

342 Airport Boulevard
Salinas, CA 93905

Industrial Property Appraisal Report
Date of Value: July 1, 2019 (prospective)



Prepared for:

Mr. Brett Godown
Salinas Municipal Airport
30 Mortensen Avenue
Salinas, CA 93905

Prepared by:

Stephen Brown Associates, Inc.
P.O. Box 887
Salinas, CA 93902

STEPHEN BROWN ASSOCIATES, INC.

REAL ESTATE ECONOMICS

P.O. Box 887
Salinas, CA 93902

831.455.1991
Fax: 831.417.4595
sba@sba-realestate.com

May 2, 2019

Mr. Brett Godown
Salinas Municipal Airport
30 Mortensen Avenue
Salinas, CA 93905

RE: Industrial property appraisal of the real estate located at 342 Airport Boulevard, Salinas, CA 93905. Assessor's Parcel No.: 003-861-016.

Dear Mr. Godown:

In fulfillment of our agreement, Stephen Brown Associates, Inc. is pleased to transmit our appraisal report developing a prospective opinion of the market value of the above referenced real property as of July 1, 2019 based on the extraordinary assumption that as of the effective date the 40,000 sq. ft. subject parcel is a legal lot of record zoned IBP and capable of being sold on the open market to a private sector buyer. Because the subject is city-owned and the facility is leased to another government entity (Mosquito Abatement), which is due to expire on June 30, 2019, the Fee Simple property interest is being valued. The appraisers have also been asked to provide an opinion of the fair market rent for the subject's 40,000 sq. ft. site as if it were a vacant undeveloped site, which is a hypothetical condition. The opinion of value reported is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

In order to carry out this assignment, a market study of real estate activity in the vicinity of the subject property has been conducted. This investigation included the collection and analysis of sales, offerings, and other developments which have occurred in the subject and competitive areas in the recent past. The sources of this data included Monterey County records, our own data bank, other information provided by real estate brokers and appraisers, and knowledgeable individuals active in the area. Please reference page 12 of this report for important information regarding the scope of work and analysis for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology.

This appraisal has been completed in accordance with (a) the Uniform Standards of Professional Appraisal Practices ("USPAP") as promulgated by the Appraisal Standards Board of the Appraisal Foundation, and (b) the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

Market value, as used in this appraisal report, is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;

3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, The Dictionary of Real Estate Appraisal, Sixth Edition (Chicago, 2015) Page 142."

Based upon the investigation, the following Fee Simple market value has been concluded, along with the opinion of fair market rent for the 40,000 sq. ft. site as if vacant and undeveloped as of the date of value:

APPRAISAL CONCLUSION

| Appraisal Premise | Interest Appraised | Effective Date | Value Conclusion |
|-------------------------------|--------------------|-----------------------------|--|
| As Is | Fee Simple | Prospective July 1, 2019 | Property Value of \$1,300,000 |
| Hypothetical – Vacant Site | Fee Simple | July 1, 2019 | Ground Rent of \$35,040 annually as if vacant |

Exposure Time¹:

- The exposure time preceding July 1, 2019 would have been 6 months for the "As is" condition and up to 12 months for renting the site as though vacant.

Hypothetical Conditions²:

- The subject's land rent value estimate in this appraisal is based on the hypothetical condition that the site is vacant and ready for development, as of the date of value.

Extraordinary Assumptions³:

- The value estimate is based on the extraordinary assumption that as of the prospective date of value the 40,000 sq. ft. subject parcel is a legal lot of record zoned IBP and capable of being sold on the open market to a private sector buyer. The subject's site size of 40,000 sq. ft. is based on the legal description contained in the original land lease, which is assumed to be correct for purposes of this appraisal and it is expected that any use will need to meet FAA regulations.
- The appraisers have not received a title report for the subject property and an extraordinary assumption has been made that there are no easements or encumbrances that negatively affect value. It is also an extraordinary assumption that the soil and improvements (above or below ground) on the parcel do not contain hazardous materials or toxic chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.
- The subject property has been improved by the land lease tenant and those improvements remain owned as a leasehold interest until the termination of the land lease reverting ownership to the City of Salinas on July 1, 2019, which is the prospective date of value. It is assumed that the market conditions will remain stable between the inspection date and the effective date.

¹ Exposure Time: see definition on page 54

² Hypothetical Conditions: see definition on page 54

³ Extraordinary Assumption: see definition on page 54

The opinions of value stated above, as well as every other element of this appraisal, are qualified in their entirety by the Contingent and Limiting Conditions as well as the Master Assumptions set forth in this report, which are an integral part of the appraisal. It should be noted that the use of hypothetical conditions or extraordinary assumptions might have an effect on the value conclusion(s).

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and addenda.

Respectfully submitted,



Kyle C. Brown, MAI
Certified General Appraiser
California License number: AG044626



Bonnie Brown, MAI
Certified General Appraiser
California License number: AG044647

Appraisal File No. C2019-1447

TABLE OF CONTENTS

TABLE OF CONTENTS 4

AERIAL AND SITE VIEWS 5

SUBJECT PHOTOGRAPHS – EXTERIOR 6

SUBJECT PHOTOGRAPHS – INTERIOR 7

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS..... 8

INTRODUCTION SECTION 9

ASSESSMENTS AND TAXES 11

SCOPE OF WORK..... 12

MARKET CONDITIONS..... 14

AREA AND NEIGHBORHOOD ANALYSIS AND DESCRIPTION 15

ZONING 16

APN MAP 17

SITE IDENTIFICATION 18

SITE AND/OR FLOOR PLANS 20

IMPROVEMENT DESCRIPTION..... 21

VALUATION PROCEDURES AND METHODOLOGIES..... 24

HIGHEST AND BEST USE ANALYSIS 25

LAND VALUE 26

COST APPROACH 28

SALES COMPARISON APPROACH..... 31

INCOME APPROACH – DIRECT CAPITALIZATION ANALYSIS..... 39

RECONCILIATION AND FINAL OPINION OF VALUE 47

ADDENDA 48

CERTIFICATION STATEMENT 49

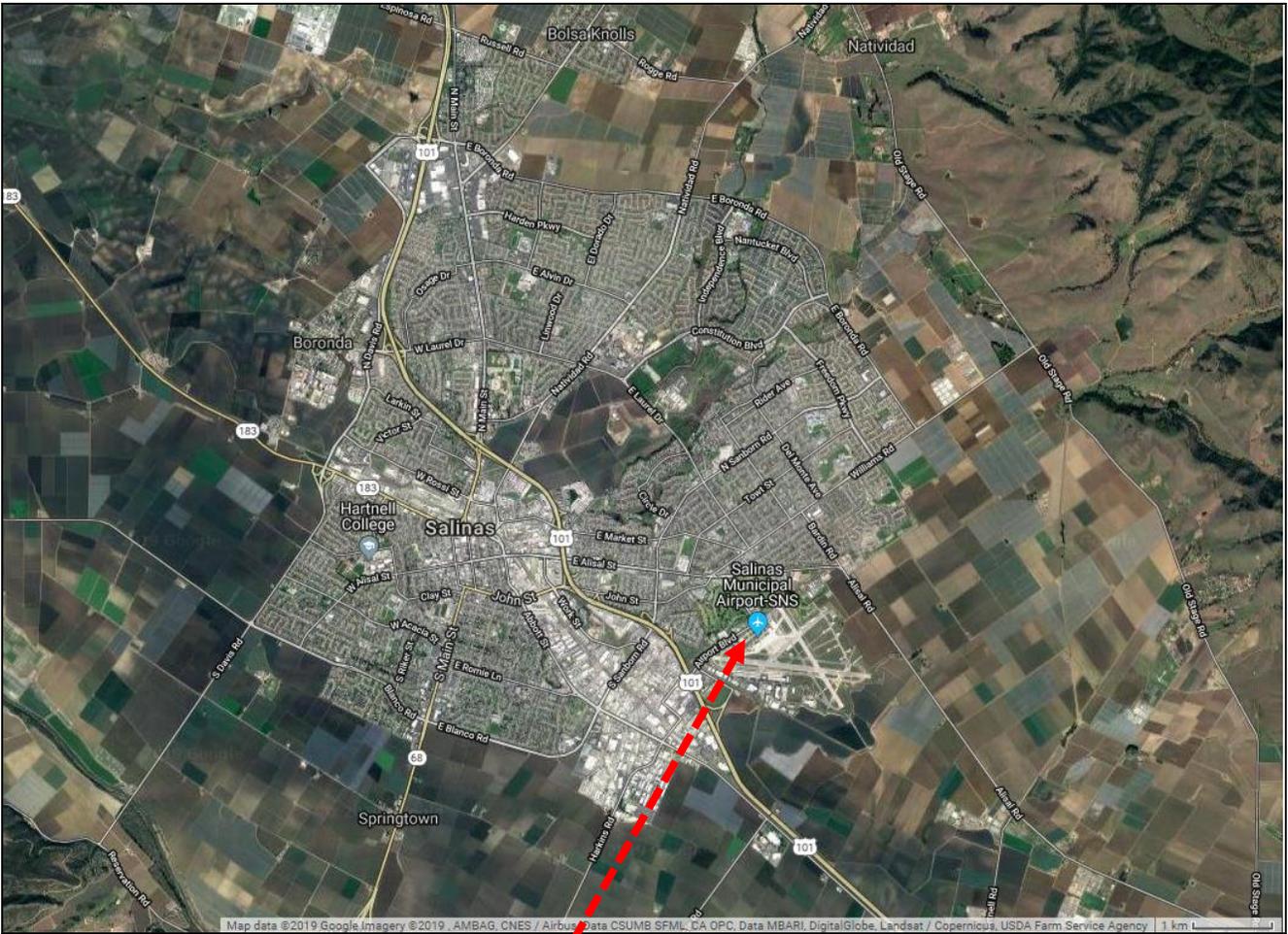
MASTER ASSUMPTIONS 50

CONTINGENT AND LIMITING CONDITIONS..... 51

DEFINITIONS..... 54

SUMMARY OF QUALIFICATION 55

AERIAL AND SITE VIEWS



The general location of the subject property is indicated above by an arrow on the Google Earth map. The smaller image to the left shows the subject property outlined with a red line intended to approximate its site size and location. These maps are used for illustration purposes only.

The subject is part of a larger 70± acre parcel; however, the appraisal focuses on the 40,000 sq. ft (0.92± acres) fenced area that is developed with building improvements and driveway access on Airport Boulevard in an industrial neighborhood in south Salinas across the street from the municipal airport.

The area in cultivation to the west and south of the subject is the location of the approved agricultural business park, which is an area of 257 acres; however, the market is not anticipating development of the agricultural business park in the immediate future.

SUBJECT PHOTOGRAPHS – EXTERIOR



View of Main Building from Airport Boulevard



Roll-up Doors in Main Building



Yard Area for at the rear of Main Building



Rear View of the Garage/Warehouse



Street View of the Garage/Warehouse



Open Yard Area

SUBJECT PHOTOGRAPHS – INTERIOR



Entry to Main Building



Private Office



Office Area



Fish Tank Room



Garage Area in Main Building



Smaller Warehouse/Garage Building

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

This section of the report is designed to provide quick access to a condensed synopsis of the appraiser's analysis with the most essential data and the resulting conclusions based on the Scope of Work defined within the report.

| | |
|--|--|
| Subject Property: | 342 Airport Boulevard, Salinas Monterey County, CA, 93905 |
| Client: | Mr. Brett Godown Salinas Municipal Airport |
| Owner: | 342 Airport Boulevard |
| Assessor Parcel Number (APN): | 003-861-016 (portion) |
| Date of Value: | July 1, 2019 (prospective) |
| Date of Inspection: | April 2, 2019 |
| Date of Report: | May 2, 2019 |
| Valuation Perspective | Prospective |
| Interest Appraised: | Fee Simple |
| Intended Use: | The intended use is for asset management. |
| Intended User(s): | The client (Salinas Municipal Airport Manager, Brett Godown), and the City of Salinas' Airport Commission and their advisors. |
| Appraisal Report Type: | Industrial property appraisal |
| Location Description: | The subject is located in an industrial neighborhood in south Salinas near the airport. There are similar office/industrial uses in the subject's immediate area, which are approximately the same quality of construction and age. |
| Gross Building Area (GBA): | 8,872± sq. ft. total |
| Site Size: | 40,000± sq. ft. (0.92± acres) portion of larger parcel |
| Zoning: | Industrial Business Park (IBP) – extraordinary assumption |
| Highest & Best Use-As Vacant: | Industrial |
| Highest & Best Use-As Improved: | As developed. |

Comments: The opinion of the market value of the above referenced real property as of July 1, 2019 is based on the extraordinary assumption that as of the effective date the 40,000 sq. ft. subject parcel is a legal lot of record zoned IBP and capable of being sold on the open market to a private sector buyer. Because the subject is city-owned and the facility is leased to another government entity (Mosquito Abatement), which is due to expire on June 30, 2019, the Fee Simple property interest is being valued. The appraisers have also been asked to provide an opinion of the fair market rent for the subject's 40,000 sq. ft. site as if it were vacant, which is a hypothetical condition (addressed on p.40 of the Income Approach).

MARKET VALUATION SUMMARY

| | |
|--|--------------------------|
| Final Opinion of Value (As Is – Fee Simple) | \$1,300,000 |
| Final Opinion of Market Rent for Land as if Vacant: | \$35,040 annually |

The introduction section that follows will provide more details on some of the important facts and conclusions summarized above.

INTRODUCTION SECTION

The analysis contained in this appraisal is based upon assumptions and opinions that are subject to uncertainty and variation. Some of the assumptions and opinions are often based on data obtained in interviews with third parties and such data, while part of the overall market evidence, may not always be completely reliable in every detail.

As part of the appraisal process, we make assumptions as to future behavior of consumers and the general economy, which are uncertain. It is inevitable that some assumptions may not materialize and that unanticipated events could occur. As such, actual achieved operating results may differ from the estimates contained in this report, and these differences may be material. Therefore, while our analysis was conscientiously prepared on the basis of our experience and the data available, we make no warranty of any kind that the conclusions presented will, in fact, be achieved. Additionally, it should be noted that we have not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts or other management actions upon which actual results may depend. We take no responsibility for any events, conditions, or circumstances affecting the market that exist subsequent to the effective date of this appraisal.

It should be noted that the valuation makes no reduction for commission on sale, unpaid taxes, or liens against the property. Further, the value estimate should not be misconstrued as a listing price.

Effective Date of Value Opinion/Date of the Report

The appraisal considers the valuation of the subject property with a prospective effective date of July 1, 2019. In determining the valuation of the property, we will consider the market value under conditions prevalent at that time. Establishing the effective date of the appraisal is standard appraisal practice, and it is important to consider because value is subject to change over time. Aside from possible physical changes to the property, the value of real estate is also subject to changing economic conditions under which value may remain static, increase, or decrease. Additionally, changing policies of governing authorities may impede or encourage development over time.

The inspection of the subject property was conducted on April 2, 2019. The date of the report is May 2, 2019.

Reasonable Exposure Time Period Opinion⁴

The exposure time used as the basis for the following analysis preceding July 1, 2019 would have been 6 months for the "as is" condition and up to 12 months for renting the site as though vacant.

Intended User(s)

This appraisal is for the intended use of the client (Salinas Municipal Airport Manager, Brett Godown), and the City of Salinas' Airport Commission and their advisors only.

Intended Use

The appraisal problem to be solved is to estimate the market value of the subject property as though it were its own legal lot of record as well as the fair market rent for a ground lease as though the subject site was vacant as of the date of value to assist the client (Salinas Municipal Airport Manager, Brett Godown), and the City of Salinas' Airport Commission and their advisors in making a business decision regarding asset management.

Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's firm's client through advertising, solicitation materials, public relations, news, sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to (affiliation with any professional appraisal organization) or (designation). Further, the appraiser or

⁴ Reasonable Exposure Time Period: see definition on page 54

firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.

The appraiser has not identified any purchaser, borrower or seller as an intended user of this appraisal and no such party should use or rely on this appraisal for any purpose. Such parties are advised to obtain an appraisal from an appraiser of their own choosing, if they require an appraisal for their own use. This appraisal report should not serve as the basis for any property purchase decision or any appraisal contingency in a purchase agreement relating to the property.

Interest Valued

The use of this appraisal is to provide a market value opinion of the Fee Simple estate of the subject property. Unless stated otherwise, the interest being valued in this appraisal represents 100% of the interest (minority interest may be treated differently and have a different proportional value).

Hypothetical conditions

The subject's land rent value estimate in this appraisal is based on the hypothetical condition that the site is vacant and ready for development, as of the date of value.

Extraordinary Assumptions

The value estimate is based on the extraordinary assumption that as of the prospective date of value the 40,000 sq. ft. subject parcel is a legal lot of record zoned IBP and capable of being sold on the open market to a private sector buyer. The subject's site size of 40,000 sq. ft. is based on the legal description contained in the original land lease, which is assumed to be correct for purposes of this appraisal and it is expected that any use will need to meet FAA regulations.

The appraisers have not received a title report for the subject property and an extraordinary assumption has been made that there are no easements or encumbrances that negatively affect value. It is also an extraordinary assumption that the soil and improvements (above or below ground) on the parcel do not contain hazardous materials or toxic chemicals that would require remediation, thus altering the value of the property to a potential buyer as they would consider remediation costs against the price.

The subject property has been improved by the land lease tenant and those improvements remain owned as a leasehold interest until the termination of the land lease reverting ownership to the City of Salinas on July 1, 2019, which is the prospective date of value. It is assumed that the market conditions will remain stable between the inspection date and the effective date.

Current Listing/Pending Contract(s):

The subject is not currently listed for sale, or under contract.

Sales History

The subject has not sold in the last three years, according to public records.

ASSESSMENTS AND TAXES

REAL ESTATE ASSESSMENTS AND TAXES

| | |
|------------------|-------------------------------|
| Taxing Authority | Monterey County Tax Collector |
| Assessment Year | 2018 |

ASSESSED VALUES

| | |
|-------------------------------|---|
| Tax Identification Number | 003-861-016 |
| Land Assessed Value | \$0 |
| Building Assessed Value | \$0 |
| Other Property Assessed Value | <u>\$0</u> |
| Total Assessed Value | \$0 |
| Real Estate Taxes | \$7,689 (direct charges and special assessments only) |

The subject property is exempt from property taxes due to the fact that it is owned by a public entity. If the property were to be developed by a private sector owner or user, it would be assessed at its market value at a typical tax rate. Based on a survey of the surrounding privately-owner commercial-industrial properties, a tax rate of 1.15% will be used in the Income Approach to estimate market-based taxes for the subject.

SCOPE OF WORK

Having previously identified the client, the effective date of value and definition of value, the appraiser(s) now considers the relevant characteristics of the subject assignment and assignment conditions, which include the definition of the intended users, intended use and type of opinion. Part of completing the Scope of Work is the planning of the assignment so that the client's problem can be solved with credible results. This is the process where the appraiser(s) diagnoses the problem and determines a reasonable means to find a solution.

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors.

The subject property is an industrial property located at 342 Airport Boulevard in south Salinas. As background, the subject was originally leased as an undeveloped parcel from the City of Salinas to the North Salinas Valley Mosquito Abatement District beginning June 1, 1953 for a 25-year term and subsequently the lease was extended the lease for another 25-year term from June 1, 1978 to May 31, 2003. A new lease was written and commenced July 1, 2004 for another fifteen-year period ending June 30, 2019 (copy is in the addenda). Because the subject is city-owned and the facility is leased to another government entity (North Salinas Valley Mosquito Abatement District) and the lease expires June 30, 2019, the Fee Simple property interest is being valued as of the prospective effective date of July 1, 2019. The subject appraisal is intended for asset management purposes.

Based on our understanding of the assignment, a fair market rent for the 40,000 sq. ft. site (ground lease as though vacant – hypothetical condition) is to be developed as well as the opinion of the market value for the property as currently developed, assuming physical improvements have reverted to the City of Salinas at the end of the lease extension. Given that the property is part of a 70+/- acre larger parcel under public ownership and zoned PS (Public / Semipublic), the appraisal requires the use of an extraordinary assumption that as of the prospective date of value the leased land area is a legal lot of record with IBP (Industrial – Business Park) zoning, which is consistent with the privately-owned parcels to the east and west of the subject property.

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate Scope of Work. USPAP defines the Scope of Work as the amount and type of information researched and the analysis applied in an assignment. Scope of Work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions.

The following information defines the Scope of Work:

| | |
|----------------------------------|--|
| Report Type: | Industrial Property Appraisal |
| Information Sources: | The following description is based on our property inspection, assessment records, and information provided by the client/owner. |
| Information Not Provided: | Title Report Phase I/II Studies |
| Inspection: | April 2, 2019 |
| Valuation Date: | July 1, 2019 |
| Inspected By: | Kyle C. Brown, MAI Bonnie Brown, MAI |

| | |
|---|--|
| Market Analysis and Market Conditions: | The local market has been analyzed and current market conditions will be applied to the valuation of the subject property. |
| Highest and Best Use: | A limited as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded. |
| Cost Approach Analysis: | A cost approach was considered and was developed because there is adequate data to develop a land value and the depreciation accrued to the improvements can be reasonably measured. |
| Sales Comparison Approach Analysis: | A sales/direct comparison approach was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type. However, it is noted that Sales Comparison Approach is limited by the lack of a vibrant marketplace that produces a sufficient volume of comparable sales data for this approach to stand alone. The use of sales and listings to help bracket value is judged as important as a check against the Income Approach and the overall valuation analysis. |
| Income Approach Analysis: | An income approach was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach. Additionally, it is judged that with limited sales activity that a knowledgeable buyer would rely most heavily upon the Income Approach. |
| Prior Appraisal Analysis within 3 years: | No |

In preparing the following appraisal, the appraiser(s):

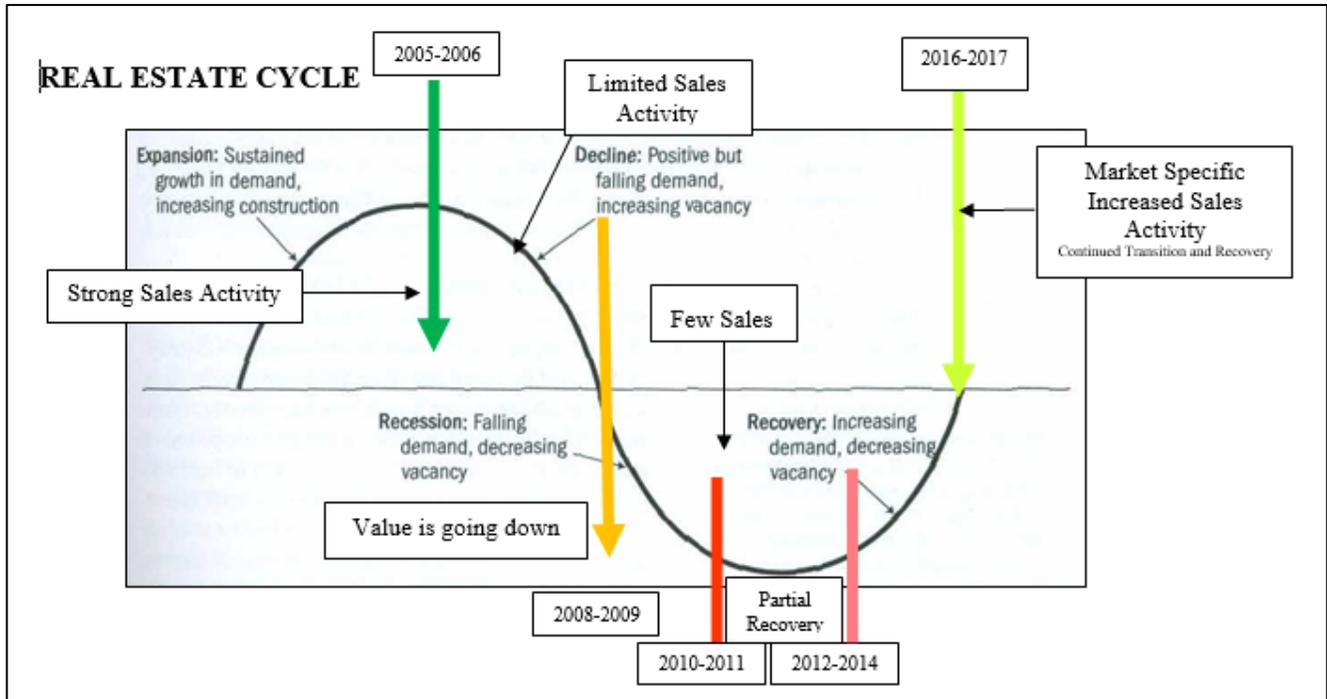
- Inspected the property to provide a familiarity with the site, the improvements and its neighborhood, but this inspection should be considered as preliminary with reliance to be made on information provided by professionals, such as licensed building inspectors, licensed contractors, environmental inspectors, architects and engineers. The appraiser(s) is not a professional in the field of inspection or the determination of exact building materials or physical sizes. Without these professional studies the appraiser(s) may be required to utilize the use of extraordinary assumptions or hypothetical conditions as part of the valuation process.
- Gathered information about the subject as well as comparable properties from a wide variety of sources, including, but not limited to, listings and sales of land, improved properties (MLS as well as the Internet), and rentals. All of the data collected was used to form the foundation for further analysis and ultimately comparison to the subject.
- Confirmed data as required and as available from sources such as City and County records, listing and selling agents/brokers, buyers, sellers, and tenants. Some or all of the data may be from secondary market data sources and not personally verified.

Stephen Brown Associates, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value which results in our final opinion(s) of value. The steps required to complete each approach are discussed in the methodology section. To that end, this report incorporates a summarized explanation of the data, reasoning and analysis that were used to develop the opinion of value.

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a).

MARKET CONDITIONS

The traditional market cycle is shown by the following illustration. While stylized into a “normal” curve it is judged as reasonably representing what is commonly considered as the business cycle in real estate. This shows a market moving from a “seller’s” market with high demand to a “buyer’s” market. The green arrow is intended to reflect the generally accepted peak of the market while the orange shows the slide to what was reported to be the “bottom” of the recession at the end of 2009. The red line shows what is judged to be the bottom of the local market and the pink line is intended to show the market transitioning toward a more normal growth between 2012 and 2014. However, as of 2019, most all segments of the local real estate market show signs of full recovery.



As indicated in the illustration above, the real estate cycle started to fail around 2008. The cycle changed from a seller’s market to a buyer’s market caused by the national recession. This illustration is a generalization to describe the overall market. However, the subject market which is located in the Central Coast region of California is made up of a wide variety of property types, not all of which are or were impacted equally.

The various property types tend to fall into seven general categories, which include multiple family, industrial, office, retail, land, agriculture, and special purpose properties. Agricultural properties had continued demand during the recession and values changed moderately. Local multiple family properties rebounded fairly quickly. The industrial market place in most local areas has a limited supply allowing it to rebound, especially in the Salinas Valley area which is driven by a \$4 billion per year agri-business economy. Some of the office and retail market places appear to remain in recession with vacancy and rental rates continuing to be depressed which may indicate a long-term shift in demand. The vacant land segment of the market has been nearly dormant due to lack of construction financing and for the high cost of new development (exceptions being industrial and agri-business).

The subject property is part of the industrial market place which as of the date of value is judged to undersupplied which is causing increases in rental rates as well as property values. As of the date of value there are few vacant industrial lots to support new development.

AREA AND NEIGHBORHOOD ANALYSIS AND DESCRIPTION

NEIGHBORHOOD INFORMATION

The subject property is located in the southeast industrial neighborhood located on Airport Boulevard north of the Salinas Municipal Airport and Moffett Street to the west zoned Industrial Business Park (IBP). There are similar office/industrial uses in the subject's immediate area, which are approximately the same quality of construction and age.

COMPETITIVE OR ALTERNATE NEIGHBORHOODS

The boundaries of the subject neighborhood consist of South Salinas office/light industrial areas and business parks. Office uses are found to be concentrated around the Monterey County and City of Salinas Governmental Centers and the Central Business District. Areas outside of the downtown core tend to be along primary and secondary traffic arteries in strip zoned commercial areas. The boundaries for competing light industrial uses generally run from John Street along the north and northwest, down Abbott Street and Highway 101 to the Airport and subject center on the east, and Harkins Road on the southwest.

The immediate neighborhood is effectively 100% developed. However, there is the 257-acre Uni-Kool approved agricultural business park located southwest of the subject neighborhood awaiting improved economic feasibility before infrastructure will be developed. That project was proposed for larger parcels 5-20± acres in size and is intended for agricultural cooler development, which may lead to conversion of older, inefficient coolers into secondary warehouse space or redevelopment to meet existing industrial demand, but as of the effective date new cooler development demand has been met with the remaining industrial land in the Gonzales agricultural-industrial park to the south. The Gonzales industrial park is close to becoming fully developed, and development pressure will eventually return to Salinas and may potentially spur the development of the Uni-Kool project.

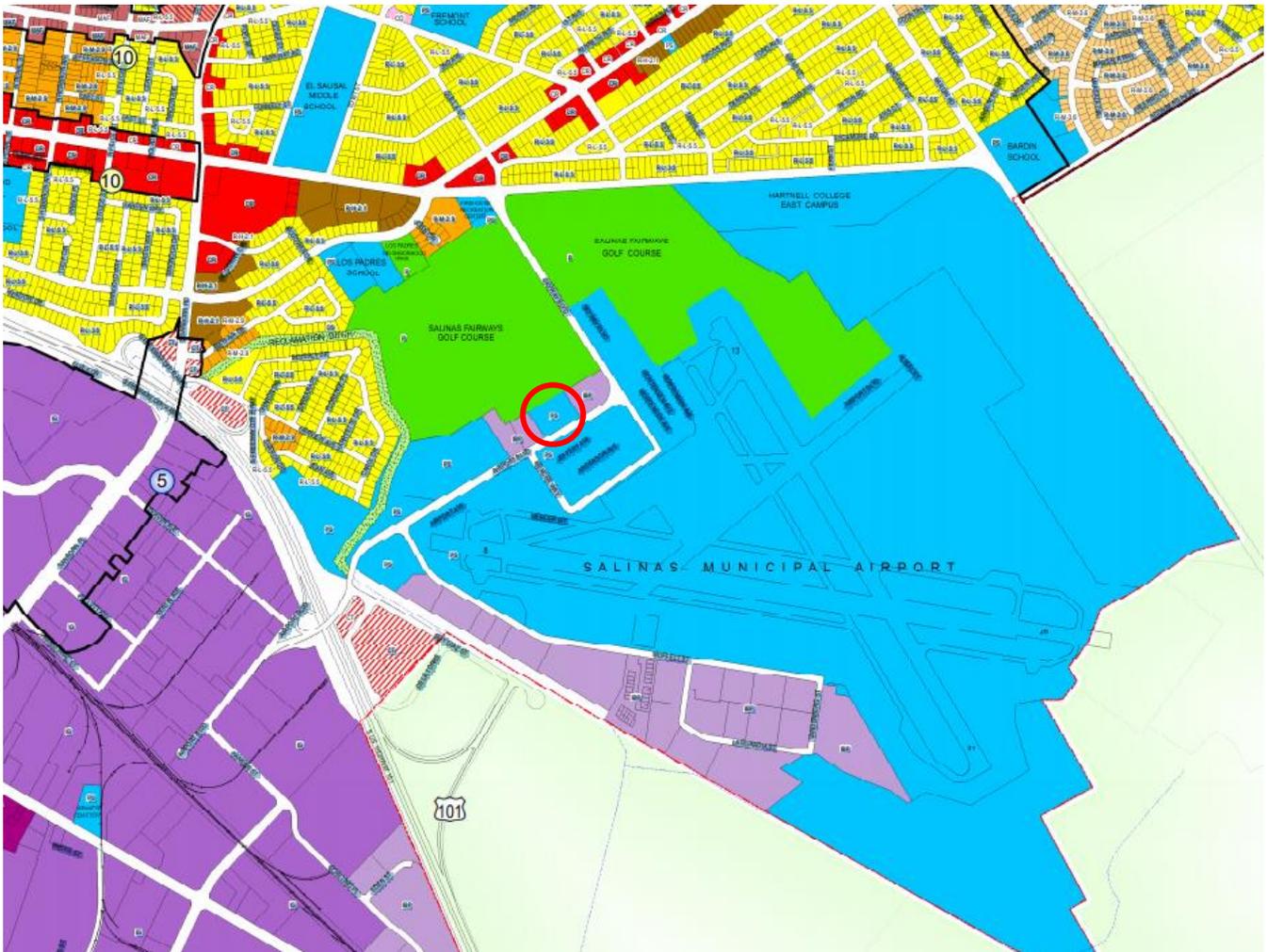
ZONING

Zoning Classification: Industrial Business Park (IBP) (extraordinary assumption) with airport overlay

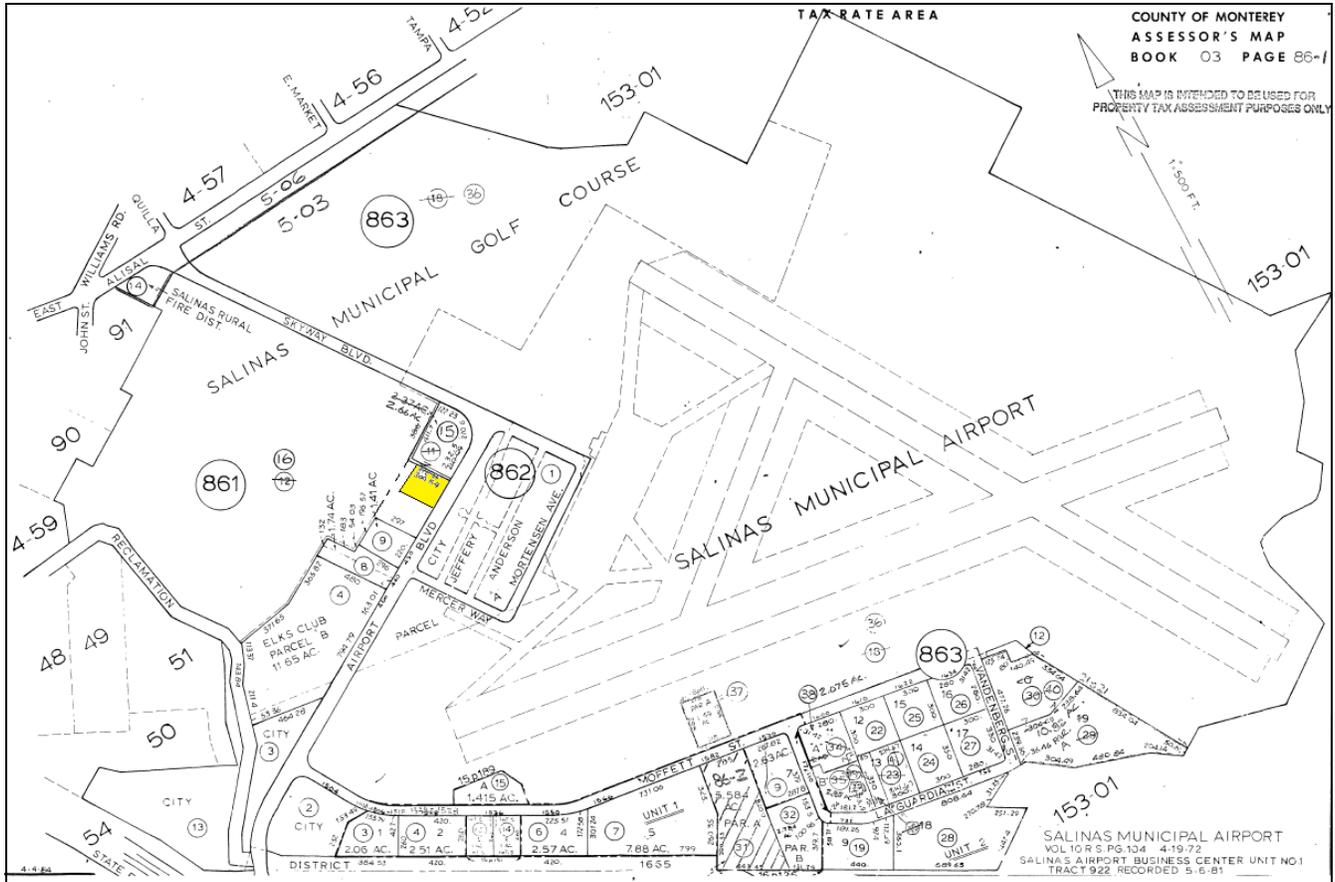
Zoning Description: The industrial-business park (IBP) district regulations allow development of sites with high architectural and landscape standards for industrial office centers, limited manufacturing, warehousing and large-scale, single destination retail and other limited retail uses which may not be appropriate in retail areas.

Zoning Comments: The subject is currently zoned Public / Semipublic (PS); however, it is an extraordinary assumption of this report that as of the prospective valuation date the subject is zoned as Industrial Business Park (IBP), which is consistent with the privately-owned parcels to the east and west of the subject property.

Zoning Map: The subject is circled in the zoning map below and is colored blue for the PS district. The light purple parcels on either side of the subject are zoned IBP, as are all the parcels along Moffett Street to the south.



APN MAP



The subject is a 200 ft. by 200 ft. square area highlighted in yellow in the Monterey County Assessor Parcel Map shown above. The subject is a portion of the larger parcel (003-861-016). The Assessor Parcel Map is not an official survey map, but is used to identify the subject property and is deemed correct for purposes of this appraisal. This map is provided for illustration only.

SITE IDENTIFICATION



The subject is outlined in red in the aerial image to the left.

The subject property is located in an industrial neighborhood in south Salinas that backs up to a golf course and is across from the Salinas Airport. The site has average access to Highway 101.

Locational Information

| | |
|---------------------------|--|
| Property Address: | 342 Airport Boulevard, Salinas, CA 93905 |
| Assessor's Parcel Number: | 003-861-016 (portion) |
| Map Latitude: | 36°39'58.58"N |
| Map Longitude: | 121°36'54.51"W |

Land Information

| | |
|------------------------------|---|
| Gross Land Area: | 0.92± acres (40,000± sq. ft.) |
| Usable Land Area: | 0.92± acres (40,000± sq. ft.) |
| Shape: | Square |
| Terrain/Topography: | Level |
| Site Utility: | Average |
| Road Frontage: | 200± ft. along Airport Boulevard |
| Access (Ingress and Egress): | Average |
| Visibility: | Average |
| Seismic: | Typical for area - All of Central California is subject to earthquakes. Monterey County and the Monterey Peninsula have known faults which at some point may be the location of an earthquake. However, to this point in time this factor has not affected real property value in the subject area. |
| Soil Conditions: | The soil conditions observed at the subject appear to be typical of the region and adequate to support development. |
| Drainage: | Assumed to be adequate, although an inspection was not made during a heavy rain period. |
| Title Report: | None provided. |
| Easements/Encumbrances: | There are no known adverse encumbrances or easements. |
| Environmental Hazards: | There are no known adverse environmental conditions on the subject site. |
| Wetlands/Watershed: | No wetlands were observed during our site inspection. |
| Flood Plain: | According to Flood Insurance Rate Maps, published by the Federal Emergency Management Agency for Monterey, panel number 06053C0236G, indicates that the subject property is not in the flood plain (SFHA). |



Utilities at Site and Improvements

Description of Existing Utilities: The subject's utilities are typical and adequate for the market area.

Site Improvements:

| | |
|----------------|-----|
| Street Lights: | Yes |
| Sidewalk: | Yes |
| Curb/Gutter: | Yes |

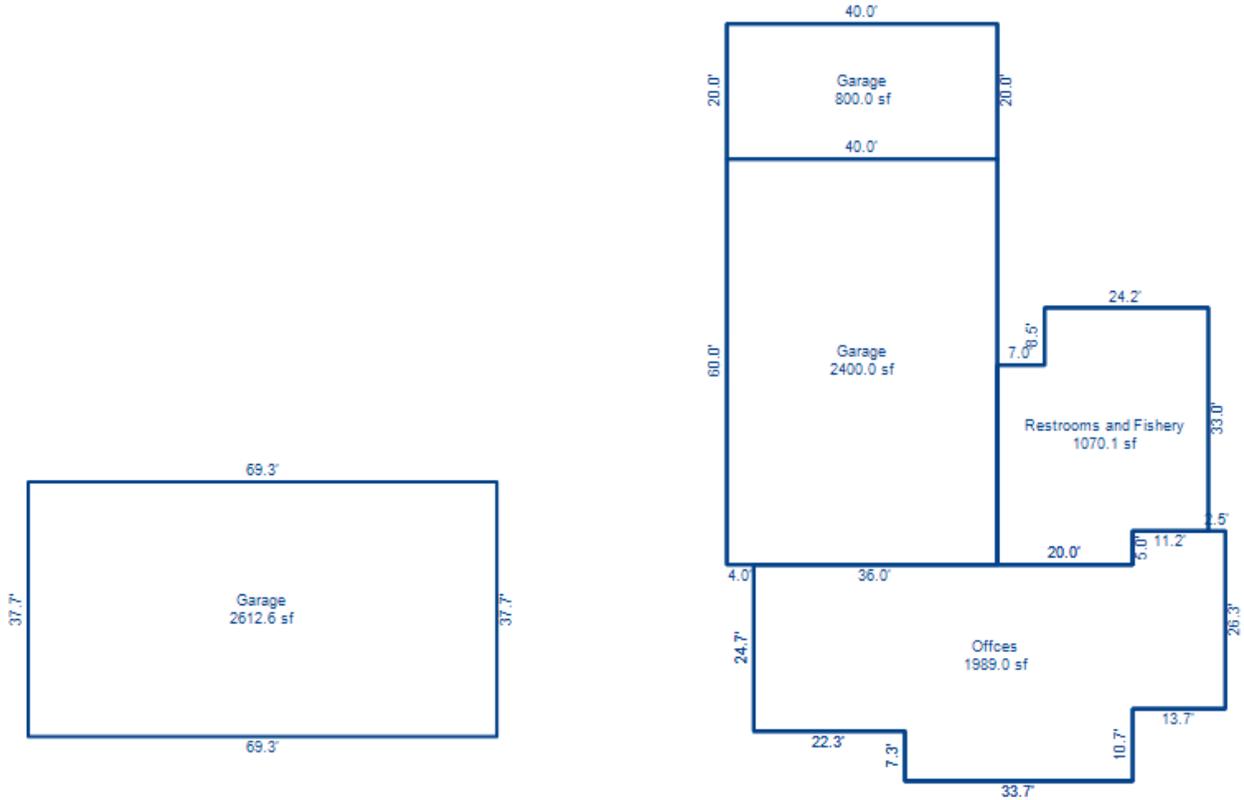
Site Analysis & Comments

Overall, the site is typical of the industrial neighborhood and the market. All available utilities are present, parking is judged as sufficient, and there are no known impediments to development.

SITE AND/OR FLOOR PLANS

The following floor plan is based on the appraisers' direct measurement upon inspection and the building plans. The floor plan is for illustration purposes only.

First Floor



IMPROVEMENT DESCRIPTION



Main Office/Industrial Building



Office Interior



Garage/Warehouse Building

Improvement Information

Overview: Industrial building with office and garage area, as well as a freestanding garage/warehouse

Construction: Class C

Number of Buildings: 2

Number of Stories: 1

Construction Quality: Average

Appeal and Appearance: Average/Good

Year of Construction: 1953±

Condition: Average/Good

Areas, Ratios & Numbers: Gross Building Area: 8,872± sq. ft. total
Percent Office: 22.4% (average)
Land to Building Ratio: 4.51 to 1
Floor Area Ratio (FAR): 0.22 (average)

| Building | Sq. Ft. |
|----------------------------|--------------|
| Industrial/Office Building | 6,262 |
| Garage/Warehouse | 2,610 |
| Total | 8,872 |

Building Description:



The subject is developed with an industrial building that has approximately 1,989 sq. ft. of finished office area (including one half-bathroom), a 3,200 sq. ft. garage with five roll-up doors, and the remainder of the building is comprised of the common men's and women's bathrooms and hallway to the fishery, which is a room currently used to house multiple fish tanks. The garage area has a tiled counter with a range and sink (see photo at the left), as well as another range/oven on a different wall. There is also a smaller freestanding concrete-block building with three roll-up doors used for storage and garaging vehicles.

The sq. ft. estimates are based on building area sizes stated on the plans by Tunstall Engineering Consultants Inc., which are supported by the appraiser's direct measurement upon inspection (see floor plan on prior page). These figures are assumed to be accurate for appraisal purposes.

Foundation, Frame & Exterior

Foundation: Poured concrete slab

Structure (frame type): Concrete Block

Exterior Walls: Painted Concrete Block

Wall/Floor Height: 13-16± ft.

Windows: Dual-Pane

Truck Doors: 5 in garage of Main Building; 3 in Warehouse/Garage Building

F. F. & E.: Unless otherwise stated, this appraisal does not include the valuation of personal property (also known as furniture, fixtures and equipment). The propane tank in the subject's yard is considered personal property.

Interiors

Floor Plan Layout: Average
 Interior Walls and Partitioning: Drywall in office area, painted concrete block in warehouse/garage areas
 Ceiling Height: 8-9± ft. in the office; 11-15± ft. clear height in the garage area of the main building; 11± ft. clear height in the warehouse/garage building.
 Floor Cover: Vinyl, laminate and carpet in office, none in warehouse/garage areas

Mechanical Systems

Plumbing Condition: Average. In the main building, there is a men's restroom (two sinks, shower, toilet and two urinals), a women's restroom (toilet, sink, shower), and a half-bathroom (toilet and sink). The men's restroom has a separate locker room where the sinks are located (see photo). There is also additional plumbing in the rear room that houses the fish tanks. The other warehouse/garage building does not have any restrooms.
 Electrical Service: Typical
 Interior Lighting: Fluorescent and Incandescent
 Heating Type: Forced Air Unit (FAU)
 Cooling Type: Standard A/C Unit in office portion in main building only
 Fire Sprinklers: No



Design, Utility and Condition

Design & Functional Utility: Average for property type.
 Deferred Maintenance: None noted upon inspection.
 Hazardous Substances: None known. Please reference the Limiting Conditions and Assumptions section of this report.

Site Improvements

Landscape and Hardscape: Minimal landscaping along the street frontage. Hardscape consists of the paved driveways and parking areas.
 Parking: The onsite parking is adequate for the current and continued use as developed.



Americans with Disabilities Act (ADA) of 1990

ADA is a civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines became effective on various dates between 1990 and 2009. No studies were made available to the appraiser, so it is possible that a compliance survey of the subject property, together with an analysis of the current requirements of the ADA, could

reveal that the property is not in compliance with one or more of the requirements of the Act. This discovery could have a negative effect on the value of the property. Since SBA, Inc. has no specific information relating to this issue, nor is SBA, Inc. qualified to make such an assessment, the effect of non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.

Building Improvement Summary

The site is developed with two structures - the primary industrial building designed with office area in the front, and the freestanding garage/warehouse. The property has sufficient access and parking area for both buildings. The subject is judged to be competitive with other industrial office developments in the marketplace.

VALUATION PROCEDURES AND METHODOLOGIES

As a part of the typical valuation process, the appraiser inspects the subject and surrounding properties, the neighborhood, and the comparables. The highest and best use is analyzed and estimated for the subject, both as vacant and as improved.

A search is made for comparable land sales as recent as possible to the date of valuation with similar potential. When the data is available the most comparable sales are then selected from those transactions to bracket the subject's opinion of value. For improved property appraisals, the land valuation becomes part of the Cost Approach.

The Cost Approach is based upon the premise that a prudent buyer will pay no more for a property than it would cost to reproduce or replace a substitute property with the same utility. The site value is based upon a vacant site being used to its highest and best use. Replacement or reproduction cost new can be derived from reliable cost manuals or from interviews with reputable local contractors. Depreciation can be from physical, functional, or economic causes. Depreciation is estimated from information developed from the market by observing comparable properties. The validity of the resulting opinion of value by the Cost Approach is impacted to varying degrees by the accuracy of the cost estimates and the depreciation estimate. This approach is most suitable where improvements are newer and represent the highest and best use of the land.

The Sales Comparison Approach relies heavily upon the "Principle of Anticipation". Recent sales of similar properties are gathered and a meaningful unit of comparison is developed. Then, a comparative analysis is conducted between the comparable data and the subject, which involves consideration for differences in location, time, terms of sale, and physical characteristics. The reliability of the Sales Comparison Approach depends, to a large extent, upon the degree of comparability between the sales (listings) and the subject.

The Income Approach is predicated upon the relationship between anticipated income and value. This appraisal technique converts anticipated annual net income into an indication of value. The net income attributable to the subject property is estimated by subtracting vacancy, collection losses, and expenses from the property's annual potential gross income. The reliability of the Income Approach depends upon the of income and expense estimates, the duration of the net annual income, the capitalization rate or factor used, and the method of capitalization.

The Final Reconciliation is the process of measuring the strengths and weaknesses of each method.

Subject Appraisal

The appraisal of properties in Monterey County commonly face factors that impact the appraisal process and the selection of the appraisal approaches. The Cost Approach is judged to be a reliable method of valuation for new or near new properties. While the subject buildings show signs of age, it is judged that due to limited sales data for direct comparison the use of the Cost Approach is appropriate. As an income producing property, the Income Approach is judged to be a reliable method of calculating the subject's current value in the local market place, and it will receive heavy reliance. Due to the limited market activity and the lack of highly similar properties, the appraisers judge that the Sales Comparison Approach is only capable of being used as a check against the other approaches.

The methodologies employed in this appraisal are summarized as follows:

| Approach | Applicability to Subject | Use in Assignment |
|---------------------------|--------------------------|-------------------|
| Cost Approach | Applicable | Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Approach | Applicable | Utilized |

HIGHEST AND BEST USE ANALYSIS

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”⁵

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive:** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use as Vacant

The first question to be answered is whether the land should be developed or left vacant. If development is appropriate, the second question is then determining what kind of improvements should be built.

The highest and best use as vacant is to be developed with an industrial use consistent with the IBP zoning.

The competitive market place is almost completely built out and there is steady demand for industrial uses as indicated by stable to rising rental rates for industrial property types. Across from the subject is a 13+ acre parcel that is part of the Salinas Airport. It is under negotiation for development under a long-term land lease and will bring new rental space into production in phases. There is also 257 acres of approved, but yet to be improved land for the expansion of the agribusiness industry. While both projects may be significant to the Salinas industrial market, neither of these projects are judged to directly impact the subject.

Highest and Best Use as Improved

The third question that applies to the highest and best use study is: Should the existing improvements on the property be maintained in their current state or should they be altered in some manner to make them more valuable?

The highest and best use as improved is to remain as developed. The current improvements add substantial value to the land. The subject property is improved with a building and site improvements that are judged to be a reasonable representation of the highest and best use of the land.

Selection of Comparable Market Data

In the following sections of this report, the appraiser(s) will select sale, listing and rental comparables that help the appraiser develop their opinion of value. When possible, the best comparables will be selected from a larger market sample with the intent to bracket the unit of comparison.

⁵ *The Dictionary of Real Estate Appraisal 6th edition*, Appraisal Institute

LAND VALUE

Due to the shift in rental rates and values for industrial properties, recent land sales would be necessary in determining the extent that land values have risen in conjunction with the appreciating market. This approach is based on the "Principle of Substitution" which states that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process.

Land Comparables

To complete this analysis the appraiser has utilized a wide variety of comparables, some which may appear to be dated due to their age (date of sale) but are judged as necessary to help the reader understand land values over an extended period of time. The valuation is based on the concept known as highest and best use, which is the theoretical use judged to support the highest value of the land, but often does not consider a specific proposed use.

Comparable Sales Data

The following array of local industrial land sales includes multiple transactions over the last few years, which are not all comparable to the subject, but cumulatively help the appraiser better estimate the market. It is from this study that the appraiser can analyze the relationship of prior sales, changes in market conditions and ultimately form an opinion of the subject's land value.

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|---|
| #1 | 003-012-015 791 Work Street, Salinas | 3/26/2019 | 2019011520 | \$2,100,000 \$8.99± PSF Gross \$12.05 PSF Net |

This is a corner parcel at Work Street and Elvee Drive, which is to be developed with a traffic signal, improving accessibility to this site. The overall site is measured at 5.364± acres, but a portion of the site is unusable (retention pond) and brokerage for this site has identified its net usable area as 4.0 acres, creating a net and gross pricing for the sale. This property sold on 1/31/2017 for \$1,742,500 then was subsequently placed on the market for sale, initially at the price of \$2,965,000 (\$17.02± PSF Net Area), which was reduced to \$2,650,000 (\$15.20± PSF Net Area) and sold in March 2019 at the price of \$2,100,000 (\$12.05± PSF Net Area).

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|--|
| #2 | 003-461-011 850 Work Street, Salinas | 1/4/2019 | 2019000423 | \$1,865,000 \$9.67± PSF Gross \$11.38± PSF Net |

This parcel on Work Street (4.43 acres gross and 3.76 acres net) has a long history having been sold at the beginning of the recession (2008), resold at a lower price during the recession (2015), brought back to the market at an increased price, reduced and sold in January 2019. The asking price for the property was \$2,508,000 or \$15.31± per usable sq. ft., then reduced to \$2,025,000 or \$12.36± per usable sq. ft., and ultimately sold for \$1,865,000 or \$11.38± per usable sq. ft.

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|--------------------------|
| #3 | 003-012-004 661 Work Street, Salinas | 11/2/2018 | 2018050776 | \$742,000 \$13.00 PSF |

This is a 1.31-acre parcel located in the industrial neighborhood on Work Street in south Salinas. Zoning is IG and the site is on the fringe of the Airport Overlay District. The reported price of \$742,000 reflects a price per sq. ft. of \$13.00.

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|--------------------------|
| #4 | 003-012-020 641 Work Street, Salinas | 8/21/2018 | 2018036926 | \$742,000 \$13.07 PSF |

This is a 1.36-acre parcel located in the industrial neighborhood on Work Street in south Salinas. Zoning is IG and the site is on the fringe of the Airport Overlay District. The reported price of \$774,000 reflects a price per sq. ft. of \$13.07.

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|----------------------------|
| #5 | 003-012-005 681 Work Street, Salinas | 8/20/2018 | 2018036536 | \$1,055,000 \$11.53 PSF |

This is a 2.01-acre parcel located in the industrial neighborhood on Work Street in south Salinas. Zoning is IG and the site is on the fringe of the Airport Overlay District. The reported price of \$1,055,000 reflects a price per sq. ft. of \$11.53. The buyer reportedly intends to build a facility to operate his forklift business.

| Comp. # | APN / Address | Sales Date | Doc. # | Price/\$PSF |
|---------|---|------------|------------|---|
| #6 | 003-012-015 791 Work Street, Salinas | 1/31/2017 | 2017005654 | \$1,742,500 \$7.46± PSF Gross \$10.00 PSF Net |

Additionally, there is a current listing for 4.51 acres of industrial land with frontage on both Work Street and Sanborn Road, which is a main thoroughfare in Salinas with good access to Highway 101. This property is reportedly located in the new federally designated "opportunity zone" offering significant tax incentives for the purchaser. The asking price of \$2,850,000 reflects \$14.51 per sq. ft.; however, the property has been available since August 2018 without selling.



Reconciliation

The previous analysis includes land sales of commercial land in the City of Salinas and surrounding competitive areas. With much of the finished sites within the City of Salinas developed, there is limited opportunity for new development until the 257± acre Salinas Ag-Industrial Center is improved.

It is obvious that there is lack of true comparables, which is the reason for the testing of value with sales over such a long period of time. However, there is a scarcity of available land for development of industrial uses, especially parcels around the subject's estimated site size of 40,000 sq. ft.

Land values over an extended period of time have been studied with the most recent sales selling in the \$10-\$14 per sq. ft. range for parcels in superior locations in Salinas relative to the subject. Asking prices increased to as great as \$17.00± per sq. ft. only to be reduced after extended market exposure, suggesting that such prices are not economically viable due to current market rents and the increasing cost of construction caused in part by scarcity of materials as well as tariffs that have been more recently enacted.

Sales Comparison Approach - Land Value Conclusion

Analyzing the subject and comparing it to the market data, the estimated land value, under the assumptions of the report as well as the Scope of Work, is judged to be reasonably represented at \$11.00 per sq. ft. when considering size and the location of the subject. As such, the subject's 40,000 sq. ft. of usable land area produces a land value estimate of \$440,000.

COST APPROACH

The Cost Approach value estimation is applicable to improved property valuation and involves a summation of separate value estimates of site and improvements. This approach is based on the "Principle of Substitution," which states that a prudent and rational person would pay no more for a property than the cost to construct a similar and competitive property, assuming no undue delay in the process.

There are two steps to the Cost Approach. First is the development of an opinion of value for the site or land, which is impacted by the limited number of comparable land sales in our local marketplace, and then for the improvements (site and building), as if they are new. As improvements age or the market demands and desires change, improvements experience depreciation (physical, functional and/or external). In the case of the subject property the Cost Approach is not ideal, but given the lack of comparable market data as improved, it is judged as necessary and appropriate to develop a value by adding the depreciated value of the improvements to the estimated land value.

Land Value

A land value estimate has been developed for use with the Cost Approach. Based on a review of the local land sales and conversations with knowledgeable market participants, the land value judged as appropriate for the subject's 40,000 sq. ft. IBP-zoned parcel (extraordinary assumption) has been estimated at \$11.00 per sq. ft. Based on this land value allocation, the estimated land value contribution is \$440,000.

Building and Site Improvement Costs

In-lieu-of having a current cost breakdown completed for the subject property by a local contractor, design builder or cost analysts, the appraisers have relied upon Marshall Valuation Service (MVS). The MVS provides cost estimating data for all types of commercial, residential, and farm buildings throughout the United States with adjustments for location, quality, and other factors. Experience with this cost source has indicated it to be reliable. An estimation of the replacement cost utilizing the MVS was made as follows:

The Marshall Valuation Service (MVS) manual suggests that the type of construction associated with the subject's main building is Class C and good quality, while the smaller garage building is also Class C and good quality. An additional line item was added for the overhead doors in both buildings. The site improvements have been allocated a cost of \$6.00 per sq. ft., which is applied to the portion of the lot that surrounds the individual buildings to cover the cost of paving, fencing, etc.

Soft Costs

The soft costs that are judged as appropriate for the subject property have been estimated at 7% of the as new construction costs.

Developer's Profit

This factor reflects the profit necessary for the developer to undertake the management, responsibility and risks of construction associated with the subject property. Current valuation theory states that the four components that create value are land, labor, capital and coordination. Developer's profit as used in the Cost Approach reflects the coordination component of value. Typically, developer's profit runs a minimum of 10% to 20% of the total construction costs; the appraisers have computed developer's profit at 15% of construction costs.

Depreciation Analysis

Depreciation may be defined as any loss of value from any cause. There are three general areas of depreciation: physical deterioration, functional obsolescence and external obsolescence. As indicated prior in the report, market conditions are strong and industrial properties for rent or acquisition are limited, placing upward pressure on price, which tends to reduce the impact of depreciation, which is difficult to estimate even under more natural market conditions.

| Marshall Valuation Service | |
|---|--------------------------------|
| Cost Source: Marshall Valuation Service # 14: Garages, Industrials, Lofts, Warehouses | |
| No. of Stories Multiplier: 1.000 | Local Multiplier: 1.220 |
| Height/Story Multiplier: 1.000 | Current Cost Multiplier: 1.060 |
| Perimeter Multiplier: 1.040 | Combined Multipliers: 1.345 |

| Building Improvements | | | | | | |
|---|-----------|------------|----------|------------|------------------|--|
| Item | Unit Type | Cost | Quantity | Multiplier | Total | |
| Main Industrial Building | Sq. Ft. | \$51.50 | 6,262 | 1.345 | \$433,730 | |
| Interior Office Space | Sq. Ft. | \$88.50 | 1,989 | 1.345 | \$236,743 | |
| Electric Roll-Up Overhead Doors | Per Unit | \$2,000.00 | 4 | 1.345 | \$10,759 | |
| Mechanical Roll-Up Overhead Door | Per Unit | \$1,000.00 | 1 | 1.345 | \$1,345 | |
| Total Building Improvement Costs | | | | | \$682,577 | |
| Price per SF Gross Building Area | | | | | \$76.94 | |

| Site Improvements | | | | | |
|--|-----------|--------|----------|-----------|------------------|
| Item | Unit Type | Cost | Quantity | Total | |
| Site Preparation & Improvements | Sq. Ft. | \$6.00 | 21,971 | \$131,824 | |
| Total Site Improvement Costs | | | | | \$131,824 |
| Subtotal: Building & Site Costs | | | | | \$814,401 |
| Price per SF Gross Building Area | | | | | \$91.79 |

| Soft Costs | | | |
|---------------------------------------|------|--------------------|--------------------|
| Item | | Percent Type | Total |
| Engineering & Architectural | 7.0% | % Bld. & Site Cost | \$57,008 |
| Total Soft Costs | | | \$57,008 |
| Total Costs | | | |
| Subtotal: Building, Site & Soft Costs | | | \$871,409 |
| Developer's Profit 15.0% | | | \$130,711 |
| Total Cost | | | \$1,002,120 |
| Price per SF Gross Building Area | | | \$112.95 |

| Depreciation: Section 1 of 2 | | | | | |
|--|----------|------|---------|-----------|------------------|
| Component | Eff. Age | Life | Percent | Amount | |
| Physical Depreciation: Building | 20 | 65 | 31% | \$261,699 | |
| Physical Depreciation: Site | 10 | 30 | 33% | \$50,532 | |
| Functional Obsolescence Building | | | 0% | \$0 | |
| External Obsolescence Building | | | 0% | \$0 | |
| Total Depreciation | | | | | \$312,232 |
| Depreciated Value of Improvements | | | | | \$689,889 |
| Cost Per Square Foot Gross Building Area | | | | | \$110.17 |

| Additional Cost Sections | |
|--|------------------|
| Cost Section 2 | \$161,089 |
| Total Insurable Value (Excludes Site Improvements, related Costs & Dev. Profit) | \$879,783 |

| Land Value | |
|---------------------------------------|--------------------|
| Land Value | \$440,000 |
| Cost Approach Value Indication | \$1,290,978 |
| Rounded | \$1,290,000 |
| Price per SF Gross Building Area | \$145.40 |

Cost Analysis - Section 2 of 2

Marshall Valuation Service

Cost Source: Marshall Valuation Service

No. of Stories Multiplier: 1.000

Local Multiplier: 1.220

Height/Story Multiplier: 0.960

Current Cost Multiplier: 1.060

Perimeter Multiplier: 1.168

Combined Multipliers: 1.450

Building Improvements

| Item | Unit Type | Cost | Quantity | Multiplier | Total |
|---|-----------|------------|----------|------------|------------------|
| Warehouse/Garage Building | Sq. Ft. | \$35.75 | 2,610 | 1.450 | \$135,300 |
| Mechanical Roll-Up Overhead Door | Per Unit | \$1,000.00 | 3 | 1.450 | \$4,350 |
| Total Building Improvement Costs | | | | | \$139,650 |
| Price per SF Gross Building Area | | | | | \$53.51 |

Site Improvements

| Item | Unit Type | Cost | Quantity | Total |
|--|-----------|--------|----------|------------------|
| Site Preparation & Improvements | Sq. Ft. | \$6.00 | 9,157 | \$54,944 |
| Total Site Improvement Costs | | | | \$54,944 |
| Subtotal: Building & Site Costs | | | | \$194,594 |
| Price per SF Gross Building Area | | | | \$74.56 |

Soft Costs

| Item | Percent Type | Total |
|--|-----------------------|------------------|
| Engineering & Architectural | 7.0% of Building Cost | \$9,775 |
| Total Soft Costs | | \$9,775 |
| Insurable Value (Excludes Site Improvements, related Soft Costs and Developer's Profit) | | \$149,425 |

Total Costs

| | |
|---------------------------------------|------------------|
| Subtotal: Building, Site & Soft Costs | \$204,369 |
| Developer's Profit 15.0% | \$30,655 |
| Total Cost | \$235,025 |
| Price per SF Gross Building Area | \$90.05 |

Depreciation: Section 2 of 2

| Component | Eff. Age | Life | Percent | Amount |
|--|----------|------|---------|------------------|
| Physical Depreciation: Building | 20 | 65 | 31% | \$52,874 |
| Physical Depreciation: Site | 10 | 30 | 33% | \$21,062 |
| Total Depreciation | | | | \$73,935 |
| Depreciated Value of Improvements | | | | \$161,089 |
| Price per SF Gross Building Area | | | | \$61.72 |

Reconciliation of Cost Approach

As seen at the bottom of the grid on the prior page, the total indicated value by the Cost Approach is rounded to \$1,290,000 including the land value as estimated prior.

SALES COMPARISON APPROACH

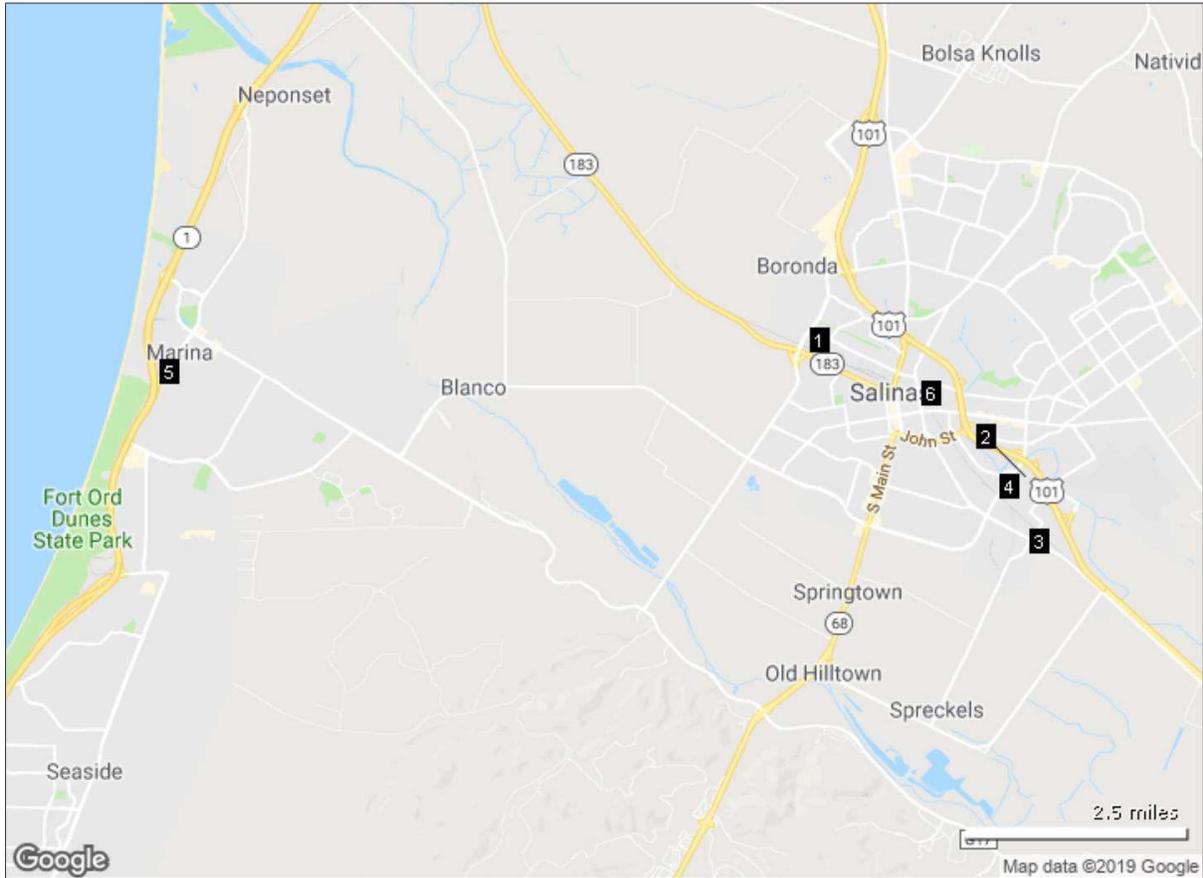
In the Sales Comparison Approach (also known as the Direct Comparison Approach), the appraiser(s) develops an opinion of value by analyzing similar properties and comparing these properties with the subject property. The approach draws heavily upon the "Principle of Substitution" based on the assumption that the buyer of the subject could have purchased the comparable if offered at the same time. The essence of this principle is that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property. As such, the appraiser analyzes both sales and listings (active and expired).

The appraiser(s) have reviewed the available data and has reduced the comparables to the following most meaningful properties. When possible the appraiser(s) use the comparable data to bracket the subject property by the comparable market data which helps the appraiser(s) define the probable range. The factors considered in the comparison include date of sale, conditions of the sale (including financial terms), and physical characteristics. In Monterey County there are often limited opportunities to purchase alternate directly comparable properties. Scarcity can impact price as can limited market exposure. These are common conditions that impact the development of the Sales Comparison Approach. The subject property is the standard, and the comparison or adjustments are made to arrive at an indication of value for the subject. These adjustments may be qualitative (equal, inferior or superior) or may be based on percentage or dollar adjustments, depending upon the type and quality of the data.

Improved Sale Comparables

Of the comparables reviewed, the following six properties represent the properties judged to be most appropriate to estimate the subject's market value. The comparables have been researched through numerous sources and verified to a level consistent with the scope of work for this assignment. These sales are presented on the map on the next page followed by analysis and a reconciled opinion of value developed from the market data.

Improved Comparable Map



| | Address | City | Property Info | Sale Info |
|---|-------------------|---------|--------------------------------|---------------------------------|
| 1 | 20 Quail Run Cir | Salinas | 13,955 SF Class B Office | Sold: \$2,850,000 (\$204.23/SF) |
| 2 | 1057 Terven Ave | Salinas | 11,500 SF Industrial/Warehouse | Sold: \$1,700,000 (\$147.83/SF) |
| 3 | 1355 Abbott St | Salinas | 19,600 SF Industrial/Warehouse | Sold: \$1,900,000 (\$96.94/SF) |
| 4 | 761 S Sanborn Pl | Salinas | 6,684 SF Industrial/Showroom | Sold: \$813,500 (\$121.71/SF) |
| 5 | 206 Cypress Ave | Marina | 6,850 SF Industrial/Service | Sold: \$1,312,500 (\$191.61/SF) |
| 6 | 268 Commission St | Salinas | 10,109 SF Industrial/Warehouse | Sold: \$1,350,000 (\$133.54/SF) |

Comparable Sales

| | | |
|--|--|---|
| 1 | 20 Quail Run Cir | SOLD |
| Salinas, CA 93907 | | |
| Monterey County | | |
| Sale Date: 06/15/2018 (99 days on mkt) | Bldg Type: Class B Office |  |
| Sale Price: \$2,850,000 - Full Value | Year Built/Age: Built 2005 Age: 13 | |
| Price/SF: \$204.23 | RB A: 13,955 SF | |
| Pro Forma Cap Rate: 7.50% | Parcel No: 261-716-008-000 | |
| Actual Cap Rate: - | Sale Conditions: Investment Triple Net | |
| Comp ID: 4305655 | | |
| Research Status: Full Value | | |
| 2 | 1057 Terven Ave | SOLD |
| Salinas, CA 93901 | | |
| Monterey County | | |
| Sale Date: 10/11/2017 | Bldg Type: Class C Industrial Warehouse |  |
| Sale Price: \$1,700,000 - Confirmed | Year Built/Age: Built 1965 Age: 52 | |
| Price/SF: \$147.83 | RB A: 11,500 SF | |
| Pro Forma Cap Rate: - | Parcel No: 003-471-034-000 | |
| Actual Cap Rate: - | Sale Conditions: - | |
| Comp ID: 4048502 | | |
| Research Status: Confirmed | | |
| 3 | 1355 Abbott St | SOLD |
| Salinas, CA 93901 | | |
| Monterey County | | |
| Sale Date: 08/09/2017 (166 days on mkt) | Bldg Type: Class C Industrial Warehouse |  |
| Sale Price: \$1,900,000 - Confirmed | Year Built/Age: Built 1990 Age: 27 | |
| Price/SF: \$96.94 | RB A: 19,600 SF | |
| Pro Forma Cap Rate: - | Parcel No: 002-951-005-000 | |
| Actual Cap Rate: - | Sale Conditions: High Vacancy Property | |
| Comp ID: 3979478 | | |
| Research Status: Confirmed | | |
| 4 | 761 S Sanborn Pl | SOLD |
| Salinas, CA 93901 | | |
| Monterey County | | |
| Sale Date: 05/12/2017 | Bldg Type: Class C Industrial Showroom |  |
| Sale Price: \$813,500 | Year Built/Age: Built 1949 Age: 68 | |
| Price/SF: \$121.71 | RB A: 6,684 SF | |
| Pro Forma Cap Rate: - | Parcel No: 003-561-014-000 | |
| Actual Cap Rate: - | Sale Conditions: - | |
| Comp ID: 3911992 | | |
| Research Status: Public Record | | |
| 5 | 206 Cypress Ave | SOLD |
| Marina, CA 93933 | | |
| Monterey County | | |
| Sale Date: 02/26/2016 (254 days on mkt) | Bldg Type: Class C Industrial Service |  |
| Sale Price: \$1,312,500 - Confirmed | Year Built/Age: Built 1985 Age: 31 | |
| Price/SF: \$191.61 | RB A: 6,850 SF | |
| Pro Forma Cap Rate: - | Parcel No: 032-312-041-000 | |
| Actual Cap Rate: - | Sale Conditions: - | |
| Comp ID: 3547458 | | |
| Research Status: Confirmed | | |
| 6 | 268 Commission St | SOLD |
| Salinas, CA 93901 | | |
| Monterey County | | |
| Sale Date: 01/05/2015 (82 days on mkt) | Bldg Type: Class C Industrial Warehouse |  |
| Sale Price: \$1,350,000 - Confirmed | Year Built/Age: Built 1974 Age: 41 | |
| Price/SF: \$133.54 | RB A: 10,109 SF | |
| Pro Forma Cap Rate: - | Parcel No: 003-051-081-000 | |
| Actual Cap Rate: - | Sale Conditions: - | |
| Comp ID: 3210062 | | |
| Research Status: Confirmed | | |

3 1355 Abbott St SOLD**Salinas, CA 93901****Monterey County**

Recorded Buyer: **TenK Capital Assets LP**
 5658 E Clinton Ave
 Fresno, CA 93727
 (559) 421-1214

Recorded Seller: **Miller Perry D**
 305 Dela Vina Ave
 Monterey, CA 93940

True Buyer: **Danny B & Katherine L
 Kalmbach**

True Seller: **Perry D & Barbara R Miller**



Sale Date: **08/09/2017 (166 days on mkt)** Bldg Type: **Class C Industrial Warehouse**
 Sale Price: **\$1,900,000 - Confirmed** Year Built/Age: **Built 1990 Age: 27**
 Price/SF: **\$96.94** RBA: **19,600 SF**
 PrFirma Cap Rate: - Land Area: **1.32 AC (57,499 SF)**
 Actual Cap Rate: - Zoning: **IGC**
 Sale Conditions: **High Vacancy Property**

Parcel No: **002-951-005-000**
 Financing: **Down payment of \$380,000 (20.0%); \$1,520,000 from Compass Bank**
 Comp ID: **3979478** - Research Status: **Confirmed**

4 761 S Sanborn Pl SOLD**Salinas, CA 93901****Monterey County**

Recorded Buyer: **Flavia Cuevas**

Recorded Seller: **Moore Trust**

Recorded Buyer: **Salvador & Flavia C Cuevas**
 8993 Oak Rd
 Prunedale, CA 93907

Recorded Seller: -



Sale Date: **05/12/2017** Bldg Type: **Class C Industrial Showroom**
 Sale Price: **\$813,500** Year Built/Age: **Built 1949 Age: 68**
 Price/SF: **\$121.71** RBA: **6,684 SF**

Parcel No: **003-561-014-000**
 Financing: -
 Comp ID: **3911992** - Research Status: **Public Record**

5 206 Cypress Ave **SOLD**

Marina, CA 93933

Monterey County

Recorded Buyer: **North Bay Rehabilitation Services, Inc.**
649 Martin Ave
Rohnert Park, CA 94928
(650) 636-1291

Recorded Seller: **Samuel & Vicki J. Cabiglio**
26002 Paseo El Cajon
Monterey, CA 93940
(310) 344-1971

True Buyer: **North Bay Rehabilitation Services, Inc.**

True Seller: **Samuel & Vicki J. Cabiglio**



| | |
|--|---|
| Sale Date: 02/26/2016 (254 days on mkt) | Bldg Type: Class C IndustrialService |
| Sale Price: \$1,312,500 - Confirmed | Year Built/Age: Built 1985 Age: 31 |
| Price/SF: \$191.61 | RBA: 6,850 SF |
| PrFrma Cap Rate: - | Land Area: 0.34 AC (14,810 SF) |
| | Zoning: C-2 |

Parcel No: **032-312-041-000**
Financing: **Down payment of \$1,312,000 (100.0%)**
Comp ID: **3547458** — Research Status: **Confirmed**

6 268 Commission St **SOLD**

Salinas, CA 93901

Monterey County

Recorded Buyer: **Kkcc Llc**
10584 S Somerton Ave
Yuma, AZ 85364

Recorded Seller: **Commission Street Partners**

True Buyer: **Patrick Cooley**



| | |
|---|---|
| Sale Date: 01/05/2015 (82 days on mkt) | Bldg Type: Class C IndustrialWarehouse |
| Sale Price: \$1,350,000 - Confirmed | Year Built/Age: Built 1974 Age: 41 |
| Price/SF: \$133.54 | RBA: 10,109 SF |
| | Land Area: 2.05 AC (89,298 SF) |

Parcel No: **003-051-081-000**
Financing: **Down payment of \$450,000 (33.3%); \$900,000 from Wells Fargo Bank**
Comp ID: **3210062** — Research Status: **Confirmed**

Comparable Sale Analysis

The properties presented on the prior pages are summarized in the comparable grid below. Note that the sales are presented in order of the sale date, rather than comparability.

| # | APN | Location | Date | Price | GBA | Site SF | FAR | \$/Sq. Ft. |
|---|-------------|-----------------------------|------------|-------------|--------|---------|------|------------|
| 1 | 261-716-008 | 20 Quail Run Cir., Salinas | 6/15/2018 | \$2,850,000 | 13,955 | 43,996 | 0.32 | \$204.23 |
| 2 | 003-471-034 | 1057 Terven Ave., Salinas | 10/11/2017 | \$1,700,000 | 11,500 | 58,806 | 0.20 | \$147.83 |
| 3 | 002-951-005 | 1355 Abbott St., Salinas | 8/9/2017 | \$1,900,000 | 19,600 | 57,499 | 0.34 | \$96.94 |
| 4 | 003-561-014 | 761 Sanborn Place, Salinas | 5/12/2017 | \$ 813,500 | 6,684 | 23,522 | 0.28 | \$121.71 |
| 5 | 032-312-041 | 206 Cypress Ave., Marina | 2/26/2016 | \$1,312,500 | 8,210 | 14,989 | 0.55 | \$159.87 |
| 6 | 003-051-081 | 268 Commission St., Salinas | 1/5/2015 | \$1,350,000 | 10,109 | 89,298 | 0.11 | \$133.54 |

The sales range from \$96.94 per sq. ft. to \$204.23 per sq. ft. of gross building area. The low end of the range (Comp. #3) is represented by a concrete tilt-up industrial building on a 1.32-acre corner lot that experienced extended exposure to the market, primarily due to being nearly 50% vacant at the time. The building is designed with 9,800 sq. ft. of two-story office and the rear two-thirds is warehouse with a 26 ft. clear height. The high-end of the range (Comp. #1) is an industrial flex building that had a purchase price influenced by a premium lease agreement to manufacture cannabis-based foods and use it as a corporate headquarters, occupying the entire building.

Five of the six sale comparables are located in Salinas, with Comp. #5 being a light industrial property in Marina that was totally renovated and reconstructed in 2006 with high-end materials and finishes. The building has office/showroom area and warehouse with eight roll-up doors. There are four bathrooms, one of which has a shower. This building is similar in size and has some similar utility to that of the subject, but the improvements are in "immaculate, pristine condition," according to the listing agent, and the parcel is significantly smaller in a different marketplace.

While there are multiple market examples, none are judged to be a direct comparable. The use of this data in this segment of the analysis is to compare properties based on their depreciated price per sq. ft. to help determine the reasonable expected range of value. It is important to note that this unit of comparison can be misleading when compared to the other sales due to the differences in site size. In order to adjust for the different land-to-building ratios (FAR), the land value must be allocated to arrive at the depreciated value of the improvements. Considering market conditions and demand for industrial land, the appraisers have allocated \$10.00 to \$11.00 per sq. ft. to the net usable land area of the comparables in Salinas; however, the older sale of Comp. #6 was judged to have a lower land value due to its larger size and configuration with limited utility at the rear of the site. Also, a higher land value was allocated to the Marina sale (Comp. #5) primarily due to the small size of the site and location.

The following Depreciated Improvement Grid includes the calculations to arrive at the estimated depreciated value of the improvements for the comparable industrial sales, which were then adjusted for building size, condition, utility (% office), and/or market conditions. After the depreciated values are adjusted for dissimilar characteristics, the adjusted depreciated improvement values range from \$86.05 to \$104.85 per sq. ft.

Depreciated Improvement Grid

| # | Location | Date | Price | GBA | Site SF | FAR | Land PSF | Land Value | Dep. Imp. Value | Dep. Imp. PSF | Net Adj. | Adj. \$/SF |
|---|-----------------------------|------------|-------------|--------|---------|------|----------|------------|-----------------|---------------|----------|------------|
| 1 | 20 Quail Run Cir., Salinas | 6/15/2018 | \$2,850,000 | 13,955 | 43,996 | 0.32 | \$10.00 | \$ 439,956 | \$2,410,044 | \$172.70 | -40% | \$103.62 |
| 2 | 1057 Terven Ave., Salinas | 10/11/2017 | \$1,700,000 | 11,500 | 58,806 | 0.20 | \$11.00 | \$ 646,866 | \$1,053,134 | \$ 91.58 | 10% | \$100.73 |
| 3 | 1355 Abbott St., Salinas | 8/9/2017 | \$1,900,000 | 19,600 | 57,499 | 0.34 | \$10.00 | \$ 574,990 | \$1,325,010 | \$ 67.60 | 45% | \$ 98.02 |
| 4 | 761 Sanborn Place, Salinas | 5/12/2017 | \$ 813,500 | 6,684 | 23,522 | 0.28 | \$11.00 | \$ 258,746 | \$ 554,754 | \$ 83.00 | 20% | \$ 99.60 |
| 5 | 206 Cypress Ave., Marina | 2/26/2016 | \$1,312,500 | 8,210 | 14,989 | 0.55 | \$20.00 | \$ 299,780 | \$1,012,720 | \$123.35 | -15% | \$104.85 |
| 6 | 268 Commission St., Salinas | 1/5/2015 | \$1,350,000 | 10,109 | 89,298 | 0.11 | \$ 7.00 | \$ 625,086 | \$ 724,914 | \$ 71.71 | 20% | \$ 86.05 |

Sales Comparison Approach Conclusion

All of the value indicators have been considered, and in the final analysis, the appraisers have placed least weight on two oldest sales, both of which were the outliers when looking at the FAR range. Once removed, the range tightens to \$98.02 - \$103.62 per sq. ft. with most weight on Comp. #2 as it had the smallest net adjustment. As such, the subject is judged to be reasonably represented at \$100.00 per sq. ft. for the depreciated improvement value as of the date of value.

The total depreciated value is estimated at \$887,200 and when combined with the estimated land value at \$11.00 per sq. ft. for the subject's 40,000 sq. ft. site, the final value is calculated at \$1,330,000 rounded, as shown in the grid at the right.

| Property Component | \$/SF | SF | Value |
|-------------------------------|-----------|----------------------------|--------------------|
| Depreciated Improvement Value | \$ 100.00 | 8,872 | \$887,200 |
| Land Value | \$ 11.00 | 40,000 | <u>\$440,000</u> |
| | | Total Value | \$1,327,200 |
| | | Total Value Rounded | \$1,330,000 |

As stated, the sales have limited comparability due to their different characteristics, which make it difficult to adjust. The appraisers judge that this approach is secondary to the Income Approach due to the limited comparability of the available data.

INCOME APPROACH – DIRECT CAPITALIZATION ANALYSIS

The Income Approach is a method of estimating the market value of an income producing property by capitalizing the net income which a fully informed person is reasonably warranted in assuming the property will produce during its remaining economic life or the projection term of the ownership. This approach is based on the "Principle of Anticipation," which considers that value is created by anticipated benefits to be derived from future ownership. Thus, people buy real estate because they anticipate the ownership will provide them with (either or both) annual cash flow income and equity build.

The two most widely accepted forms of the Income Approach both involve the estimation of the net operating income (NOI). These methods are Direct Capitalization and Discounted Cash Flow Analysis. The Direct Capitalization Technique is given greatest credence when a property is currently operating at or near a stabilized occupancy level or when a property is projected to have a relatively level income stream. In the case of a subject property with a changing income stream and multiple tenants the discounted cash flow analysis would best represent the value of the property.

Value is defined as "the present worth of all rights to future benefits arising from ownership" and is to be measured in dollars according to the definition. As such, in the Income Approach it is necessary to estimate the future benefits in dollars and discount income stream to a present worth at an anticipated investment yield that will attract purchase capital (cash or mortgage and equity). The discounting practice is known as the capitalization process where the analysis considers the property from an investor's point of view.

DIRECT CAPITALIZATION ANALYSIS

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual income compared with an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract stabilized operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate to develop an opinion of value through the income approach.

In appraisal practice, the estimated future income can be based on either the actual contract rent(s) or the estimated market rent(s) (economic rents for the subject). In most all cases, the current market rent for the subject must be estimated and for these reasons the rental survey shown in this section of the report has been completed. The first consideration is that of the current income stream.

Current Rent Roll

As background, the subject was originally leased as an undeveloped parcel from the City of Salinas to the North Salinas Valley Mosquito Abatement District beginning June 1, 1953 for a 25-year term and subsequently the lease was extended for another 25-year term from June 1, 1978 to May 31, 2003. A new lease was written and commenced July 1, 2004 for another fifteen-year period ending June 30, 2019 (copy is in the addenda).

| Address | Tenant | Start Date | End Date | Sq. Ft. (land) | April 2019 Ground Rent | \$/SF of Land |
|----------------------------|---|------------|-----------|----------------|------------------------|---------------|
| 342 Airport Blvd., Salinas | North Salinas Mosquito Abatement District | 7/1/2004 | 6/30/2019 | 40,000 | \$1,015.13 | \$0.03 |

The appraisers were provided with the current rent for the subject, which is \$1,015.31 per month (\$0.03 per sq. ft. of land). However, the current lease term will be ending on June 30, 2019 and no longer represents the current market rate. Additionally, the initial lease for the underlying land would not include the rental rate for the overall property, as currently improved.

Based on our understanding of the assignment, the income analysis for the subject is to be developed for the 40,000 sq. ft. site (ground lease as though vacant – hypothetical condition) as well as the fair market rent for the property as currently developed, assuming physical improvements have reverted to the City of Salinas at the end of the lease extension.

Analysis of Market Rent

Market rent, as used in this report, is defined by The Appraisal of Real Estate, Fourteenth Edition, by the Appraisal Institute as:

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the typical lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

Rent Comparable Comparison

The appraisers have researched alternate rentals analyzing lease terms, recent and historical leases, as well as, current offerings in the process of developing an opinion of the reasonable fair market rent for the subject property, both as if a vacant undeveloped site (hypothetical condition) and as currently improved. The following comparable rentals are part of a larger survey of local industrial properties and were used in estimating an appropriate market rent for the subject.

Ground Lease Rates

One of the purposes of this appraisal is to estimate the market rent for the subject's land area of 40,000 sq. ft. as if it were vacant (hypothetical condition) and available as a ground lease. As our market has very limited long-term leasing data to use a comparables, an alternative approach is needed to determine the rate at which a lessor would anticipate leasing a property, and it is common practice to develop the lease rate on the rate of return based on the property's land value.

As established prior, the land value for the subject property is estimated at \$11.00 per sq. ft. and rates of return extracted from interviews with the various agents and property managers indicate a rate of return from 6% to 11% for land that is ready for development, with more weight in the 6% to 8% range and considering the small size of the subject site, 8% is judged as reasonable. This produces a Fair Market Rent estimate of \$0.073 per sq. ft. of land or \$2,920 per month (\$35,040 annually) for the subject's 40,000 sq. ft.

Improved Property Rental Rates

The following rent comparables were selected from a larger survey in the process of determining a reasonable market rent for the subject as improved. Not shown, but included in the analysis, are actual current leases known to the appraiser from appraisals of adjacent properties. That information is confidential and cannot be reproduced in this report, but is known and considered in the overall market analysis. As part of developing the appraiser's opinion of market rent, the following samples were considered.

590 Work Street, Salinas

This 18,000 sq. ft. industrial building was just constructed with completion in early 2019 and is located in an industrial neighborhood near Highway 101 in south Salinas. The space is divisible to 6,000 sq. ft. and the warehouse space has roll-up doors and 24-foot heights. The property has an asking rent of \$1.26 per sq. ft. on a modified gross basis and the listing agent reports that tenant improvements are negotiable.

| | |
|--|---|
| 590 Work St Salinas, CA 93901 | |
|  | 6,000 - 18,000 SF Industrial 18,000 SF Contiguous \$1.26 /SF/Mo Built 2019 ★★★★★ |

1520-1528 Moffett St
Salinas, CA 93905



24,309 SF | Industrial
24,309 SF Contiguous
\$1.15 /SF/Mo
Built 1991

1520-1528 Moffett Street, Salinas

Located on Moffett Street, near the subject and east of the Salinas Airport near Highway 101, this concrete industrial building was built in 1991 and currently has 24,309 sq. ft. of first floor space available to lease. The property has one well dock and multiple grade-level roll-up doors and warehouse clear heights of 17-19 ft. The space has 10% office area. Once occupied by Monterey Pasta as a manufacturing facility, this

unit has been available since September 2018 at an asking rate of \$1.15 per sq. ft on a modified gross basis with negotiable tenant improvements.

220 Griffin Street, Salinas

This property consists of a vacant concrete tilt-up warehouse that has limited access and shares a 5-acre yard. The warehouse was built in 1965 and it is designed with a 23 ft. ceiling height and minimal office. It was listed as available in May 2014 and after extended exposure over the years, it has not leased at the asking rent of \$1.00 per sq. ft. industrial gross, which is judged to be due to its limited functional utility. A rent

reduction is likely necessary to attract a tenant to lease this warehouse space. However, this is not a comparable property and was used only to test the lower end of the rental range.

220 Griffin St
Salinas, CA 93901



18,000 - 21,800 SF | Industrial
21,800 SF Contiguous
1 Space
\$1.00 /SF/Mo
Built 1965



881-A Vertin Avenue, Salinas

Built in 1964, this warehouse has 10,100 sq. ft. of space that was leased in 2017 at the reported rate of \$0.75 per sq. ft. on an industrial gross basis. The space has 10% office area, three roll-up doors, 16-ft. eave height, with some mezzanine storage space above the office. This unit is part of a larger 38,739 sq. ft. metal warehouse in an established industrial neighborhood in south Salinas near Highway 101. The space is operated on an industrial gross basis and includes yard space. This rent comparable would only be suitable for developing a rental rate applicable to the

subject's warehouse/garage space.

Harkins Road at Dayton Street

The appraisers have also considered the lease data for the industrial properties shown in the aerial photograph to the right, which are confidential, but known in detail to the appraisers. These properties are located directly across the street from the subject in the same industrial neighborhood and are judged to have comparability. There are multiple tenancies in both concrete tilt-up and metal warehouse style buildings with sizes ranging from 1,700± to 26,000± sq. ft., with rental rates that range from \$0.60 to \$1.00 per sq. ft. When analyzed, the typical cause for a variance in rent is size, condition and utility of the space, but also more importantly, the start date of the lease. The more recent the lease has been negotiated, the higher the rate.



In addition to the industrial lease data described above, the following chart displays local lease data for industrial units over 5,000 sq. ft. listed on CoStar.

Lease Comps Report

| Property Name - Address | Rating | Lease | | | | Rents | |
|---|--------|-----------|-------|------------|------|------------|-----------|
| | | SF Leased | Floor | Sign Date | Type | Rent | Rent Type |
| 1 221 Prader St | ★★★★★ | 5,700 | 1st | 10/31/2018 | New | \$1.00/mg | Asking |
| 2 527 Brunken Ave | ★★★★★ | 7,500 | 1st | 5/23/2018 | New | \$0.64/mg | Effective |
| 3 210 Griffin St | ★★★★★ | 7,500 | 1st | 3/29/2018 | New | \$1.00/ig | Asking |
| 4 881 Vertin Ave | ★★★★★ | 10,100 | 1st | 9/7/2017 | New | \$0.75/ig | Asking |
| 5 Bldg 2-Whs 1057 Pellet Ave | ★★★★★ | 5,700 | 1st | 6/21/2017 | New | \$0.44/nnn | Effective |
| 6 Firestone Business Park 340 El Camino Real South | ★★★★★ | 18,238 | 1st | 4/19/2017 | New | \$0.45/mg | Asking |
| 7 34 Simas St | ★★★★★ | 8,800 | 1st | 8/1/2016 | New | \$0.85/mg | Effective |

The lease comparables from CoStar provide a wider range of rents (\$0.44 per sq. ft. NNN to \$1.00 per sq. ft. industrial gross), which is due in part to the differing lease terms related to the expenses included in the rent, specifically in the case of Comp. #5 which is the most recent sale and has the highest taxes per sq. ft., or because of extended vacancy and inferior utility in the case of Comp. #6. All of the rent comparables are located in the City of Salinas, except for Comp. #6, which is located in the Firestone Business Park to the south and Comp. #9 located in the Castroville Industrial Park to the north. The CoStar comparables have limited comparability to the subject as developed, as the subject includes two concrete buildings with significantly more office area, so the subject would be expected to achieve a higher overall rental rate.

As additional market data, the appraisers are aware of the lease terms for an industrial property located in the industrial tract on Rosehart Way in south Salinas with has some similar utility to the subject. Located on a one-acre parcel, a 6,200-sq. ft. metal warehouse with 32% finished office area (0.14 FAR) is leasing to a single tenant at a rate in the range of \$1.30 per sq. ft. overall. Reportedly, the lease is on a NNN basis where the tenant is responsible for all expenses; however, the appraiser has not seen the lease contract to verify the actual terms.

Market Rent Reconciliation

The rental properties presented and those known confidentially exhibit a rental rate range that primarily falls between \$0.65 to \$1.30 per sq. ft., depending on unit size, construction (metal v. concrete), condition, and location. The conversations with brokers about the industrial market indicated that although many industrial properties are renting in this range, few of the lease comparables have larger office areas like the subject. To address this, the appraisers have applied a separate higher rental rate of \$1.50 per sq. ft. to the subject’s well-appointed attractively finished office area and a lower rental rate of \$1.00 per sq. ft. to the warehouse/garage areas to develop a blended rate overall.

The grid at the right shows the estimated average built-up market rent for the subject property. The total blended monthly rental amount is \$9,866.50 or \$1.11 per sq. ft. While there may be some variance that is applicable to the individual assigned rental rates, the significance of the analysis is that this data

| Area | Sq. Ft. | \$/Sq. Ft. | \$/Mo. |
|--------|---------|------------|------------|
| Office | 1,989 | \$1.50 | \$2,983.50 |
| Garage | 6,883 | \$1.00 | \$6,883.00 |
| | 8,872 | \$1.11 | \$9,866.50 |

supports a rounded rental rate of \$10,000 per month for the subject, which is judged to reasonably represent the overall property and will be used to project the potential gross income.

POTENTIAL GROSS INCOME

In analyzing the potential gross income and processing it to a net operating income, the appraisers first had to establish a market rent for the subject. The following grid shows the rental rates that the appraisers judge to represent market rent as of the date of valuation, and the total annual potential gross income produced using this rental rate.

| Unit/Space Type | Income | Method | Units/SF | Annual | % of PGI |
|-------------------------|-------------|----------|----------|-----------|----------|
| Industrial Property | \$10,000.00 | \$/Month | 1 | \$120,000 | 100.0% |
| Potential Gross Income: | | | | \$120,000 | 100% |

Vacancy and Collection Loss

The next step in the Income Approach is to estimate the loss in income due to vacancy and collection losses. Based on a review of market conditions and expectations, the stabilized projected rate for vacancy and collection loss is estimated at 5.00%.

Expenses

Typically, the appraiser analyzes income and expenses from the last three to five years, from which the appraisers stabilize operating expenses for the purpose of estimating the net operating income. Some of this information from 2016-2018 was made available to the appraisers for review. After reviewing the subject's historical operating data and comparing it with typical expenses from lease comparables and discussions with local agents/brokers, the deduction for the operating expenses is judged to be reasonably estimated at \$0.28 per sq. ft. per mo. for the subject (including market value real estate taxes based on the tax rate of 1.15%) as shown in the NOI grid that follows. Based on the typical modified gross terms, the tenant is responsible for utilities, so those expenses are limited to the vacancy period. As a single-tenant industrial property, a management fee of 3% of the EGI was judged as reasonable and replacements for reserves was estimated at 2% of the EGI.

NET OPERATING INCOME

The next area to be addressed is the estimation of the Net Operating Income (NOI), which is based on the estimated potential income less a vacancy allowance and the anticipated stabilized operation expenses. The following grid represents the estimate for the potential gross income less vacancy and rent loss allowance and operating expenses, which provides the stabilized estimate of the NOI.

| | | | |
|-------------------------|-------------------------------|---------------|---------------|
| | Potential Gross Income: | \$120,000 | 100% |
| | Vacancy & Collection Loss: | \$6,000 | 5.00% |
| | Effective Gross Income (EGI): | \$114,000 | 95.0% |
| Expense | Amount | Method | Annual |
| Taxes | \$15,000 | \$/Year | \$15,000 |
| Insurance | \$4,000 | \$/Year | \$4,000 |
| Repairs and Maintenance | \$2,500 | \$/Year | \$2,500 |
| Utilities | \$1,000 | \$/Year | \$1,000 |
| Landscaping | \$1,500 | \$/Year | \$1,500 |
| Management | 3.0% | % of EGI | \$3,420 |
| Reserves | 2.0% | % of EGI | \$2,280 |
| | Total Expenses: | \$29,700 | \$3.35 |
| | Expense Ratio (Expenses/EGI): | 26.05% | |
| | Net Operating Income (NOI): | \$84,300 | \$9.50 |

DIRECT CAPITALIZATION

Direct capitalization is the method being used to convert the estimate of the subject's stabilized net operating income based on the prior analysis to an indication of value. The next step is to develop an opinion of the appropriate capitalization rate which is also commonly known as an overall rate (OAR) or "Cap Rate."

Overall capitalization rates may be derived from many sources, which include comparable sales, effective gross income multipliers or net income ratios, band-of-investment or weighted-average techniques, debt coverage ratios and yield capitalization techniques. The preferred technique when sufficient data is available is from the analysis of sales and listings of similar and competitive properties. When sales transactions are limited, as is the case for the subject property, the appraisers review survey data for competitive properties on a local and national level and will use the mortgage equity technique to augment the market data.

Survey Data - Appraisal Institute

The projection of an appropriate capitalization rate is based in part on the following national survey published by the Appraisal Institute for its members. It provides the most recent overview of current market conditions and investor expectations based on data collected for the fourth quarter of 2018.

Economic Indicators | PwC Real Estate Investor Survey, Q4 2018

| | Regional Mall | | CBD Office | | Warehouse | | Apartment | |
|---|---------------|--------------|-------------|-------------|-------------|-------------|--------------|--------------|
| | Q4 2018 | Q3 2018 | Q4 2018 | Q3 2018 | Q4 2018 | Q3 2018 | Q4 2018 | Q3 2018 |
| Discount Rate (IRR)^a | | | | | | | | |
| Range (%) | 5.00 – 11.00 | 5.00 – 11.50 | 5.25 – 9.00 | 5.25 – 9.00 | 5.25 – 9.00 | 5.25 – 9.00 | 5.25 – 10.00 | 5.25 – 10.00 |
| Average (%) | 7.33 | 7.55 | 6.89 | 6.89 | 6.33 | 6.38 | 7.15 | 7.20 |
| Change (bps) | | -22 | | 0 | | -5 | | -5 |
| Overall Cap Rate (OAR)^a | | | | | | | | |
| Range (%) | 4.00 – 9.00 | 4.00 – 10.00 | 3.00 – 7.50 | 3.00 – 7.50 | 1.00 – 6.50 | 1.50 – 6.25 | 3.50 – 8.50 | 3.50 – 8.50 |
| Average (%) | 6.23 | 6.30 | 5.44 | 5.44 | 4.56 | 4.62 | 5.16 | 5.23 |
| Change (bps) | | -7 | | 0 | | -6 | | -7 |
| Residual Cap Rate | | | | | | | | |
| Range (%) | 4.25 – 10.00 | 4.25 – 10.00 | 4.50 – 8.50 | 4.50 – 8.50 | 4.50 – 6.75 | 4.50 – 7.25 | 4.00 – 8.50 | 4.00 – 8.50 |
| Average (%) | 6.58 | 6.80 | 6.02 | 6.11 | 5.51 | 5.64 | 5.53 | 5.57 |
| Change (bps) | | -22 | | -9 | | -13 | | -4 |

^aRate on unleveraged, all-cash transactions. Definitions: bps — basis points. Discount Rate (IRR) — internal rate of return in an all-cash transaction, based on annual year-end compounding. Overall Cap Rate (OAR) — initial rate of return in an all-cash transaction. Residual Cap Rate — overall capitalization rate used in calculation of residual price; typically applied to the NOI in the year following the forecast. Survey involves institutional-grade properties. Source: PwC Real Estate Investor Survey; Personal survey conducted by PwC during October 2018. For subscription information, please email us-pwcsurvey@pwc.com.

The most recent survey shows an OAR range for industrial warehouse of 1.00-6.50%, with an average rate of 4.56%, slightly lower than the prior quarter. The properties that are represented are national investment grade properties, which would be expected to have a lower rate than the subject property or even the same property if it were in Salinas due to different local market conditions. The portion of the range that is applicable is judged to be the middle to the upper end of the range (5.00% to 6.50%). While not directly applicable to the local subject market, this data contributes to the selection of a market-based capitalization rate for the subject property. What is most significant about the data presented in the prior grid is that warehouse properties have the lowest average OAR, indicating that segment of the market has the greatest demand and that is judged to also translate to the subject market place.

Mortgage Equity Technique

An additional method of analysis is known as the mortgage equity band of investment technique. For the subject appraisal, the appraiser has researched mortgage rates and terms typical for the subject within the market area. The following Band of Investment analysis is based on current market loan interest rates and projected equity return requirements. The current rate for a loan as of the date of valuation is judged to have been in the range of 5.75% using a 30-year mortgage amortization. The equity position is affected by the market conditions and risk. It is the appraisers' judgment that a return of 6.00% for the equity position would be reasonable, considering the subject is most likely to be purchased by an owner-user, which tends to compress the equity return requirements.

| Capitalization Rate Calculations | | | |
|---|-------|--------------|---------------|
| Capitalization Rate Variables | | | |
| Mortgage Interest Rate | 5.75% | | |
| Loan Term (Years) | 30 | | |
| Loan To Value Ratio | 65.0% | | |
| Equity Dividend Rate | 6.00% | | |
| Band of Investment Analysis | | | |
| Mortgage Constant | | Loan Ratio | Contributions |
| 0.070028743 | x | 65.0% | = 4.55% |
| Equity Dividend Rate | | Equity Ratio | |
| 6.00% | x | 35.0% | = 2.10% |
| Band of Investment Capitalization Rate | | | 6.65% |

The prior model is a simplified mortgage equity calculation based on what are judged to be reasonable expectations for the components of the capitalization rate. This method was also used for sensitivity analysis using lower and higher rates. The result of the mortgage-equity analysis is a capitalization rate 6.65%. However, this represents conventional financing of a purchase. It is not uncommon for properties at this investment level to be purchased by an owner-user, where the buyer is willing to take a lower return on equity. Having studied the local market and the recent trends, it is the appraisers' judgment that there remains downward pressure on the OAR.

Capitalization Rate Conclusion

After consideration of the market data, including the most recent PwC rates survey, the appraisers have reconciled to an overall capitalization rate of 6.50%, considering the demand for this property type and the scarcity of such industrial properties in the local market. This is a reasonable rate to process the income and expenses judged to be appropriate under market conditions as of the date of valuation

Capitalization to Value

All of the foregoing analysis culminates in the following grid where the stabilized net operating income is capitalized to produce the value conclusion by the Income Approach.

| | |
|----------------------------|---------------|
| PGI | \$ 120,000 |
| Vac. & CL (5%) | (\$6,000) |
| EGI | \$ 114,000 |
| Expenses | (\$29,700.00) |
| NOI | \$84,300 |
| OAR | 6.50% |
| As Stabilized Value | \$ 1,296,923 |
| Rounded | \$1,300,000 |

Direct Capitalization Analysis Conclusion

Based on the analysis detailed above, as of July 1, 2019, the appraisers have reconciled to a direct capitalization approach value of \$1,300,000.

RECONCILIATION AND FINAL OPINION OF VALUE

In this section of the report, the appraiser(s) reviews of the data gathered during the appraisal, culminating with their opinion of the most probable value under the conditions and assumptions of the report. It is in this section where the most significant thoughts about the valuation methods are then reconciled into a final conclusion.

Value Indications

| | |
|-----------------------------------|-------------|
| Cost Approach: | \$1,290,000 |
| Sales Comparison Approach: | \$1,330,000 |
| Income Approach: | |
| Direct Capitalization: | \$1,300,000 |

Cost Approach

Due to the limited comparable sale and lease properties, the Cost Approach was completed as another method of valuation. The appraisers have estimated the land value and replacement cost new to support the value conclusions in the Sales Comparison and Income Approaches. While not as reliable as if the property was new and costs to construct the actual subject were available, this approach is judged to be helpful in estimating what it would cost to build the subject in today's market and then depreciated to an indication of value.

Sales Comparison Approach

The **Sales Comparison Approach** relies upon the development of comparable market data. Within the industrial market place there is a wide variance in size, design and other factors that results in limited comparability between the sales and the subject property. When appraising industrial properties, often the utility of the improvements has similarity, but the underlying land size, shape or even value can differ. This was the case for the data assembled to compare with the subject property. As such, the appraisers have analyzed the sales based on the contribution of the depreciated improvements, which was reconciled and added to the estimated land value to produce a total property value for the subject by this approach. Ultimately, it is being used primarily as a check of reasonableness against the Income Approach. If there were better comparable sales data, more emphasis would be placed on this approach.

Income Approach – Direct Capitalization

In the **Income Approach**, the market rent was estimated as of the date of valuation based on local comparable lease data and then used to process the Potential Gross Income. The appraisers used typical expenses a buyer would anticipate to project for the expected Net Operating Income, which was capitalized using what is judged to be a market-based capitalization rate to produce a value estimate for the subject as developed. An opinion of the fair market rent for the subject site as if vacant and undeveloped (hypothetical condition) was also provided.

The conclusion from the Income Approach falls within the value range produced from the Cost Approach and Sales Comparison Approach. In terms of the appraisal analysis, it suggests to the appraisers that the value by the Income Approach has some additional support from other market data.

Value Conclusion

Based on the data and analyses developed in this appraisal, the appraisers have reconciled to the following value conclusion(s), as of July 1, 2019, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s):

| | |
|--|--------------------------|
| Final Opinion of Value (As Is – Fee Simple) | \$1,300,000 |
| Final Opinion of Market Rent for Land as if Vacant: | \$35,040 annually |

ADDENDA

CERTIFICATION STATEMENT

The appraiser(s) certify and agree that:

1. The appraiser(s) have no present or contemplated interest in the property appraised and that neither the employment to make this appraisal nor the compensation for it is contingent upon the appraised value of the property.
2. The appraiser(s) have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
3. Kyle C. Brown and Bonnie Brown have personally inspected the subject property.
4. According to the best of our knowledge and belief, all statements and information in this report are true and correct; the appraiser(s) have not knowingly withheld any information.
5. The reported analyses, opinions, and conclusions are limited only by the reported assumptions, contingent and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
6. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. We certify that to the best of our knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. We certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
8. As of the date of this report, Kyle C. Brown and Bonnie Brown have completed the requirements of the continuing education program of the Appraisal Institute.
9. Kyle C. Brown, MAI and Bonnie Brown, MAI have prepared all conclusions and opinions concerning the real estate that are set forth in the appraisal.
10. Our compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction of value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or occurrence of a subsequent event directly related to the intended use of this appraisal.
11. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
12. Based on our experience, it is our opinion that we meet the qualifications to provide the following estimation of the subject property's value.
13. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
14. The appraiser(s) have not performed any professional services related to this same property within a period of three years preceding the date of the appraisal assignment.

No changes of any item of the appraisal report shall be made by anyone other than the appraisers, and the appraisers shall have no responsibility for any such unauthorized changes. This letter of transmittal and the pages that follow constitute our report, including the data and analyses utilized in forming an opinion of value. Should you have any questions concerning this report, please do not hesitate to call our office.



Kyle C. Brown, MAI
 Certified General Appraiser
 California License number: AG044626



Bonnie Brown, MAI
 Certified General Appraiser
 California License number: AG044647

Appraisal File: C2019-1447

MASTER ASSUMPTIONS

These definitions appear in the Uniform Standards of Professional Appraisal Practice (USPAP), which are the governing standards for the appraisal industry. They are used in completing and communicating an appraisal.

Extraordinary Assumption: an assumption, directly related to a specific assignment, which, if found to be false could alter the appraiser's opinions or conclusions.

Hypothetical Condition: that which is contrary to what exists but is supposed for the purpose of analysis.

The underlying goal of the use of extraordinary assumptions and hypothetical conditions is to provide an analysis that is not misleading to the client. Historically, the use of assumptions within the appraisal report called the client's attention to the possible unreliability of information or conclusions within an appraisal. When the industry adopted USPAP, one of the goals was to provide credible appraisals to the public and to this end, new definitions have been produced. As part of the evolution of the appraisal process the use of extraordinary assumptions and hypothetical conditions has been implemented.

Extraordinary assumptions and hypothetical conditions can have a significant impact on the conclusions reached in an analysis. Extraordinary assumptions and hypothetical conditions that are known at the outset of an assignment are typically included in the engagement agreement. While the Scope of Work is a dynamic process in that it defines the research and analysis to complete an assignment correctly, it is the use of extraordinary assumptions and hypothetical conditions that allow the appraiser to communicate what is known so that the client can be fully informed about the reliability of the analysis. It is the area of unknown information that prompts the use of an extraordinary assumption. It should be noted that any "as is" valuation contained within this analysis is not based on a hypothetical condition(s).

To address these "unknown" issues this appraisal uses a "master assumption" to help define the basic or underlying assumptions of the appraisal. Put simply, the appraiser assumes that the property is capable of functioning as it is intended, without restrictions unless otherwise stated. This may mean that the land and improvements are assumed to be in average or better condition, capable of being used to its highest and best use, without limitations. Should this not be the case, then the value conclusion is likely to change upon clarification of the "unknown". It may be of help to understand that the appraiser is an expert in valuation issues but is not trained as nor is an expert in the field of law, accounting, title, soil analysis, construction analysis, engineering and architecture.

All these disciplines may be involved in the analysis of real property; however, such experts may not be engaged until after a question about the property is determined to exist. The appraiser utilizes only the information available at the time of the appraisal based on their training. This typically includes a brief inspection of the property to become familiar with the general condition but this inspection should not be considered a replacement for qualified analysis by licensed professional.

The assumption that the property is functioning properly, well-maintained, and in average or better condition for its age is the basis for measuring value. It is typically assumed that the property is legally owned, does not have issues such as soil contamination or stability, has appropriate building permits, complies to the appropriate codes, and that the improvements have structural integrity, which would also be assumed to be typical of the comparables unless noted within the appraisal. Once these issues or any other issue that would not be obvious based on the brief inspection or review of available documents are known to the appraiser, their impact would be considered in the analysis. Without this knowledge from trained professionals the appraiser is unlikely to know the extent of the effect on value and appeal, thus it would not be measured as part of the overall analysis. This is considered the "master assumption" for this appraisal.

CONTINGENT AND LIMITING CONDITIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

1. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. Neither all nor any part of the contents of this report or copy thereof (including conclusions as to property value, the identity of the appraiser(s), professional designations, reference to any professional appraisal organizations, or the firm with which the appraiser(s) are connected) shall be used for any purposes by anyone but the client or his advisors without the previous written consent of the appraiser(s), nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser(s). 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 anyone other than the addressee or the Appraisal Institute without the previous written consent of the appraisers. Disclosure of the contents of this appraisal is governed by the by-laws and regulations of the professional appraisal organizations with which the appraisers are affiliated.
2. All files, work papers and documents developed in connection with this assignment are the property of Stephen Brown Associates, Inc. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Reduced copies of plans duplicated within the report are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted. Maps, plats, sketches, graphs, photographs and other exhibits included in the report are for the purpose of illustration and visualization only. The appraiser(s) have made no survey of the property. All data provided by the client, property owners, property manager or owner's representative is assumed to be correct and accurate.
3. No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them.
4. Unless otherwise stated in this report, the existence of hazardous material, which may or may not exist, was not observed by the appraiser(s). The appraiser(s) has no knowledge of the existence of such materials on or in the property. The appraiser(s), however, is not qualified to detect such substances. The presence of such substances such as asbestos, ureaformaldehyde, or other potential hazardous materials may affect the value of the property. The appraiser(s) assumes that no such substances are present on or in the property. The appraiser(s) urges the client to retain an expert in this field if any assurances are desired concerning the presence of potentially hazardous materials.
5. Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation. The values as concluded herein are entirely contingent upon the subject property not being within or subject to a federally designated potential Endangered Species area as defined by the U.S. Fish and Wildlife Service, which as a result might otherwise limit, restrict, and/or prevent development of the subject to its highest and best use.
6. Good title, free of liens, encumbrances and special assessments is assumed, unless stated otherwise. No opinion is being expressed on matters which may require legal expertise or specialized knowledge beyond that which is customarily employed by real estate appraiser(s). The appraiser(s) assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraiser(s) render any opinion as to the title, which is assumed to be marketable. No private deed restrictions are considered unless otherwise noted. Furnishings, equipment and business interests, unless considered as part of the real estate, are not valued in this appraisal unless otherwise stated.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value opinion contained in this report is based.

8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with and there are no encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
9. All engineering is assumed to be correct. The plot plans and all illustrative material in this report are included only to assist the reader in visualizing the property. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications. All engineering information, if any, is assumed to be correct. The construction and condition of the improvements mentioned in the body of this report are based on observations. No engineering study has been provided which would assist in the discovery of any latent defects. No certification as to any of the physical aspects could be given unless a proper engineering study was made. On all appraisals involving proposed construction, the appraisal report and value conclusions are contingent upon completion of the proposed improvements, if any, in accordance with the plans and specifications.
10. 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 noted in the report.
11. Information, estimates, and opinions furnished to the appraiser(s) and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished by the appraiser(s) can be assumed by the appraiser(s).
12. Unless otherwise stated in this report, the subject property is 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's value, marketability, or utility.
13. Please note that our consent to allow an appraisal report prepared by Stephen Brown Associates, Inc., or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.
14. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
15. Responsible ownership and competent property management are assumed.
16. All value opinions provided in the appraisal apply to 100% of the ownership unless otherwise indicated. It may be inappropriate for the reader to apply fractional interests or pro ration of interests.
17. The appraiser is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value for the subject property as of the date of valuation.
18. The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to change as a result of variations in the market. Value(s) are based on U. S. Dollars as of the date of value.
19. Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

20. The appraiser(s) have followed traditional appraisal standards to develop a reasonable estimate of the insurable value based upon industrial practices and the industry accepted Marshal Valuation Service cost handbook. The appraiser estimate should only be used as a comparison to the analysis completed by insurance industry experts for underwriting for underwriting purpose.
21. The appraiser(s) are not required to give testimony in court in connection with this appraisal. If the appraiser(s) are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) our regular per diem rate plus expenses. The appraiser(s) are not required to give testimony or appear in court because of having made this appraisal with reference to the property in question unless arrangements have been made therefore.
22. The employer agrees, as a condition of the appraisal, to defend and indemnify appraiser(s) at employer's sole expense in any action brought against appraiser(s) by a third party due to the appraisal or any advice given to employer by appraiser(s). The employer will also reimburse appraiser(s) for any award, court costs and or attorney's fees which appraiser(s) may be required by a court to pay as a result of such action. Appraiser(s) may, at his sole discretion, participate in the defense of any such action, but such participation shall not relieve employer of his obligations under this condition.
23. Acceptance and or use of this appraisal report by the client or any third party constitutes acceptance of the Conditions and Limiting Conditions and Special Assumptions. The liability of the appraiser(s) extends only to the stated client and not to subsequent parties or users, and the liability is limited to the amount of fee received from the employer by the appraiser(s).
24. The appraisal performed under this Agreement will be subject to all statements, assumptions, limiting conditions and other conditions (collectively, "Appraisal Conditions") set forth in the appraisal report. Client agrees that Client will review the Appraisal Conditions upon receipt of the report and that Client's use of the appraisal will constitute acceptance of the Appraisal Conditions. The Appraisal Conditions shall be considered as being incorporated into and forming part of this Agreement with respect to the appraisal in which they are contained and to the services relating to that appraisal. The Appraiser's anticipated Appraisal Conditions at this time are attached and incorporated into and form part of this Agreement. It should be understood that additional Appraisal Conditions may be developed during performance of the appraisal and will be set forth in the report.
25. Any use of or reliance on the appraisal by any party, regardless of whether the use or reliance is authorized or known by Appraiser, constitutes acceptance of, and is subject to, all appraisal statements, limiting conditions and assumptions stated in the appraisal report.
26. Unless the time frame is shorter under applicable law, any legal action or claim relating to the appraisal or Appraiser's services shall be filed in court (or in the applicable arbitration tribunal, if the parties to the dispute have executed an arbitration agreement) within two (2) years from the date of delivery to Client of the appraisal report to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time frame stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time frame stated in this section shall apply to all non- criminal claims or causes of action of any type.
27. Legal claims or causes of action relating to the appraisal are not transferable or assignable to a third party, except: (i) as the result of a merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.

DEFINITIONS

Some definitions in this section are footnoted within the body of the report. The following definitions help define our opinion of value. Their source(s) are from the 6th Edition of The Dictionary of Real Estate Appraisal, The 14th Edition of The Appraisal of Real Estate or from other referenced materials identified within the report.

Exposure Time: 1. The time a property remains on the market. 2. [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)

Hypothetical Condition: 1. A condition that is presumed to be true when it is known to be false. (SVP) 2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an "as is" value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.

Gross Building Area (GBA): 1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space.

Gross Leasable Area (GLA): Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

Rentable Area (RA): For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.

Lease Terms are defined as:

- Triple Net (NNN) lease: An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called NNN lease, triple net lease, or fully net lease.
- Gross lease: A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called full-service lease.
- Modified gross lease: A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease.
- Industrial gross lease: A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance, and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term.

SUMMARY OF QUALIFICATION

KYLE CALDER BROWN, MAI
CALIFORNIA STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER AG#044626
GENERAL CONTRACTOR, License #872815

Kyle C Brown graduated from Cal Poly, SLO in 2003 and subsequently earned his Contractor's License while working in construction in San Luis Obispo, California. Mr. Brown has worked as an off-site consultant for Stephen Brown Associates, Inc. since 1997. In 2007, Mr. Brown began working full-time as a real estate appraiser for Stephen Brown Associates, Inc. He has earned his MAI designation from the Appraisal Institute is currently working toward earning an ARA designation from The American Society of Farm Managers and Rural Appraisers.

PROFESSIONAL EXPERIENCE

| | |
|---------------|--|
| 9/2003-3/2006 | Crizer Construction - Construction Worker, San Luis Obispo |
| 7/2005-6/2007 | KCB Construction - Owner/General Contractor, San Luis Obispo |
| 2011-2017 | Pettitt Lands, Inc. - Agricultural Appraiser, King City |
| 1997-Current | Stephen Brown Associates, Inc. - Fee Appraiser, Salinas |
| November 2016 | MAI Designation |

ACADEMIC BACKGROUND

Palma High School, Salinas, CA – Class of 1998
 California Polytechnic State University, San Luis Obispo, CA – Class of 2003
 B.S. in Agricultural Business

APPRAISAL EDUCATION

Appraisal Institute (AI) – Basic Appraisal Practices, San Diego, CA, 6/2007
 AI – Basic Appraisal Procedures, San Diego, CA, 6/2007
 AI – 15-Hour Uniform Standards of Professional Appraisal Practice, Fullerton, CA, 8/2007
 AI – General Income Approach Part 1, Tigard, OR, 10/2007
 AI – General Income Approach Part 2, Tigard, OR, 11/2007
 AI – General Market Analysis and Highest and Best Use, Fullerton, CA, 3/2008
 AI – General *Sales Comparison Approach*, San Diego, CA, 6/2008
 AI – General *Site Valuation & Cost Approach*, San Diego, CA, 6/2008
 AI – Data Confirmation: The 'Art' of Conversation, Berkeley, CA, 8/26/2008
 AI – Business Practices and Ethics, Online, 12/2008
 AI – Real Estate Finance Statistics and Valuation Modeling, Oakland, CA, 4/2009
 AI – 2009 Monterey Bay Market Update, Aptos, CA, 7/31/2009
 AI – General Appraiser Report Writing & Case Studies, Rancho Cordova, CA, 9/2009
 AI – Residential Sales Comparison & Income Approach, Online, 11/2009
 AI – General Appraiser Report Writing & Case Studies, Rancho Cordova, CA, 9/2009
 AI – Residential Sales Comparison & Income Approach, Online, 11/2009
 AI – Everything You Were Never Taught About Litigation Appraisal, Atherton, CA, 7/22/2010
 AI – Advanced Income Capitalization, San Diego, CA, 6/2011
 AI – Advanced Concepts & Case Studies, Las Vegas, NV, 9/2011
 AI – 4 Hour Federal and California Statutory and Regulatory Laws, Moss Landing, CA, 1/18/2013
 AI – Advanced Concepts & Case Studies, Costa Mesa, CA, 2/21-27/2013
 T. Whitmer Companies – Comprehensive Appraisal Workshop, Los Angeles, CA, 3/1-3/2013
 AI – Market Update for Santa Cruz and Monterey County, Moss Landing, CA 10/7/2013
 Allied Real Estate School – 7 Hour National USPAP Course, Online, 7/2014
 AI – Technology Tools for Appraisers, Moss Landing, CA 10/17/2014
 AI – Litigation Conference, Tahoe, CA 10/24-25/2014
 ASFMRA – In-Depth Unmanned Aerial Systems Workshop, Paso Robles, CA, 4/16/2015
 ASFMRA – Outlook 2015 Agribusiness Conference, Paso Robles, CA, 4/17/2015
 AI – Vineyard Valuation 2015, American Canyon, CA 6/26/2015
 ASFMRA – Technology Applications in Appraisal – Google Earth, Monterey, CA, 9/30/2015
 ASFMRA – Best in Business Ethics, Monterey, CA, 10/1/2015
 ASFMRA – 2015 Fall Meeting, Monterey, CA, 10/1/2015
 AI – General Demonstration Report Writing, Online, 12/2015
 AI – 7-Hour Equivalent USPAP Update Course, Online, 7/2016
 AI – Annual Litigation Conference, Lake Tahoe 10/20-10/21/2016

ASFMRA – The Appraisal of Permanent Plantings, Fresno, CA 3/29/2017
 ASFMRA – Outlook 2017 Agribusiness Conference, Fresno CA, 3/30/2017
 AI – Annual Spring Litigation Conference, Woodside, CA 5/11/2017
 AI – Hot Topics and Myths in Appraiser Liability, Monterey, CA, 6/23/2017
 AI – The Appraiser as an Expert Witness: Preparation & Testimony, San Diego, CA 9/18-9/19/2017
 ASFMRA – Market Area Industry Analysis Seminar, Pismo Beach, CA 10/11/2017
 ASFMRA – Valuation of Conservations Easements and Other Partial Interests in Real Estate, Sacramento, CA
 2/6/2018-2/8/2018
 AI – Condemnation Appraising: Principles & Applications, San Diego, CA 6/28/2018-6/30/2018
 AI – 7-Hour Equivalent USPAP Update Course, Online, 8/2018
 Calypso Continuing Education – California Laws and Regulations for Appraisers, Online, 8/14/2018

PROFESSIONAL SKILLS & ACHIEVEMENTS

Achievements – General Contractor License #872815.

Languages – Currently studying Spanish.

Computer Skills – Extensive experience with Microsoft Word, Power Point, Excel, WordPerfect, Adobe Acrobat, and networking offices.

MEMBERSHIPS, AFFILIATES AND AWARDS

Appraisal Institute Associate Appraiser & Monterey County Chapter Co-Chair
 Monterey County Bar Association (MCBA) – Member since 2018
 California Polytechnic Alumni Association of Monterey Bay – Board Member since 2010
 California Polytechnic Alumni Association of Monterey Bay – President 2016
 California Rodeo Salinas – Committee Member since 2010, Director as of 2019
 California Rodeo Salinas – Sub-Chair of the Bull Crossing Committee
 American Society of Farm Managers and Rural Appraisers (ASFMRA) – Member
 Junior Chamber of Commerce (Salinas Jaycees) – President 2012
 Junior Chamber of Commerce (Salinas Jaycees) – Vice President of Management 2011
 Monterey County Young Professionals Group – Director of Web Development 2010-2011
 Central Coast Young Farmers and Ranchers – Member since 2009



**BONNIE GRACE BROWN, MAI
CALIFORNIA STATE CERTIFIED
GENERAL REAL ESTATE APPRAISER AG#044647**

Bonnie G. Brown graduated from Cal Poly, SLO with honors in 2005 and worked as a retail manager while studying law in the paralegal field. After completing her first real estate appraisal courses in June of 2007, Mrs. Brown began working full-time as a real estate appraiser for Stephen Brown Associates, Inc. She has earned her California General Appraiser Certification as well as the MAI designation from the Appraisal Institute, which is the highest that can be achieved in the appraisal industry.

Mrs. Brown has experience completing fee appraisal work specializing in commercial, income-producing properties, including retail, multi-family residential, industrial, and both general and medical office uses throughout the Monterey County area.

PROFESSIONAL EXPERIENCE

| | |
|------------------|---|
| 7/2007 - Current | Stephen Brown Associates, Inc. - Fee Appraiser, Salinas |
| 6/2006 - 1/2007 | Copeland Sports - Retail Manager, San Luis Obispo |
| 8/2005 - 5/2006 | Mephisto - Sales Manager, Newport Beach |
| 7/2005 - 1/2006 | Susan Powers, M.D. - Property Manager, Costa Mesa |

ACADEMIC BACKGROUND

Formal Education:

California Polytechnic State University, San Luis Obispo, CA 2001-2005
B.S. in Clinical Psychology & minored in Child Development

California Polytechnic State University, San Luis Obispo, CA 2006-2007
Paralegal Studies, Post-Graduate Program

APPRAISAL EDUCATION

Appraisal Institute (AI) – Basic Appraisal Practices, San Diego, CA, 6/2007
 AI – Basic Appraisal Procedures, San Diego, CA, 6/2007
 AI – 15-Hour Uniform Standards of Professional Appraisal Practice, Fullerton, CA, 8/2007
 AI – General Income Approach Part 1, Tigard, OR, 10/2007
 AI – General Income Approach Part 2, Tigard, OR, 11/2007
 AI – General Market Analysis and Highest and Best Use, Fullerton, CA, 3/2008
 AI – General Sales Comparison Approach, San Diego, CA, 6/2008
 AI – General Site Valuation & Cost Approach, San Diego, CA, 6/2008
 AI – Data Confirmation: The 'Art' of Conversation, Berkeley, CA 8/26/2008
 AI – Business Practices and Ethics, Online, 12/2008
 AI – Real Estate Finance Statistics and Valuation Modeling, Oakland, CA, 4/2009
 AI – 2009 Monterey Bay Market Update, Aptos, CA 7/31/2009
 AI – General Appraiser Report Writing & Case Studies, Rancho Cordova, CA 9/2009
 AI – Residential Sales Comparison & Income Approach, Online, 11/2009
 AI – Everything You Were Never Taught About Litigation Appraisal, Atherton, CA 7/22/2010
 AI – Advanced Income Capitalization, San Diego, CA 6/2011
 AI – Advanced Concepts & Case Studies, Las Vegas, NV 9/2011
 AI – 7 Hour National USPAP Course, Online, 7/2012
 AI – 4 Hour Federal and California Statutory and Regulatory Laws, Moss Landing, CA 1/18/2013
 AI – Advanced Concepts & Case Studies, Costa Mesa, CA 2/21-27/2013
 Comprehensive Appraisal Workshop, T. Whitmer Companies, Los Angeles, CA 3/1-3/2013
 IRWA – Right of Way: A Different Perspective, San Jose, CA 5/2/2013
 AI – Market Update for Santa Cruz and Monterey County, Moss Landing, CA 10/7/2013
 IRWA – Right of Way: A Changing Landscape, San Jose, CA 4/24/2014
 Allied Real Estate School - 7 Hour National USPAP Course, Online, 7/2014
 AI – Technology Tools for Appraisers, Moss Landing, CA 10/17/2014
 AI – Annual Litigation Conference, Tahoe, CA 10/23-24/2014
 AI – General Market Analysis, Online, 2/27/2015

AI – General Demonstration Report Writing, Online, 12/2015
 AI – Hot Topics and Myths in Appraiser Liability, Monterey, CA 6/23/2016
 AI – 7 Hour National USPAP Update Course, Online, 7/2016
 AI – Annual Spring Litigation Conference, Woodside, CA 5/11/2017
 AI – The Appraiser as an Expert Witness, San Diego, CA 9/18-19/2017
 AI – Condemnation Appraising, San Diego, CA 6/28-30/2018
 AI - 7 Hour National USPAP Course, Online, 7/2018
 Calypso Continuing Education – California Laws and Regulations for Appraisers, Online, 8/14/2018
 AI – Appraisal of Medical Office Buildings, Online, 12/2018

MEMBERSHIPS, AFFILIATES AND AWARDS

Appraisal Institute Monterey Bay Branch Co-Chair 2009-2014 & Current Designated Member
 International Right of Way Association (IRWA) – Marketing Committee 2013-2014, Secretary 2014-2015
 Monterey County Bar Association (MCBA) – Member since 2018
 California Polytechnic Alumni Association of Monterey Bay – Board Member since 2010
 California Rodeo Salinas – Committee Member since 2010
 Junior Chamber of Commerce (Salinas Jaycees) – Awarded Key Member of the Year 2012
 Junior Chamber of Commerce (Salinas Jaycees) – Chairman of the Board 2012
 Junior Chamber of Commerce (Salinas Jaycees) – Awarded Top Chapter President in CA 2011
 Junior Chamber of Commerce (Salinas Jaycees) – Chapter President 2011
 Junior Chamber of Commerce (Salinas Jaycees) – Vice President of Membership 2010
 Monterey County Young Professionals Group – Director of Business Development 2010-2011
 Central Coast Young Farmers and Ranchers – Member since 2009

