conversely, larger properties generally sell for smaller unit prices. Extracting reasonable adjustments for size from the market can be achieved utilizing the paired analysis. If sufficient information is not available to complete such an analysis, which often is the case, a thorough review of market trends can be researched through broker interviews and historical statistical information. As stated previously, the Area of Acquisition (Take) measures 1.08 acres of a larger 2.74 acre parcel. Each of the sale comparables were larger than the Take and ranged from 8.30 to 40.24 acres in size.

Differences in *zone* designation result in differences in allowable uses, site coverage, setbacks, height restrictions, etc. Although the subject is zoned for commercial use (C-2PD), its highest and best use was limited to agriculture. As such, the subject was considered similar to the sales comparables, all of which were similarly limited to agriculture uses.

Adjustments for *improvements* refer to the type of structures on the property. Normally the type of improvements would be characterized as farm related or a residence. In the case of the selected sale comparables, none had existing structures. However, in the case of this analysis, adjustment for improvements takes on a different meaning. In this case improvements was also used to adjust for the ability to construct improvements. As discussed in the Property Description, the subject is prohibited from constructing any improvements on the property by virtue of the Grant of Avigation Easement and Runway Protection Zone Restriction and Covenants Running with the Land recorded May 8, 1995. Given that none of the selected sale comparables share similar prohibitions on constructing improvements, all of the comparables were considered superior to the subject relative to this category. A qualitative adjustment was somewhat arbitrary as there were no sales of agriculture properties with prohibitions on constructing any improvements. The abbreviated Income Capitalization Approach attempts to capture the value to a renter, a value that in theory would represent the farming value.

Adjustments for *water* reflect the different costs associated with various water sources. As stated previously, it is a Special Assumption and Limiting Condition that the subject is served by the City of Oxnard. **Sale Comparable Nos. 3 and 6** have private water wells and were, therefore, considered superior to the subject. **Sale Comparable No. 5** has shares in a mutual water company, while **Sale Comparable Nos. 1, 4 and 8** use District water. Generally speaking, private wells and mutual water companies should generate similar costs per acre foot of water. For this reason, **Sale Comparable Nos. 3, 5, and 6** were considered relatively superior to the subject.

Urban encroachment is becoming a more prevalent issue for the agriculture industry. The Area of Acquisition (Take), as well as the property to the immediate south, is an island of farm land surrounded by alternative land uses, most notably commercial to the north and south and offices to the east. While Ventura County residents are respectful of the important contribution the agriculture industry makes to the area, use of pesticides and herbicides has become a source of concern. The concerns have given rise to restrictions on the use of certain chemicals and/or buffer zones. Suffice it to say, a farmer would prefer to operate in a rural area void of such concerns from neighbors than in an urban setting replete with issues. For this reason, the **Sale Comparable Nos. 1, 2, 3, 5, 7, and 8** were considered superior to the Area of Acquisition (Take) relative to *urban encroachment*.

The unadjusted unit prices range from **\$64,612 to \$153,846** per acre.

Land Sale Comparable No. 4 was considered superior relative to its location in Santa Rosa Valley and urban encroachment. It was also considered superior due to market conditions and its ability to construct improvements. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$64,612** per acre.

Land Sale Comparable No. 2 was considered superior relative to financing terms, location, urban encroachment, and ability to construct improvement. As discussed, farm land has been less impacted by the downturn in the national economy. However, it would be wrong to suggest the market has not affected all types of real property to some degree, if for no other reason the lack of available financing. The buyer reported that the market worsened during escrow. Despite their fear that agriculture values might follow suit, they closed the escrow. Mr. Thorne explained that his motivation was affected by his having farmed the property for several years prior to the purchase, and his farming the adjoining property. In the end, the sale was considered superior relative to market conditions. The comparable was considered inferior relative to size. However, the comparable is four legal parcels measuring roughly 6.48 acres each, a fact that was considered to nullify any downward adjustment for size. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$95,000** per acre.

Land Sale Comparable No. 3 was considered superior relative to its location, ability to construct improvements, and urban encroachment. As discussed, farm land has been less impacted by the downturn in the national economy. However, it would be wrong to suggest the market has not affected all types of real property to some degree, if for no other reason the lack of available financing. For this reason, the sale was considered superior relative to market conditions. The comparable was considered inferior relative to size and its topography. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$69,825** per acre.

Land Sale Comparable No. 4 was considered superior relative to its location in Santa Rosa Valley. It was also considered superior due to market conditions and its ability to construct improvements. It suffers a similar detriment from urban encroachment. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$118,913** per acre.

Land Sale Comparable No. 5 was considered superior relative to its location, market conditions, and its ability to construct improvements. It was considered inferior relative to topography. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$102,410** per acre.

Land Sale Comparable No. 6 was considered superior relative to its location in Santa Rosa Valley, market conditions, and its ability to construct improvements. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$93,260** per acre.

Land Sale Comparable No. 7 was considered superior relative to its location, market conditions, and its ability to construct improvements. It was considered inferior relative topography. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$153,846** per acre.

Land Sale Comparable No. 8 was considered superior relative to its market conditions, and its ability to construct improvements. It was considered inferior its water source. After considering the various adjustments to the comparable for both locational and physical characteristics, the comparable was considered superior to the Area of Acquisition (Take) resulting in a downward adjustment to the unit price of **\$96,048** per acre.

The most difficult adjustments to support relates to the market conditions and the prohibition on constructing improvements. In a perfect world a plethora of sales would provide evidence of the national economy's affect on farmland values. It is also very difficult to capture the diminution in value resulting from such an unusual restriction as no improvement. The absence of data leaves the appraiser to estimate the affect both characteristics have on the subject's value.

Based on my research of the market and the selected sale comparables, I have concluded a unit price for the Area of Acquisition (Take) to be within a range of **\$65,000 to \$75,000** per acre.

In the end a unit value of **\$75,000** per acre was considered a reasonable value for the Area of Acquisition (Take). The concluded value according to the Sales Comparison Approach, in cash equivalent terms, as of the date of value and subject to the Assumptions and Limiting Conditions, was **\$81,000**.

Income Capitalization Approach

As discussed previously, the subject's prohibition on construction of improvements is a difficult feature to address. Sales of agriculture property with similar restrictions could not be identified. All sales of agriculture land that were in most other ways considered comparable did not share such a restriction. All were permitted to construct improvements, most notably a residence.

Absent the necessary market data, an attempt has been made to utilize the Income Capitalization Approach to capture the value contribution from farming only. By doing so, any "life style" component is removed from the value. By capitalizing the rental income, the resulting value would represent the value to the tenant. Since farmland tenants do not necessarily require or benefit from improvements, the capitalized value would define the value to the user, not a value to an owner. This method is admittedly unprecedented, but then so are the subject's use limitations. Under the circumstances it was considered the best means available.

The Area of Acquisition (Take) is occupied by a farmer. Details of a rental agreement, if any, were not provided the appraiser. The property directly south of the subject is rented to C&F Flower Growers. The lease term expired September 30, 2007 and is in a hold over term, or month-to-month tenancy. The rent is believe to be roughly **\$12,100** per year, or **\$1,192.12** per acre per year.

As stated, while agriculture property is not normally purchased for its potential rental revenue, properties are often rented. The American Society of Farm Managers and Rural Appraisers' Trends in Agricultural Land & Lease Values states that row crop values during 2007 within Ventura County, as reported in the 2008 ASFMRA report, ranged between **\$45,000** and **\$75,000** per acre. The ASFMRA also reported that rents ranged from **\$1,200 to \$3,200** per acre per year. Again, the lower rents generally apply to properties with no dedicated water source. A more commonly quoted range for properties with a water source is **\$2,800 to \$3,200** per acre per year. An overall capitalization rate can be generated by dividing the value by the rent. For example, \$3,200 divided by \$75,000 generates an overall

capitalization rate of **4.3%**. Alternatively, \$2,800 divided by \$45,000 generates an overall rate of **6.22%**.

My firm has been in the agriculture business since its inception in 1956. We have negotiated numerous agriculture lease agreements throughout the County. While confidential and, therefore, not disclosed in this report, we are aware of numerous rental agreements that would suggest the subject's rent is below market. Based on rental agreements that we are either aware of or have actively participated in the negotiation of, it is my opinion that the subject fair rental value is **\$2,500 to \$3,000** per year per acre.

Assuming a rent of \$3,000 per acre per year, the Area of Acquisition (Take)'s rental revenue should approximate **\$3,240** per year.

Given the subject's location and general appeal, and following a review of the local industrial market information as well as nationally published investor surveys, an overall rate for the Area of Acquisition (Take) has been concluded to be between **4.0% and 5.0%**.

At an overall capitalization rate of **4.0%**, the resulting value generated by an abbreviated Income Capitalization Approach would be approximately **\$81,000**, or **\$75,000** per acre.

The method is not a scientifically proven method to capture the value of a property prohibited from constructing improvements such as barns, sheds, or a residence. However, absent sales of farmland with similar restrictions, it was considered a reasonable means to estimate the value of the Area of Acquisition (Take).

RECONCILIATION OF MARKET VALUE

The Area of Acquisition (Take) is a 1.08 acre portion of the subject property, a larger 2.74 acre property. The subject property is located in close proximity to the Oxnard Airport. The *Ventura County Airport Comprehensive Land Use Plan* impacts the subject property. The subject is identified in the Plan as either Height Restriction Zone, Runway Protection Zone and/or Ultimate Runway Protection Zone. That portion of the subject located within the Height Restriction Zone is improved as a retail convenience center. That portion located within the Runway Protection Zone and/or Ultimate Runway Protection Zone is a parking lot serving the retail center and vacant agriculture land. It is the vacant agriculture land that is the Area of Acquisition (Take). The appraisal assumes the Area of Acquisition (Take) is severed from the remainder and, therefore, represents a legal parcel. Given that the land uses permitted on the balance of the subject are very different from those permitted on the Area

of Acquisition (Take), and given that the severing of the Area of Acquisition (Take) from the remainder will have no affect on the remainder, no consideration was given to the fair market value of the remainder.

Under normal appraisal methodology involving a Take, a Before and After analysis would be completed on the subject property. The Before would analyze the subject's value prior to the take, while the After analysis would address the values of the subject after the acquisition. This type of analysis would also discuss any damages or special benefits to the remainder. However, as stated the remainder is not affected by the planned acquisitions. Therefore, the subject property's Before and After values differ only in that the Area of Acquisition (Take). For this reason, the analysis does not include a Before and After analysis. Rather, the appraisal simply addresses the value of the Area of Acquisition (Take).

To estimate the value of the Area of Acquisition (Take) I used two of the three the traditional valuation approaches, the Sales Comparison Approach and an abbreviated Income Capitalization Approach. In the following discussion I will briefly review the quantity and quality of the data available for examination under each approach, the inherent strengths and weaknesses of the approach, and the relevancy of each to the Area of Acquisition (Take) and the appraisal problem.

Cost Approach

The Cost Approach is most useful for valuing special purpose properties for which there may be little or no comparison sales data or an applicable income stream. Newer general purpose properties which have incurred little or no depreciation are also well suited to valuation by the Cost Approach. The Area of Acquisition (Take) is vacant land. The Cost Approach was not, therefore, relevant to the analysis.

Sales Comparison Approach

In estimating the value of the subject by the Sales Comparison Approach, comparisons were made with other properties generally similar in utility and appeal. Objective and subjective adjustments were made for observed differences in order to arrive at a reasonable value indication. The most reliable application of the Sales Comparison Approach depends upon the existence of recent sales of properties which are very similar to the subject in their physical and locational characteristics. The Area of Acquisition (Take) is limited to agriculture uses. In the present analysis, eight generally similar comparison properties located within the relevant market area were analyzed. Overall, the comparison data were considered to be greatly indicative of the most probable selling price of the Area of Acquisition (Take) in a competitive and open market. However, the analysis required very subjective adjustments for the subject's prohibition on construction of any improvements.

Income Capitalization Approach

The Income Capitalization Approach was used in an attempt to define the value of the Area of Acquisition (Take) to a tenant. It was theorized that a tenant would have little benefit from the ability to construct improvements. While farmers can benefit from barns, sheds, or even a residence, the rental value is generally based on the quality of the location and resulting climate, the soil type, and the availability of water. The abbreviated Income Capitalization Approach applied an overall capitalization rate to the rental revenue to determine the value to the farmer, not the value attributed to the “life style” component of value.

The value conclusion derived by the Sales Comparison Approach was **\$81,000**. The value conclusion drawn from the abbreviated Income Capitalization Approach was **\$81,000**.

After giving careful consideration to the three approaches to value, the Sales Comparison Approach and an abbreviated Income Capitalization Approach were used. Giving similar weight to both approaches to value, it was my opinion, subject to the Assumptions and Limiting Conditions set forth in this report, that the fair Market Value of the **Fee Simple** interest in the Area of Acquisition (Take) was:

\$81,000

ASSUMPTIONS AND LIMITING CONDITIONS:

1. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
2. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
11. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
12. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the **possibility** of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-

formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

13. Unless otherwise stated in this report, the subject property was appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property value, marketability, or utility.
14. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
15. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the client without the prior written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
17. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony or be in attendance in court, or in any other governmental or other hearing with reference to the subject property unless specific arrangements have been previously made with the appraiser relative to such additional employment.


SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS:

1. Inaccessible areas, such as the roof areas and closed buildings, are assumed to be in condition similar to those areas accessed.
2. It is an assumption of this appraisal that the subject property is served with water by the City of Oxnard.
3. It is an assumption of this appraisal that the Area of Acquisition (Take), approximately 1.08 acres, is severed from the subject property, approximately 2.74 acres. Furthermore, it is an assumption of this appraisal that the Area of Acquisition (Take) is a legal lot.

CERTIFICATION:

I certify that, to the best of my knowledge and belief:

1. The statement of facts contained in the report are true and correct.
2. The reported analysis, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser.
3. I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation is/was not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. The appraisal was made and the appraisal report prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions.
6. The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards for Professional Appraisal Practice, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions.
7. The appraiser has made a personal inspection of the property appraised and the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection.
8. Diane McCall of HOFFMAN, VANCE & WORTHINGTON, Inc. provided significant professional assistance in the appraisal assignment. Ms. McCall provided assistance in the compilation of property information, market data and the drafting of the report.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
4. The appraiser attests that he has the appropriate knowledge and experience to competently appraise the subject property.
5. As of the date of this report, Kevin P. McAtee has completed the requirements of the continuing education program of the Appraisal Institute.



Kevin P. McAtee, MAI
CA Certified General AG014257

January 19, 2010

Date

APPRAISER QUALIFICATIONS

KEVIN P. MCATEE, MAI

Professional Background

Twenty-four years of real estate experience with knowledge and expertise in appraisal, feasibility analysis, finance, construction, and marketing of real estate.

Skilled in lease analysis, discounted cash flow analysis, highest and best use analysis and project feasibility/market analysis.

Appraisal experience includes office, retail, industrial, multi-family and agricultural. Interest appraised includes fee simple and leased fee, full and partial-take.

EXPERIENCE

Principal HOFFMAN, VANCE AND WORTHINGTON, Inc, Real Estate Appraisal and Consulting: July, 1998 to Present

Owner of McATEE ASSOCIATES, Real Estate Appraising and Consulting: October, 1992 to 1998.

TOLD Corporation - Development Group, Oxnard, California: Asst. Vice President, Marketing, 1990 - 1992; Marketing Manager, 1989 - 1990; Development Manager, 1987 - 1989.

TOLD Real Estate Corporation, Ventura, California: Commercial Real Estate Brokerage, 1985 - 1987.

Charles Dunn Company, Los Angeles, California: Commercial Real Estate Brokerage, 1983 - 1985.

EDUCATION BACKGROUND

Loyola Marymount University, Westchester, California

B.S. Degree - Business Administration
Emphasis in Finance

Appraisal Institute/International Right of Way Association

Standards of Professional Practice - Part A
Standards of Professional Practice - Part B
Standards of Professional Practice - Part C
Introduction to Appraising Real Estate
Capitalization Theory & Technique - Part A
Capitalization Theory & Technique - Part B
Case Studies in Real Estate Valuation
Report Writing & Valuation Analysis
1996 Annual Litigation Seminar
2000 Annual Litigation Seminar
Condemnation Appraising: Advanced Topics and Applications
Land Development Seminar
Affordable Housing Valuation Seminar
Eminent Domain Law
Uniform Standards for Federal Land Acquisitions

PROFESSIONAL LICENSES

Certified General Appraiser, State of California, License No. AG 014257
Real Estate Broker, State of California, License No. 00857852

PROFESSIONAL AFFILIATIONS

MAI Member of the Appraisal Institute, Membership (1996) No. 11124
Board of Directors, Appraisal Institute, Ventura County Chapter (1995-1997)
Past Member Project Area Committee, City of San Buenaventura Redevelopment Agency
Board of Directors, Santa Barbara Channel Foundation
Board of Directors, Ventura County Tax Payers Association

PARTIAL CLIENT LIST

All Pacific Mortgage Company
Allstate Life Insurance Company
American Commercial Bank
Bank of Ventura
Bear Stearns
Bloomfield Acceptance Company
California Community Reinvestment Corporation
California State University
Calleguas Municipal Water District
City of Camarillo
City of Moopark
City of Oxnard
City of Simi Valley
City of Ventura
City of Westlake Village
California Coastal Conservancy
Conejo Valley School District
County of Ventura Public Works
County of Ventura Department of Airports
Cushman & Wakefield
East-West Bank
First California Bank
Fortis, Inc.
GNA
Gladstone Group
Guardian Life Insurance Company
Hamner, Jewel & Associates
Hardwick School District (State of New Jersey)
Hueneme School District
Industry Mortgage Company
Kansas City Life Insurance Company
Keystone Mortgage Company
KL Associates
Law Offices of Arnold, Back, Mathews, Wojkowski & Zirbel
Law Offices of Burke, Williams & Sorensen, LLP
Law Offices of Ferguson, Case, Orr, Cunningham & Patterson

PARTIAL CLIENT LIST (cont'd)

Law Offices of Gary Byron Roach
Law Offices of Hatch & Parent
Law Offices of Hill, Farrer & Burrill
Law Offices of Jackson, DeMarco, Pechenpaugh
Law Offices of Kane, Ballmer & Berkman
Law Offices of Lascher & Lascher
Law Offices of Lowthorpe, Richards, McMillan, Miller, Conway & Templeman
Law Offices of Maho & Prentice
Law Offices of McGilvray & Perez
Law Offices of McClintock, Weston, Benshoof, Rochefort, Rubalcava & MacCuish
Law Offices of Mullen & Henzell LLP
Law Offices of Nordman, Cormany, Hair & Compton
Law Offices of Norman, Dowler, Sawyer, Israel, Walker & Barton
Law Offices of Nossaman, Guthner, Knox & Elliot LLP
Law Offices of Rupp & Zimmer
Law Offices of Saphier, Rein & Walden
Law Offices of Stradling, Yocca, Carlson & Rauth
Law Offices of Sullivan, Workman & Dee
Lincoln Property Company
Los Padres Bank
Los Robles Bank
Macerich Company
Mid State Bank & Trust
Midland Life Insurance Company
MIG-Moir Mortgage Company
Montague School District (State of New Jersey)
Montecito Bank & Trust
Nature Conservancy
New York State Attorney General
O'Connor & Company Securities
Oxnard Unified School District
Plumsted School District (State of New Jersey)
Santa Barbara Bank & Trust
Southern California Edison Company
Southwest Unified School District (State of Ohio)
The Irvine Company
United States Navy
United States Postal Service
Ventura County Business Bank
Ventura County Commerce Bank

QUALIFIED EXPERT

Los Angeles County Superior Court
Ventura County Superior Court
Ventura County Property Tax Appeals Board



U.S. Department of Transportation
Federal Aviation Administration

CERTIFICATE OF APPRAISER

Airport <u>OXNARD AIRPORT</u>	Project Number	Parcel No. <u>202-0-010-755</u>
	Project Location <u>OXNARD, CA</u>	

I hereby certify:

That on JANUARY 6, 2010 (date) (s), I personally made a field inspection of the property herein appraised and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I have also personally made a field inspection of the comparable sales relied upon in making said appraisal. The subject and the comparable sales relied upon in making said appraisal were as represented by the photographs contained in said appraisal or in the data book or report that supplements the appraisal.

That to the best of my knowledge and belief the statements contained in the appraisal attached hereto are true and the information contained therein upon which the opinion of value expressed below is based is correct, subject to the limiting conditions set forth in the appraisal.

That I understand this market value appraisal is to be used in connection with the acquisition of land for an airport project by DEPT. OF AIRPORTS - VENTURA COUNTY with the assistance of FAA funds or other Federal funds.

That such appraisal has been made in conformity with the appropriate State laws, regulations, policies, and procedures applicable to appraisal of land for such purposes, and that to the best of my knowledge no portion of the value assigned to such property consists of items which are noncompensable under the established law of said State.

That any decrease or increase in the fair market value of real property prior to the date of valuation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within reasonable control of the owner, has been disregarded in determining the compensation for the property.

That neither my employment nor my compensation for making this appraisal are in any way contingent upon the values reported herein.

That I have no direct or indirect, present or contemplated, future personal interest in such property or in any benefit from the acquisition of such property appraised.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency of said Airport or officials of the Federal Aviation Administration and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That the conclusion set forth in this appraisal is my independent opinion of the value of the property as of the 6TH day of JANUARY ~~2010~~, and that such conclusion was reached without collaboration or direction as to value.

It is my opinion that the fair market value of the above captioned real property is as follows:

Value before acquisition	\$ <u>81,000.00</u>
Value after acquisition	\$ <u>81,000.00</u>
Value difference	\$ <u>0.00</u>

The property has been appraised for its fair market value as though owned in fee simple, or as encumbered only by the existing easement in favor of _____.

The opinion of value expressed above is the result of and is subject to the data and conditions described in detail in this report of 41 pages.

Date of contract _____

Typed name KEVIN P. MCATEE

Signature [Signature]

Date 2/19/10

Note. - Other statements, required by the regulations of an appraisal organization of which the appraiser is a member or by circumstances connected with the appraisal assignment or the preparation of the appraisal, may be inserted where appropriate.