A G E N D A

CITY OF SEASIDE OVERSIGHT BOARD TO THE SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE	SPECIAL MEETING COUNCIL CHAMBER 440 Harcourt Avenue Friday, February 17, 2017 9:00 AM

PLEASE TURN OFF YOUR CELL PHONES UPON ENTERING THE MEETING

1. CALL TO ORDER

2. ROLL CALL - ESTABLISHMENT OF QUORUM

Sally Reed	Chair
Vicki Nakamura	Vice Chair
Steve Bradford	Board Member
Dan Meewis	Board Member
Jane Parker	Board Member
Chris Ricker	Board Member
Ralph Rubio	Board Member

3. CHAIR, VICE-CHAIR, EXECUTIVE DIRECTOR REPORTS

4. REVIEW OF AGENDA

If there are any items that arose after the 72-hour posting deadline, this is the point in the meeting where a vote may be taken to add the item to the agenda. (A 2/3-majority vote is required).

5. PUBLIC COMMENTS

6. CONSENT CALENDAR

A. APPROVAL OF MINUTES FROM JANUARY 9, 2017

7. BUSINESS ITEMS

A. APPROVE A RESOLUTION AUTHORIZING THE SALE OF THE TROIA BUILDING TO EARLY DEVELOPMENT SERVICES, INC. FOR THE APPRAISED VALUE OF $500,000.

8. BOARD MEMBER, EXECUTIVE DIRECTOR AND LEGAL COUNSEL COMMENTS & REQUESTS

9. ADJOURNMENT

Next Regularly Scheduled Meeting:
TBD
Seaside City Hall

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http://cvp.telvue.com/player?id=T01629&video=52314&noplaylistskin=1&width=400&height=300
Videos of past meetings are available on demand through the City's website: http://www.ci.seaside.ca.us

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DRAFT MINUTES

OVERSIGHT BOARD TO THE SUCCESSOR AGENCY OF THE REDEVELOMENT AGENCY TO THE CITY OF SEASIDE	SPECIAL MEETING COUNCIL CHAMBER Monday, January 9, 2017 2:30 PM

1. CALL TO ORDER

Chair Reed called the meeting to order at 2:30 PM.

2. ROLL CALL - ESTABLISHMENT OF QUORUM

PRESENT: Bradford, Meewis, Parker, Rubio, Reed
ABSENT: Nakamura, Ricker

OVERSIGHT BOARD

3. CHAIR, VICE-CHAIR, EXECUTIVE DIRECTOR REPORTS

No reports.

4. PUBLIC COMMENTS

There were no requests to speak.

5. REVIEW OF AGENDA

There were no requested changes to the agenda.

6. CONSENT CALENDAR

A. APPROVE THE MINUTES FROM THE MAY 16, 2016

On motion by Board Member Parker, seconded by Board Member Rubio and passed by the following vote the Oversight Board approved the consent agenda as presented.

RESULT:	**Approved**
MOVER:	Board Member Jane Parker
SECONDER:	Board Member Ralph Rubio
AYES:	Ralph Rubio, Jane Parker, Sally Reed, Dan Meewis, Steve Bradford
NOES:	None
ABSENT:	Chris Ricker, Vicki Nakamura

7. BUSINESS ITEMS

A. REVIEW OF THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) 17-18 FOR THE PERIOD JULY 1, 2017 THROUGH JUNE 30, 2018 AND CONSIDERATION OF A RESOLUTION APPROVING THE ROPS 17-18

Deputy City Manager Administrative Services Hodgson presented the report on the Recognized Obligation Payment Schedule through June 2018. She noted that we are now on an annual ROPS cycle, so this will be for a 12 month period. The deadline for submission is February 1, 2017. This is a shrinking document and the most significant changes are because of the amount of tax increment being used. She explained the Agency has $1.5 million that can go toward the supplemental educational augmentation loan that was taken out in 2007. The documentation of this loan was approved as an enforceable obligation and the Agency has been collecting from it for several years. The other changes are on line 48, dealing with the bond payment schedule, an increase of approximately $100,000. She reported that the Department of Finance no longer requires approval of an administrative budget, if not in excess of $125,000. Understanding the Board likes to review the ROPS twice, Staff, respecting Board Members time, did include a Resolution of approval if the Board feels comfortable. Ms. Hodgson answered questions from the Board.

Board Member Parker requested details regarding the dissolution process, specifically questioning lines 14, 17, 39 and 46 for legal services for Redevelopment and The Longer Range Property Management Plan (LRPMP). Ms. Hodgson explained that with regard to the LRPMP and the properties to be sold, those properties are in process of being sold, but in order to sell them, there were many legal documents that needed to be drafted and executed, incurring legal expenses. She further questioned line 48, regarding the refund of the bonds, column D, and identified that the contract agreement execution date and the termination dates are the same. Ms. Hodgson indicated she will correct that error. That will be reflected in the submitted document. Board Member Parker also questioned as things wound down why isn't the administrative budget getting smaller. Ms. Hodgson reiterated that the DOF requests that Agencies list the allowed amount on the ROPS for approval, with no additional detail.

Chair Reed requested clarification in terms of repaying the Housing Successor Agency Asset Fund, which was previously debated, questioning if this something that we are only doing when we have sufficient tax allocation and does it vary by year? Ms. Hodgson explained there is a calculation required by the Dissolution law that determines how much you can allocate to pay off those loans. Because of what we collected last year and how it steps up or down, the calculation resulted in the $1.5 million figure.

Board Member Rubio questioned when the new target date for the merge of the local Oversight Board with the County of Monterey Oversight Board. Ms. Hodgson indicated she believes it is 2018 and will verify.

Chair Reed polled the Board Members with their level of comfort with the provided ROPS. Board Member Parker requested to circulate the corrected document and also have staff follow up with the full dissolution merge date.

On motion by Board Member Parker, Seconded by Board Member Rubio and passed by the following vote, the Oversight Board approved the Recognized Obligation Payment Schedule 17-18 for the period of July 1, 2017 through June 30, 2018 approved by Resolution 17-01 as amended.

RESULT:	**Approved**
MOVER:	Board Member Jane Parker
SECONDER:	Mayor Ralph Rubio
AYES:	Parker, Rubio, Reed, Meewis, Bradford
NOES:	None
ABSENT:	Ricker, Nakamura

8. BOARD MEMBER, EXECUTIVE DIRECTOR AND LEGAL COUNSEL COMMENTS & REQUESTS

Chair Reed requested clarification about the endowment parcel for the Veteran's cemetery to which

Board Member Rubio said Phase I has been implemented and Phase II is in question due to funding. There is a need for an EIR for the whole project and the Lead agency will be the State, who is requiring the Foundation and the Cemetery to come up with the funds for the EIR studies. There are no adjoining lands to come before the board.

9. ADJOURNMENT

On motion, the meeting was adjourned at 2:51 pm.

Respectfully submitted,

Lesley Milton-Rerig, City Clerk	**Sally Reed, Chair**

CITY OF SEASIDE
STAFF REPORT

Item No.: 7.A.

TO: Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Seaside

BY: Kurt Overmeyer, Economic Development Manager

DATE: February 17, 2017

SUBJECT: **APPROVE A RESOLUTION AUTHORIZING THE SALE OF THE TROIA BUILDING TO EARLY DEVELOPMENT SERVICES, INC. FOR THE APPRAISED VALUE OF $500,000.**

PURPOSE

To consider and approve the final sale of the Troia Building to Early Development Services Inc.

RECOMMENDATION

That the Board consider a resolution approving the Sale of the Troia Building to early Development Services Inc. for the appraised value of $500,000 as required in the Long Range Property Management Plan.

BACKGROUND

The Successor Agency received an offer to purchase the Troia Building (1264-1284 Broadway Ave: APNs: 012-193-08, 09, 010, 011) for the appraised price of $500,000 in January from Early Development Services, Inc. On December 5, 2016, the Successor Agency Board approved a purchase and sale agreement for this purchase. The buyer has completed their due dilligence and are ready to close on the property. We expect the closing to occur within 20 days of this meeting, subject to Department of Finance review.

The property will be used to construct an office and daycare facility. The buyer has completed all of the Planning related work, including successfully obtaining a Use Permit for the daycare use. Early Development Services provides high quality pre-Kindergarten education and childcare services to children of all income levels. The sale of these structures will result in a significant removal of blight, the rehabilitation of the structures and will provide a much needed daycare facility for the children living in Seaside.

FISCAL IMPACT

The proceeds of the sale, minus the transactional expenses, will be distributed among the various taxing entities in the proportion of property tax revenues.

ATTACHMENTS

1. Troia PSA Approved December 5, 2016
2. Appraisal
3. Draft Resolution

PURCHASE AND SALE AGREEMENT

AND

ESCROW INSTRUCTIONS

by and between the

CITY OF SEASIDE,

SUCCESSOR AGENCY TO THE REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE
(collectively, "Seller")

and

Early Development Services, Inc.
("Buyer")

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PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS

This PURCHASE AND SALE AGREEMENT AND ESCROW INSTRUCTIONS (this "Agreement") is dated as of December 15, 2016 ("the Effective Date") and is entered into by and between _Early Development Services, Inc. ("Buyer") and the CITY OF SEASIDE, a municipal corporation [, as successor agency to the Redevelopment Agency of the City of Seaside] ("Seller").

RECITALS

A. Seller is the owner of the land in the City of Seaside, County of Monterey, State of California, more particularly described on **Exhibit A** attached hereto and made a part hereof, commonly known as the Troia Building (1264-1284 Broadway Ave: APNs: 012-193-08, 09, 010, 011) together with all improvements thereon (collectively, the "Property").

B. Buyer desires to purchase the Property from Seller.

NOW, THEREFORE, in consideration of the terms and conditions of this Agreement and for other valuable consideration, the receipt of which is hereby acknowledged, Buyer and Seller agree as follows:

1. Purchase and Sale. Subject to and in accordance with the terms and conditions hereinafter set forth, Seller agrees to sell Property to Buyer, and Buyer agrees to purchase the Property from Seller.

(a) The Seller's obligations to close the sale of the Property are condition upon the approval of this Agreement by Oversight Board of the Successor Agency to the Seaside Redevelopment Agency ("OB") and either (i) the failure of the California Department of Finance ("DOF") to request review thereof within the period permitted by law; (ii) or if such review is timely requested the DOF's approval of the OB decision. Sellers shall use good faith efforts to promptly obtain such OB approval.

2. Opening and Closing of Escrow. Within five (5) business days after the Effective Date, the parties shall open an escrow ("Escrow") with Old Republic Title Monterey ("Escrow Holder" and "Title Company"), at 503 Abrego Street, Monterey, CA 93940 Attn: Heather Tremper Escrow Officer; Phone:83-372-7378 Email: htremper@ortc.com; and shall deliver a copy of this fully executed Agreement to said Escrow Holder. "Close of Escrow" shall be the date that a grant deed for Property in favor of Buyer, is recorded in the Official Records of the Monterey County Recorder's Office. Close of Escrow shall occur on or before the date that is ten (10) days after the expiration of the Due Diligence Period, as defined in Section 5 below ("Outside Closing Date").

3. Purchase Price; Deposit.

(a) The purchase price for Property to be paid by Buyer is the sum of Five hundred thousand dollars ($___500,000__) ("Purchase Price").

(b) Seller acknowledges having received the sum of ten thousand dollars ($10, 000) from Buyer (the "Deposit"). On the Close of Escrow, the Deposit shall be applied toward the Purchase Price. In the event this Agreement is terminated by Buyer under Section 5.5 below or as a result of a default by Seller, then the Deposit shall be refunded to Buyer.

IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AS HEREIN PROVIDED BY REASON OF DEFAULT OF BUYER, IT IS AGREED THAT THE DEPOSIT THEN HELD BY ESCROW HOLDER SHALL BE NON-REFUNDABLE AND SELLER SHALL BE ENTITLED TO SUCH DEPOSIT, WHICH AMOUNT SHALL BE ACCEPTED BY SELLER AS LIQUIDATED DAMAGES AND NOT AS A PENALTY AND AS SELLER'S SOLE AND EXCLUSIVE REMEDY. IT IS AGREED THAT SAID AMOUNT CONSTITUTES A REASONABLE ESTIMATE OF THE DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTION 1671 ET SEQ. BUYER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL OR IMPOSSIBLE TO PRESENTLY PREDICT WHAT MONETARY DAMAGES SELLER WOULD SUFFER UPON BUYER'S FAILURE TO COMPLETE ITS PURCHASE OF THE PROPERTY. BUYER DESIRES TO LIMIT THE MONETARY DAMAGES FOR WHICH IT MIGHT BE LIABLE HEREUNDER AND BUYER AND SELLER DESIRE TO AVOID THE COSTS AND DELAYS THEY WOULD INCUR IF A LAWSUIT WERE COMMENCED TO RECOVER DAMAGES OR OTHERWISE ENFORCE SELLER'S RIGHTS. IF FURTHER INSTRUCTIONS ARE REQUIRED BY ESCROW HOLDER TO EFFECTUATE THE TERMS OF THIS SECTION, BUYER AND SELLER AGREE TO EXECUTE THE SAME. THE PARTIES ACKNOWLEDGE THIS PROVISION BY PLACING THEIR INITIALS BELOW:

SELLER'S INITIALS **BUYER'S INITIALS**

3.1 Prorations. The following items are to be prorated as of close of escrow: (i) taxes; (ii) assessments (on a per square foot basis); and (iii) any utilities charges.

4. Title Insurance.

(a) Within five (5) business days after the opening of escrow, Seller and Buyer shall cause Title Company to furnish Buyer with an updated title report for the Property, together with copies of all documents referenced therein as exceptions to title (collectively, the Title Report").

(b) Buyer shall have until the date that is _30 Days_ after receipt of the Title Report to deliver to Seller and Escrow Holder written notice (the "Preliminary Title Notice") of Buyer's approval, conditional approval or disapproval of the title exceptions disclosed in the Title Report (excluding the standard printed exceptions in the form of title policy and taxes and assessments which are liens not yet due and payable) [and any matters shown by a survey conducted by Buyer at Buyer's cost]. All matters not timely disapproved by Buyer will be deemed approved. All such exceptions disapproved by Buyer are referred to herein as "Disapproved Exceptions".

(c) Seller shall have twenty (20) days after receipt of Buyer's Preliminary Title Notice to commit to cause any such Disapproved Exceptions to be released of record, or commit to cause the Title Company to endorse over such Disapproved Exceptions pursuant to an endorsement or endorsements reasonably acceptable to Buyer, or elect not to remove or endorse over Disapproved Exceptions. If Seller fails to deliver its response notice within said twenty (20) days, Seller shall be deemed to have elected not to eliminate or endorse over all matters disapproved or conditionally approved by Buyer.

(d) If Seller elects not to commit to remove (or is deemed not to commit to remove) and elects not to cause the Title Company to endorse over (or is deemed to elect not to cause Title Company to endorse over), a Disapproved Exception (other than a monetary lien or encumbrance, as to which Seller's obligation to remove is absolute), Buyer shall have the option, to be exercised within five (5) business days after Seller's notice to elect to terminate this Agreement, in which case the Deposit shall be returned to Buyer. If (or if no notice is given, then within five business days after the end of the 20 day period) buyer fails to timely deliver the termination notice, Buyer shall be deemed to have elected take title subject to the Disapproved Exceptions.

(e) Buyer's fee title to Property shall be insured at the Close of Escrow by an CLTA Standard Coverage Owner's Policy of Title Insurance in the amount of the Purchase Price, issued by Title Company (or, at the option of Buyer, an ALTA policy if Buyer performs an ALTA survey at Buyer's cost during the period described in Section 4(b) above and requires an ALTA Extended Coverage Owner's Policy of Title Insurance) and containing exceptions in the title report dated ________ issued by Title Company under Order No. ______ (the "Permitted Title Exceptions").

(f) Seller shall not encumber the Property during the period from Effective Date to the earlier of Close of Escrow or the date of the termination of this Agreement.

5. Due Diligence; Right Of Entry.

5.1 Buyer hereby acknowledges receipt of the documents described on Exhibit "D". Seller hereby grants Buyer and its agents, employees, contractors and subcontractors designated in writing by Buyer to Seller (collectively "Representatives") the right to enter on the Property until the date that is 45 days after the Effective Date (the "Due Diligence Period") for the purpose of inspecting the physical condition of the Property, including soils and geological matters and toxic or hazardous substances and other contamination subject to scheduling and coordination with the Seller (call Kurt Overmeyer at 831-899-6839). All such investigations shall be at Buyer's expense. All work performed by Buyer and its Representatives will be performed diligently and in a manner consistent with the standards of care, diligence and skill exercised by recognized consulting firms for similar services, and in accordance with professional standards and the requirements of any governmental agency or entity and all applicable laws, and shall not disturb, or otherwise violate the rights of tenants.

5.2 Buyer and its Representatives shall promptly notify the Seller of any discovery, spill, release, or discharge of any Hazardous Substances, as defined in Exhibit C, on, under or about the Property which is discovered, encountered, or results from or is related to the Buyer's or its Representatives' access to and/or use of the Property under this Agreement.

5.3 In connection with the inspections of the Property by Buyer and its Representatives (including, without limitation, any survey), Buyer shall, at its own cost and expense, take any necessary action to keep the Property, and any improvements and personally thereon, in good order and repair and safe condition to the extent that such Property, improvements or personality were in such condition prior to its entry, and the whole of the Property, in a clean, sanitary and orderly condition, including, without limitation, ensuring that any holes, ditches or other indentations, as well as any mounds or other inclines created by any excavation by Buyer or its Representatives are regraded, resurfaced and compacted. If any portion of the Property or an adjacent property, including improvements and fixtures, suffers damage or alteration by reason of the access and activities of Buyer or its Representatives on the Property, Buyer shall, at its own cost and expense, promptly repair all such damage and restore the Property or adjacent property to as good a condition as before such damage or alteration occurred, or if it cannot be repaired, Buyer shall replace such damaged or altered property to the extent possible.

5.4 Prior to entering the Property, Buyer shall provide Seller with reasonable evidence that Buyer has reasonable insurance covering Buyer's activities on the Property. In any event, Buyer shall defend, protect, indemnify, and hold free and harmless Seller and its employees, agents, and representatives, and their successors, and assigns (individually as "Indemnitee" and collectively, "Indemnitees"), free and harmless from and against any and all damages, costs, expenses, liabilities, claims, demands, causes of action, proceedings, expenses, judgments, penalties, liens, and losses of any nature whatsoever (collectively, the "Claims"), including fees of accountants, attorneys, expert witnesses, or other professionals, and all costs associated therewith, arising or claimed to arise, directly or indirectly, out of, in connection with, resulting from, or related to any act, failure to act, error, or omission of Buyer or any of its Representatives arising or claimed to arise, directly or indirectly, out of, in connection with, resulting from, or related to entry upon the Property pursuant to this Section.

5.5 If Buyer determines, in its reasonable discretion, that the condition of the Property is not acceptable to Buyer, then Buyer may terminate this Agreement by written notice to Seller (specifying in detail the matters that are unacceptable) given on or before the end of the Due Diligence Period. If Buyer fails to so terminate this Agreement, Buyer shall be deemed to have approved all aspects of the condition of the Property.

6. Deposit of Documents and Funds in Escrow.

(a) Seller and Buyer, as applicable, hereby covenant and agree to deliver to Escrow Holder at least one (1) business day prior to Close of Escrow the following instruments, documents, and funds, the delivery of each of which shall be a condition of the Close of Escrow.

(b) Seller shall deliver:

(i) A Grant Deed in the form attached hereto as Exhibit "B" duly executed and acknowledged by Seller;

(ii) A Withholding Exemption Certificate Form 593-C as contemplated by California Revenue and Taxation Code §18662 (the "Withholding Affidavit") duly executed by Seller;

(iii) A Certification of Non-Foreign Status in accordance with Internal Revenue Code Section 1445 duly executed by Seller;

(iv) Such proof of Seller's authority and authorization to enter into this transaction as the Title Company may require in order to issue the Title Policy.

(c) Buyer shall deliver:

(i) The Purchase Price (less the Deposit) together with such funds as are required to pay for costs and expenses payable by Buyer hereunder;

(ii) Each of the Buyer and Seller may waive (in writing) any condition of the Close of Escrow set forth in this Section 6.

7. Authorization to Record Documents and Disburse Funds. Escrow Holder is hereby authorized to record the documents and disburse the funds and distribute the documents called for hereunder upon the Close of Escrow, provided each of the following conditions has then been fulfilled:

(a) The Title Company can issue the Title Policy, with a liability in the amount of the Purchase Price, showing fee title to the Property vested in Buyer, subject only to the Permitted Title Exceptions.

(b) Seller and Buyer shall have deposited in Escrow the documents and funds required pursuant to Section 6.

8. Prorations; Charges. Property taxes, assessments, and rents shall be prorated as of the close of Escrow. Buyer shall pay (i) fifty percent (50%) of the escrow fees and charges of Escrow Holder, (ii) the cost of all endorsements to the Title Policy and any extended coverage, and (iii) Buyer's share of the charges prorated under this Agreement. Seller shall pay: (i) fifty percent (50%) of the escrow fees and charges of Escrow Holder; (ii) the cost of the premium for CLTA coverage under the Title Policy; (iii) all recording charges, if any; and (iv) any documentary transfer taxes. If the Escrow shall fail to close for any reason other than Seller's default, Buyer shall pay any applicable Escrow cancellation charges.

9. Condemnation; Destruction. All risk of loss with respect to the Property shall remain with Seller until after the Close of Escrow and delivery of possession of the Property to Buyer. If at any time prior to the Close of Escrow, the Property, or any portion thereof, is damaged by fire or other casualty or taken or appropriated through eminent domain or similar proceedings, or is condemned for any public or quasi-public use, Buyer may terminate this Agreement. If Buyer terminates this Agreement, Seller shall be entitled to receive all insurance proceeds payable to Buyer or Seller or all condemnation proceeds actually paid for that portion of the property taken. If Buyer elects to maintain this Agreement in full force and effect, then upon Close of Escrow, Buyer shall be entitled to receive all insurance proceeds payable to Seller

or all condemnation proceeds actually paid for that portion of the Property taken or, if such proceeds have been paid to Seller, Buyer shall receive a credit against the Purchase Price equal to the amount of proceeds actually paid to Seller. Buyer shall not be entitled to any reduction in the Purchase Price.

10. Default. In the event of a breach or default under this Agreement by either Seller or Buyer, the non-defaulting party shall have the right to terminate this Agreement and the Escrow for the purchase and sale of the Property by delivering written notice thereof to the defaulting party and to Escrow Holder, and if Buyer is the non-defaulting party, Buyer shall thereupon promptly receive a refund of the Deposit. Such right of termination of the Escrow by the non-defaulting party shall be without prejudice to the non-defaulting party's rights and remedies against the defaulting party at law or equity, and specifically the right to specific performance of this Agreement.

11. As Is; Release. Buyer is acquiring the Property "AS IS, WHERE IS" without any representation or warranty of Seller, express, implied or statutory, as to the nature or condition of or title to the Property or its fitness for Buyer's intended use of same. Buyer is familiar with the Property. Buyer is relying solely upon its own, independent inspections, investigations and analysis of the Property as it deems necessary or appropriate in so acquiring the Property from Seller, including, without limitation, an analysis of any and all matters concerning the condition of the Property and its suitability for Buyer's intended purposes, and a review of all applicable laws, ordinances, rules and governmental regulations (including, but not limited to, those relative to building, zoning and land use) affecting the development, use, occupancy or enjoyment of the Property.

BUYER ACKNOWLEDGES AND AGREES THAT, SELLER HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY OR ANY MATTER RELATED THERETO, INCLUDING, WITHOUT LIMITATION, THE HABITABILITY, MERCHANTABILITY, MARKETABILITY, PROFITABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE PROPERTY, AND COMPLIANCE WITH ANY ENVIRONMENTAL LAWS OR THE PRESENCE, ABSENCE, CONDITION OR STATUS OF ANY HAZARDOUS MATERIALS. BUYER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS, AND THAT SELLER HAS NO OBLIGATIONS TO MAKE REPAIRS, REPLACEMENTS OR IMPROVEMENTS OR REMEDIATE ANY HAZARDOUS MATERIALS.

BY INITIALING BELOW, THE BUYER ACKNOWLEDGES THAT (i) THIS SECTION 5.2 HAS BEEN READ AND FULLY UNDERSTOOD, (ii) THE BUYER HAS HAD THE CHANCE TO ASK QUESTIONS OF ITS COUNSEL ABOUT ITS MEANING AND SIGNIFICANCE, AND (iii) THE BUYER HAS ACCEPTED AND AGREED TO THE TERMS SET FORTH IN THIS SECTION 5.2.

BUYER'S INITIALS

Buyer waives and releases as of the Close of Escrow any and all claims it may have against Seller relating to the physical condition of the Property (including, without limitation, the presence or release hazardous materials or substances). To the extent of such waiver and release, Buyer expressly waives its rights, if any, under California Civil Code Section 1542 which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

Buyer's Initials

12. Notices. All notices and demands shall be given in writing by certified mail, postage prepaid, and return receipt requested, or by recognized national courier service. Notices shall be considered given upon the earlier of (a) two (2) business days following deposit in the United States mail, postage prepaid, certified or registered, return receipt requested or (b) the following business day if sent by overnight courier. A copy of all notices shall be sent to Escrow Holder. Notices shall be addressed as provided below for the respective party; provided that any party may change its address for notices by written notice given to the other party.

Buyer:
Early Development Services, Inc.
PO Box 1747
1450 Elm Avenue
Seaside, CA 93955

Seller:
City of Seaside
440 Harcourt Avenue
Seaside, California 93955
Attn.: City Manager

Escrow Holder:
Old Republic Title Monterey
503 Abrego Street
Monterey, CA 93940

13. Broker's Commissions. The parties hereto acknowledge that this transaction did not involve a broker, salesperson or finder ("Broker") representing either Buyer or Seller. Each party shall defend, indemnify and hold the other party harmless from and against any and all claims for any broker's commissions or similar compensation that may be payable to a Broker

based on communications between the indemnifying party and such Broker. The provisions of this Section shall survive the Close of Escrow.

14. Standard Instructions. Each party agrees to execute Escrow Holder's supplemental reasonable standard instructions as may be necessary or proper in order to consummate the transactions contemplated by this Agreement; provided, however, in the event of a material conflict between the terms hereof and the terms of such standard instructions, the terms hereof shall control.

15. Time is of the Essence. The parties hereto agree that time is of the essence with respect to each term, condition and covenant hereof.

16. Successors and Assigns. The provisions of this Agreement are expressly binding upon, and shall inure to the benefit of, the parties hereto and their successors in interest and assigns.

17. Entire Agreement. This Agreement, together with all exhibits hereto, integrates all of the terms and conditions mentioned herein or incidental hereto, and supersedes all negotiations or previous agreements between the parties or their predecessors in interest with respect to all or any part of the subject matter hereof. Notwithstanding the foregoing, the Temporary Construction Easement shall survive the Close of Escrow.

18. Severability. Invalidation of any of the terms, conditions, covenants, or other provisions contained herein by judgment or court order shall in no way affect any of the other terms, conditions, covenants, or provisions hereof, and the same shall remain in full force and effect.

19. Amendments. Any amendments to this Agreement shall be effective only when duly executed by Seller and Buyer and deposited with Escrow Holder.

20. Attorneys' Fees. In the event that suit is brought for the enforcement of this Agreement or as the result of any alleged breach thereof, the prevailing party or parties in such suit shall be entitled to recover their reasonable attorneys' fees, costs, and expenses from the losing party or parties, and any judgment or decree rendered in such proceedings shall include an award thereof.

21. No Third Party Beneficiary Rights. This Agreement is entered into for the sole benefit of Seller and Buyer and no other parties are intended to be direct or incidental beneficiaries of this Agreement.

22. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

23. Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. For purposes of this Agreement, facsimile signatures shall be deemed to be original signatures, and shall be followed by the immediate overnight delivery of original signature pages.

24. Assignment of Agreement. Neither Buyer nor Seller may assign or transfer their respective rights or obligations under this Agreement without first obtaining the prior written consent of the other, which consent may be granted or withheld in its sole and absolute discretion.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the date first above written.

BUYER:

Shannan Watkins
President
Early Development Services, Inc.
PO Box 1747
Seaside, CA 93955

SELLER:

CITY OF SEASIDE

By: [signature]

Print Name: CRAIG MALIN
Executive Director

Buyer Signature: SL Watkins
Shannan Watkins

Attest: [signature]

Print Name: Lesley Milton Ray
City Clerk

Approved as to Form:

____

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LIST OF EXHIBITS

EXHIBIT A

LEGAL DESCRIPTION OF THE LAND

All that real property situated in the City of Seaside, County of Monterey, State of California and more particularly described as follows:

Lots 3, 5, 7, 9, 11 and 13 in Block 21A, as shown on the map showing Resubdivision of Lots 13, 14, 15 and 16 in Block 5 and a dedication of a 25 foot street and a 16 foot alley in Lots 13 and 14 in the Block 4 of the Villa Subdivision of Lots 2 and 3 of the Rancho Noche Buena, Monterey, Calif. in the City of Seaside, County of Monterey, State of California, filed September 8, 1908 in the office of the county Recorder of said County in Volume2, Cities and Towns, at Page 9

Assessor's Parcel Numbers: 012-193-08 thru 012-193-11

EXHIBIT B

FORM OF GRANT DEED

RECORDING REQUESTED BY,
AND WHEN RECORDED RETURN TO
(AND SEND TAX STATEMENTS TO):

Early Development Services, Inc.
PO Box 1747
Seaside, CA 93955
Attn: Shannan Watkins

[SPACE ABOVE FOR RECORDER'S USE ONLY]

This document is exempt from the payment of a recording fee pursuant to Government Code Section 27383

GRANT DEED

THE UNDERSIGNED GRANTOR DECLARES AS FOLLOWS:

FOR VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, the CITY OF SEASIDE, a municipal corporation [, as successor agency to the Redevelopment Agency of the City of Seaside] (the "Grantor") hereby grants to ____________________ ("Grantee") the land in the City of Seaside, County of Monterey, State of California, more particularly described on **Exhibit A** attached hereto and all improvements thereon and all rights and appurtenances relating thereto (the "Property").

IN WITNESS WHEREOF, Grantor has executed this Grant Deed as of the date set forth below.

Dated: ______, 20__

CITY OF SEASIDE

By: ____________________________
Print Name: ____________________
Mayor

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On _______________________, before me, _________________________________,
(insert name and title of the officer)
Notary Public, personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_________________________________ (Seal)

ACKNOWLEDGEMENT

State of California)
County of Los Angeles)

On _______________________, before me, _________________________________,
(insert name and title of the officer)
Notary Public, personally appeared ____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature_________________________________ (Seal)

EXHIBIT C

CERTAIN DEFINITIONS

Environmental Condition means any condition of the Property that exists prior to or after the Closing Date, with respect to the air, land, soil, surface, subsurface strata, surface water, ground water, storm water or sediments.

Environmental Laws means all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Substance (as later defined), or pertaining to occupational health or industrial hygiene (and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property), occupational or environmental conditions on, under, or about the Property, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) [42 USCS §§ 9601 et seq.]; the Resource Conservation and Recovery Act of 1976 (RCRA) [42 USCS §§ 6901 et seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act (FWPCA) [33 USCS §§ 1251 et seq.]; the Toxic Substances Control Act (TSCA) [15 USCS §§ 2601 et seq.]; the Hazardous Materials Transportation Act (HMTA) [49 USCS §§ 1801 et seq.]; the Insecticide, Fungicide, Rodenticide Act [7 USCS §§ 136 et seq.]; the Superfund Amendments and Reauthorization Act [42 USCS §§ 6901 et seq.]; the Clean Air Act [42 USCS §§ 7401 et seq.]; the Safe Drinking Water Act [42 USCS §§ 300f et seq.]; the Solid Waste Disposal Act [42 USCS §§ 6901 et seq.]; the Surface Mining Control and Reclamation Act [30 USCS §§ 1201 et seq.]; the Emergency Planning and Community Right to Know Act [42 USCS §§ 11001 et seq.]; the Occupational Safety and Health Act [29 USCS §§ 655 and 657]; the California Underground Storage of Hazardous Substances Act [H & S C §§ 25280 et seq.]; the California Hazardous Substances Account Act [H & S C §§ 25300 et seq.]; the California Hazardous Waste Control Act [H & S C §§ 25100 et seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H & S C §§ 24249.5 et seq.]; the Porter-Cologne Water Quality Act [Wat C §§ 13000 et seq.] together with any amendments of or regulations promulgated under the statutes cited above and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to occupational health or industrial hygiene, and only to the extent that the occupational health or industrial hygiene laws, ordinances, or regulations relate to Hazardous Substances on, under, or about the Property, or the regulation or protection of the environment, including ambient air, soil, soil vapor, groundwater, surface water, or land use.

Hazardous Substances includes without limitation:

(a) Those substances included within the definitions of hazardous substance, hazardous waste, hazardous material, toxic substance, solid waste, or pollutant or contaminant in CERCLA, RCRA, TSCA, HMTA, or under any other Environmental Law;

(b) Those substances listed in the United States Department of Transportation (DOT) Table [49 CFR 172.101], or by the Environmental Protection Agency (EPA), or any successor agency, as hazardous substances [40 CFR Part 302];

EXHIBIT D

LIST OF DOCUMENTS DELIVERED TO BUYER

APPRAISAL
Of

Seaside RDA Property
1274-1280 Broadway Avenue
Seaside, California 93955

VALUATION DATE: April 27, 2016

PREPARED FOR:
Tim O'Halloran, PE
Public Works Service Manager
440 Harcourt Avenue
Seaside, CA 93955

PREPARED BY:
Gerald F. Hansen, MAI, AI-GRS SR/WA
Patricia M. Hansen, SR/WA
HANSEN & CO., Inc.
Commercial Appraisers & Consultants
Post Office Box 2687
Hollister, California 95024

HANSEN & CO., Inc.
A PROFESSIONAL APPRAISAL CORPORATION *Providing Appraisal Services Since 1990* P.O. Box 2687, Hollister, CA 95024
Telephone: (831) 638-9800
jerry@hansen-co.com

May 18, 2016

Tim O'Halloran, PE
Public Works Service Manager
440 Harcourt Avenue
Seaside, CA 93955

Re: Appraisal of 1274-1280 Broadway Avenue, Seaside, California, 93955

Dear Mr. O'Halloran:

At your request, we have completed an appraisal of the above referenced property. We are pleased to submit herewith the completed appraisal. The purpose of the appraisal was to provide an opinion of the fair market value of the fee simple interest in the subject property. The intended use of this appraisal is to provide a basis of value for negotiating the possible sale of the property and for an allocation of taxes between agencies.

The report sets forth our value conclusions along with supporting data and reasoning that form the basis of our opinions. The value opinions reported are qualified by certain definitions, limiting conditions, and certifications that are set forth within the report. The report is intended to be in compliance with the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Appraisal Institute's Standard of Professional Appraisal Practice.

The intended users of the appraisal are the City of Seaside, Successor Agency of the City of Seaside Redevelopment Agency, Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Seaside, and the State of California Department of Finance. This appraisal should not be relied upon by any other users or for any purpose other than as stated in this report.

Based on the investigation and analyses fully described in this report, it is our opinion that the fair market value of the fee simple interest in the subject property as is as of April 27, 2016 was FIVE-HUNDRED THOUSAND DOLLARS ($500,000).

Respectfully submitted,
Hansen & Co., Inc.

Gerald F. Hansen
Gerald F. Hansen, MAI, AI-GRS, SR/WA
California BREA #AG002194 (Exp. 08/05/2016)

Patricia M. Hansen
Patricia M. Hansen, SR/WA
California BREA # AG028472 (Exp. 11/15/2017)

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following assumptions and general limiting conditions:

1. This appraisal report has been prepared for the exclusive benefit of the City of Seaside and/or its agent or representative for the purpose as stated in the report. It may not be used for any other purpose or relied upon by any other party without the written consent of the appraiser, and in any event with only the proper written qualification and only in its entirety. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.

   Should the Client elect to release any information from the report to any third party, Client agrees that it will hold harmless and indemnify HANSEN & CO., Inc. from any and all claims that may arise.

2. Possession of this report, or a copy thereof, does not carry with it the right of publication.

3. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with another appraisal and are invalid if so used.

4. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.

5. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

6. It is assumed that title to the property is marketable and is free and clear of liens, encumbrances and special assessments other than as stated in this report.

7. Typical encumbrances assumed to exist include: Real Estate Taxes, Typical Financing and CC&Rs (Covenants, Conditions & Restrictions).

8. It is assumed that there are no undisclosed environmental and/or adverse subsoil conditions or contaminants that will have an adverse impact on the use, marketability or value of the subject real estate. Asbestos, mold or other toxic materials may be present in hidden areas. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser is not a building and/or an environmental inspector and is not qualified to test for such substances or conditions. The value estimate is predicated on the assumption that there are no such conditions on or in the property or in such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. If the client is concerned, it is considered imperative that an inspection is completed by a qualified environmental and/or engineering professional.

9. Information furnished by others is believed to be and assumed to be reliable. However, no warranty is given for its accuracy.

10. No responsibility is assumed for the legal description or for matters including legal or title considerations.

11. All engineering is assumed to be correct. Illustrative materials in this report are included only to assist the reader.

12. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise stated, defined, and considered in the report.

13. 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 regulatory agency, or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

14. Unless otherwise stated, it is assumed that all public utilities are available.

15. 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 changes in future conditions.

16. 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.

17. The estimates of value do not include any personal property or intangible items.

18. No opinion is expressed as to the value of subsurface oil, gas, water or mineral rights and these rights will not be separately evaluated.

19. The liability of HANSEN & CO., Inc. and its employees is limited to the fee collected for the preparation of the appraisal. There is no accountability for liability to any third party.

HYPOTHETICAL CONDITION

In order to appraise the subject property in its "As Is Condition" it is necessary to first appraise the property as if it is in average to good condition and at stabilized income and occupancy. To do this, it must first be assumed, for analyses purposes only, that the subject property is in average to good condition and is at stabilized occupancy. This assumption is a Hypothetical Condition that does not really exist.

> A **Hypothetical Condition** is defined as: *That which is contrary to what exists but is supposed for purposes of analysis.*

After determining the fair market value by the Direct Sales Comparison and Income Approaches as if at stabilized income and occupancy, the cost to achieve stabilized occupancy and income can be deducted from the market value as stabilized in order to arrive at the fair market value of the subject property in its "As Is Condition". The use of a hypothetical condition might affect the assignment results.

EXECUTIVE SUMMARY

General Location

The subject property is located on the south side of Broadway Avenue (Obama Way) between San Lucas and Noche Buena Streets in the City of Seaside. The mailing address is 1274-1280 Broadway Avenue (Obama Way) Seaside, California 93955.

Property Description

The subject property consists of a 24,000± square foot lot improved with a 6,779 leasable square foot office complex that consists of two buildings. Both are single-story buildings but one of the buildings has two small studio apartments in an attic area. The buildings were constructed in about 1985. The two buildings are of average quality construction and have been vacant for a number of years. They suffer from functional obsolescence and physical deterioration resulting from deferred maintenance. We have estimated the effective age of the buildings at about 30-35 years with a remaining economic life of about 10 years.

Purpose of Appraisal

The purpose of the appraisal is to provide an opinion of the subject property's fair market value.

Property Rights Appraised

The property rights appraised are the Fee Simple Estate.

Valuation Premise

The subject property is being valued in its present "As Is" condition.

Valuation & Report Date

The effective date of valuation is April 27, 2016. The date of this report is May 18, 2016.

Highest and Best Use

The highest and best use of the subject land as if vacant is to sell, lease or to hold for development of the subject parcel with a mixed-use, commercial or residential project that is consistent with the zoning, when it can be shown to be financially feasible. The highest and best use for the subject property as improved is for repair and renovation of the improvements so the buildings can be leased.

Value Indicators

Direct Sales Comparison Approach:	$780,000
Income Approach:	$782,000
Concluded Fair Market Value at Stabilized Income & Occupancy:	$780,000
Cost to Stabilize Income & Occupancy:	$281,870

Final Value Conclusion

Fair Market Value As Is:	$500,000
	(Exposure time 8 to 12 months)

TABLE OF CONTENTS

INTRODUCTION

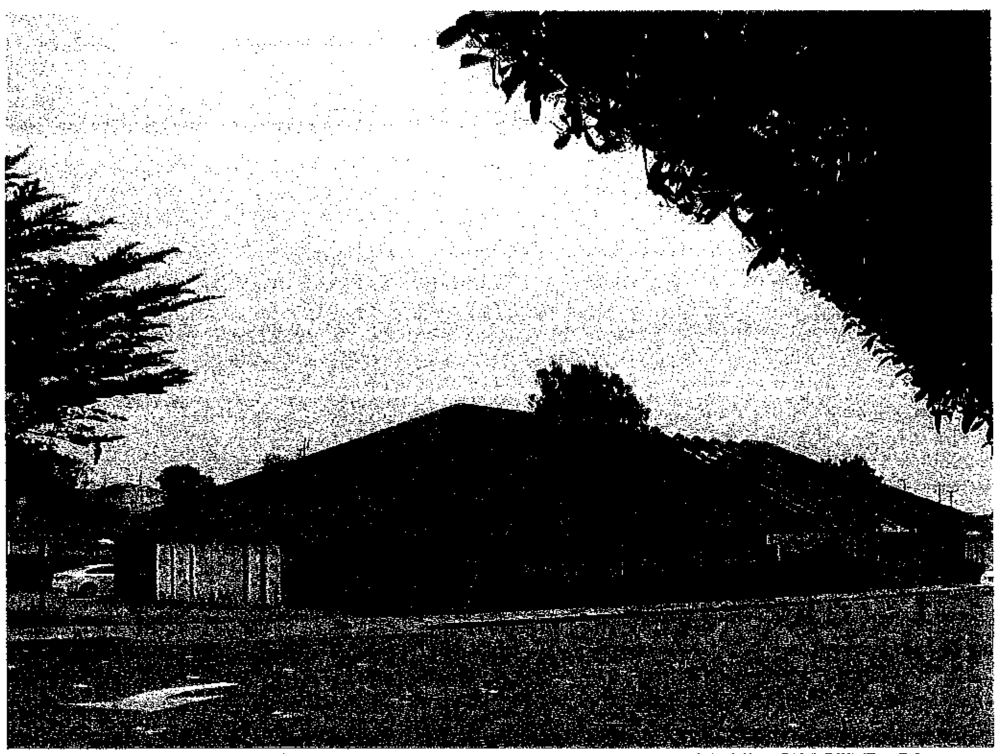
Purpose of Appraisal

The purpose of this appraisal is to provide an opinion of the Fair Market Value of the subject property.

California Code of Civil Procedure Section 1263.320 defines Fair Market Value as follows:

a) *The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.*

b) *The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable.*



SUBJECT PROPERTY LOCATED AT 1274-1280 BROADWAY AVENUE, SEASIDE, CA

Intended Use & User of Appraisal

The intended use of this appraisal is to provide our client, the City of Seaside, a basis of value for negotiating the possible sale of the subject property and for an allocation of property taxes between agencies. The intended users of the appraisal are the City of Seaside, Successor Agency of the City of Seaside Redevelopment Agency, Oversight Board to the Successor Agency to the Redevelopment Agency of the City of Seaside, and the State of California Department of Finance.

Date of Inspection, Valuation & Report

The subject property was inspected inside and out on April 27, 2016 and that is the effective date of valuation. The date of this report is May 18, 2016. That is the date that the report was completed and signed.

Valuation Premise

The subject property is being valued in its present "As Is" condition as of the date of inspection.

> ***Market Value As Is*** *- means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions or qualifications as of the date of the property inspection.*

Property Rights Appraised

The property rights being appraised consist of the fee simple estate.

> ***Fee Simple Estate*** *means the absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation*[1]

Scope of Appraisal

This is an analysis of the subject property and the aspects of the real estate market that have an influence on the value of the subject property. It is based on an investigation of the surrounding area, its relationship to the subject property and market factors in the area.

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[1]Appraisal Institute, "Fee Simple Estate", The Dictionary of Real Estate Appraisal, 5th edition, 2010, page 78.

The subject property was inspected and all available documents relating to the property have been reviewed and analyzed. An investigation has been made of local ordinances and restrictions to determine if the existing improvements and/or proposed improvements are in conformance with all the applicable codes and regulations.

Sale and lease data has been collected from actual market transactions for use in this analysis. Only the data considered to be the most reliable and meaningful to this appraisal has been used. All of the data presented in this report is believed to be accurate. The market data was analyzed in order to determine an opinion of the market value based on the stated property rights and stated value premise. We have completed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report.

Exposure Time

> ***Exposure Time** is defined as: 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; a retrospective estimate based upon analysis of past events assuming a competitive and open market.*[2]

USPAP Compliance

The appraisal report is intended to comply with the reporting requirements set forth under *Standards Rule 2-2(a)* of the Uniform Standards of Professional Appraisal Practice 2016-17 edition for an Appraisal Report and the Appraisal Institute's Standard of Professional Appraisal Practice. As such, it presents the discussion of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

[2] Appraisal Standards Board, "Reasonable Exposure Time in Real Property and Personal Property Market Value opinions", Uniform Standards of Professional Appraisal Practice, 2016-17, page 26

LOCATION & PROPERTY IDENTIFICATION

General Location

The subject property is located on the south side of Broadway Avenue (Obama Way) between San Lucas and Noche Buena Streets in the City of Seaside. The mailing address is 1274-1280 Broadway Avenue (Obama Way) Seaside, California 93955.

Legal Description

The land referred to is situated in the City of Seaside, County of Monterey, State of California and is described as follows:

> Lots 3, 5, 7, 9, 11 and 13 in Block 21A, as shown on the map showing Resubdivision of Lots 13, 14, 15 and 16 in Block 5 and a dedication of a 25 foot street and a 16 foot alley in Lots 13 and 14 in Block 4 of the Villa subdivision of Lots 2 and 3 of the Rancho Noche Buena, Monterey County, California in the City of Seaside, County of Monterey, State of California, filed September 8, 1908 in the office of the County Recorder of said County in Volume 2, Cities and Towns, at page 9.

The legal description suggests that the subject site consists of six legal lots. However, the City of Seaside filed *Resolution No. 91-16* that was recorded on Reel 2630 at Page 625 in the Official County Records on April 16, 1991 that merged the lots into a single parcel.

Ownership & History of Conveyance

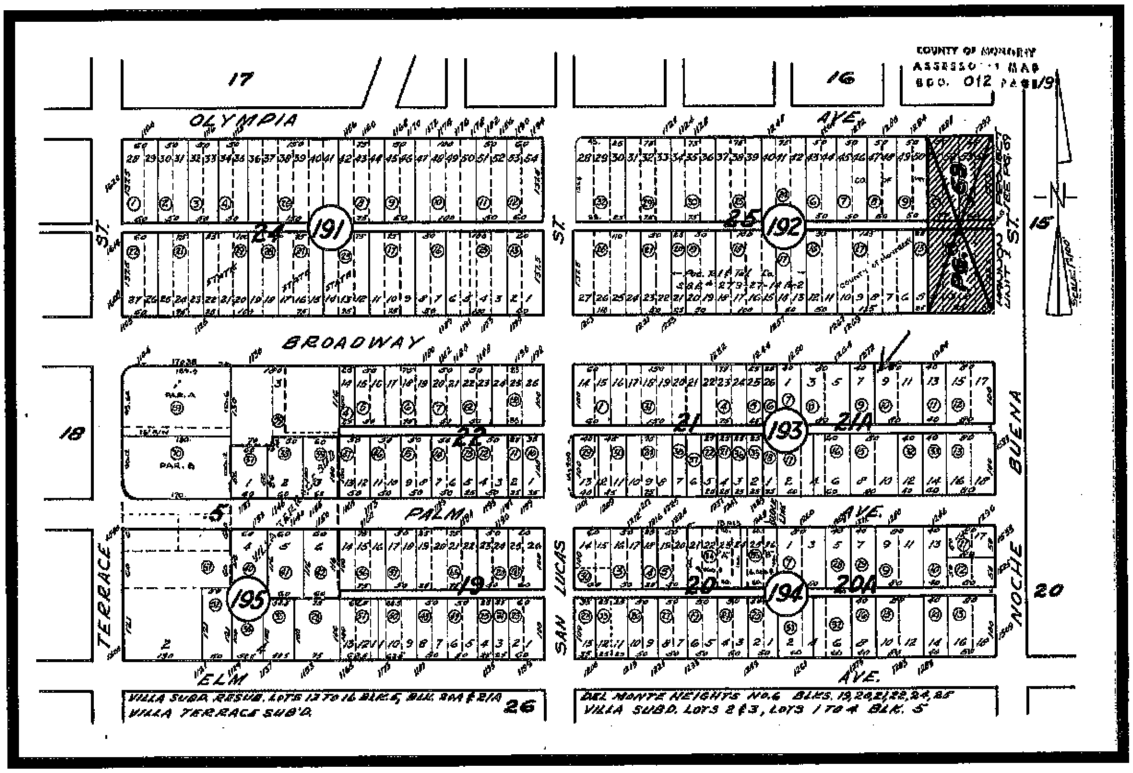
Based on a "Statistical Summary" from a policy of title insurance by Old Republic Title Company dated January 7, 2005 with a Policy Number of FTY 592098, it is indicated that the title was vested in:

> **The Redevelopment Agency of the City of Seaside, a public body, corporate, and politic**

Nothing was found to indicate that there have been any listings, sales or transfers of ownership noted during the prior five years or since issuance of the above indicated policy of title insurance. A copy of the "Statistical Summary" is in the Addendum.

Assessor's Identification

The subject property is identified by Monterey County Assessor's Parcel Numbers 012-193-008 through 011.



REAL ESTATE TAXES AND ASSESSMENTS

Tax Data

This is a publicly owned property and the property taxes are not based on an assessed value. Current property tax data is located in the Addendum.

Bond Data

None noted.

Estimated Taxes Based on As Is Fair Market Value

The current taxes, based on the estimated fee simple value of the subject property, can be calculated by multiplying the estimated market value of the land and improvements of $500,000 times the tax rate of 1.053039% plus direct assessments estimated at $822 for a total estimated tax of about $6,087.

AREA ANALYSIS

Monterey County

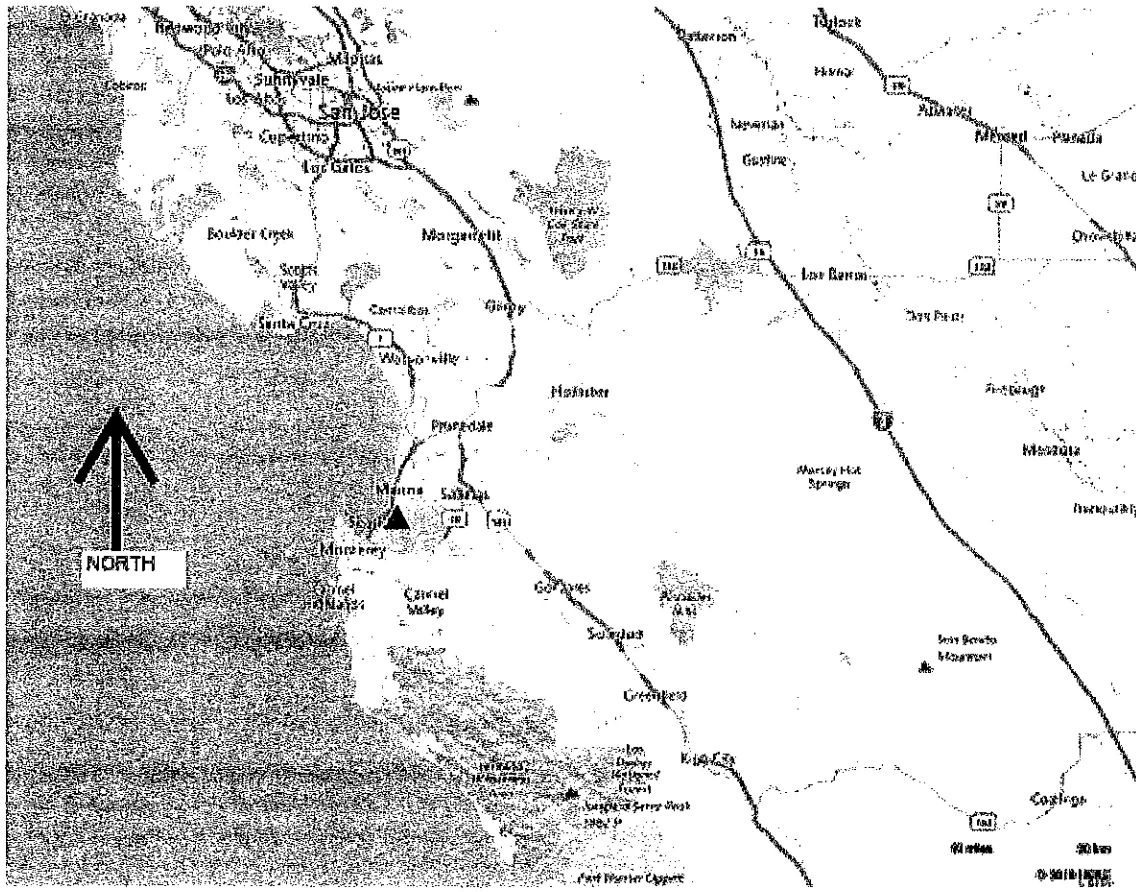
The subject property is located in the City of Seaside on the Monterey Peninsula in northern Monterey County, California. Monterey County encompasses 3,784 square miles or 2,421,760 acres of land area lying along 105 miles of the north-central California coastline, approximately 105 miles south of San Francisco and 350 miles north of Los Angeles. The County is relatively long and narrow in shape, with an average width of only 30 miles; elevations range from sea level to 5,844 feet at Junipero Sierra Peak, which is located 12 miles inland in the Santa Lucia Range. Monterey County is bounded by the Pacific Ocean to the west, Santa Cruz County to the north, San Luis Obispo County to the south, and San Benito, Kings and Fresno Counties to the east.

Monterey County has a rural orientation, with substantial tracts of land devoted to agriculture and open space uses, with an average population density of only 112 persons per square mile. Much of the total county land area is government-owned. The federal government holdings include Fort Hunter Liggett, Camp Roberts, Los Padres National Forest and until recently Fort Ord. Nearly one-half of the total county population of about 426,000 live within the seven incorporated cities and adjoining unincorporated areas of the Monterey Peninsula. These cities, along with the City of Salinas, include the majority of the total county population.

While the economy of Monterey County is diversified, the most important contribution is from agriculture, which provides about 25% of the County's basic income. Approximately 90% of the agricultural income comes from 263,620 acres of irrigated land, or over 11% of the County. This highly productive irrigated region is separated from the rest of the state by the coastal range of mountains and is generally known as the fog belt agricultural area of California. The long growing season makes it possible to grow as many as three crops annually. A total of over 980,000 acres in Monterey County is used exclusively for agriculture and another 340,000 acres are combined agricultural and grazing land.

Following agriculture, the health of Monterey County's business and industry is tied to the tourism/convention industry and military payrolls. In support of these large segments of the overall economy are other industrial efforts such as research laboratories and light manufacturing as well as service-related and retail industries. A study of tourism by the State Department of Commerce's Office of Economic Research indicated that tourism is second only to agriculture in the County's economy. The majority of the tourism industry is centered around the hotel and convention complexes and as such, has more of an impact on the Monterey Peninsula area of the County.

AREA MAP



The electronics industry in neighboring Santa Clara Valley has been driving the economy in the San Francisco Bay and Monterey Bay Areas. Residents in this area of Monterey County are employed in the cities of the Monterey Peninsula (Seaside, Monterey, Pacific Grove, Carmel, Marina, Del Rey Oaks and Sand City) or commute to jobs in Salinas, San Jose and Santa Cruz County via Highways 1, 68, 101 and 152. During recent years, rising property values and general growth within the Metropolitan San Jose area have prompted a steady migration of people in search of lower property costs to the northern portion of Monterey County.

In Monterey County, AMTRAK provides rail passenger service, and the Union Pacific Rail Road provides rail freight service. Salinas is the only city in Monterey County that now has rail passenger service. U.P.R.R. is the main line between Los Angeles and San Francisco.

The Monterey Peninsula Airport provides air freight and passenger service in and out of the County. The Cities of Salinas and King City both have municipal airports that serve private aircraft. In addition to military airfields, private airstrips and agricultural landing fields are located throughout Monterey County.

City of Seaside

The City of Seaside is located at the southeastern edge of the Monterey Bay in northwestern Monterey County. Seaside was incorporated in 1954 and grew to a city of about 40,000 by 1992. The population declined dramatically with the closing of Fort Ord in the early 1990s. In 1996, the population was about 30,000, but as of January 1, 2015 the population was estimated to be 33,672. With the significant growth of the land area of Seaside as a result of the deactivated Fort Ord Army Base, the population is expected to continue to grow. The communities of Sand City and Monterey lie to the west and southwest with Del Rey Oaks forming the remainder of the southern border. Until the closure of Fort Ord, Seaside was one of the primary commerce and housing centers for the military personnel and their dependents. The economy of Seaside was based almost entirely on retail trade and services for the military and their dependents.

Seaside has a sprawling retail district centered along the length of Fremont Boulevard (State Highway 1) and extending along portions of Del Monte Boulevard, Canyon Del Rey Boulevard and Broadway Avenue. Most of the commercial development in Seaside consists of stores and services that provide for the needs of the residents and tourists. Until recently, most of the housing in Seaside has been modest and housing costs had been some of the lowest on the Monterey Peninsula. During the past few years, a new development of larger more expensive homes by KB Homes, Seaside Highlands, was built on land that was formerly a portion of Fort Ord. Other developments are expected to add significantly to the housing inventory and will draw greater growth and population to the City.

Neighborhood

The subject property is located on the south side of Broadway Avenue (aka Obama Way) between San Lucas and Noche Buena Streets. This is a portion of the old downtown commercial area of Seaside. The post office is one block to the west of the subject property. The Seaside Auto Mall is two to three blocks to the northwest and it spans from Fremont to Del Monte Boulevards. This area of Broadway consists primarily of one and two story commercial properties providing goods and services to the local community and vacant land. There are a few small old houses still in between the retail establishments. To the south of Broadway there are residential neighborhoods that consist of single-family houses and small multi-unit complexes. To the west along Fremont Boulevard there are strip commercial uses.

NEIGHBORHOOD MAP

In the immediate area of the subject property there is a liquor store to the east and a small retail shop followed by multi-residential uses and more retail uses to the west. Across Broadway to the north is a County of Monterey office building followed by commercial uses to the west on Broadway. Across Noche Buena Street on both sides of Broadway there are churches followed by a mixture of residential and commercial uses. Along Noche Buena on both sides and in both directions is primarily a mixture of single and multi-residential uses. Across the alley from the subject along Palm Avenue there are single-family & multi-family residential uses. At the corner of Broadway Avenue and Noche Buena Street there are four-way traffic signals. Along San Lucas Street there are two-way stop signs at Broadway Avenue.

Conclusion

The subject property is located in the City of Seaside in northern Monterey County in an area known as the Monterey Peninsula. It is in an older commercial area of Seaside on Broadway Avenue between San Lucas and Noche Buena Streets. This is a commercial area of one and two-story commercial buildings with a few older houses and multi-unit residential uses scattered in between retail establishments and vacant land.

SITE DESCRIPTION & ANALYSIS

The subject site is located on the south side of Broadway Avenue between San Lucas and Noche Buena Streets. The site is described as follows:

Physical Characteristics

Size:	24,000 square feet; 0.55± acre
Shape:	Rectangular good
Frontage:	240 feet on Broadway Avenue
Depth:	100 feet
Topography:	Level
Drainage:	No apparent drainage problems
Access & Exposure:	The subject site has good access and visibility from Broadway Avenue & the alley on the south side of the property.
Utilities:	Public gas, water, sewer & electric utilities are available to the subject property.

Existing On-Site Improvements

The subject site is improved with two one-story+ wood-frame buildings that were constructed in about 1985. The improvements are completely described in the Improvement Description Section of this report.

Existing Off-Site Improvements

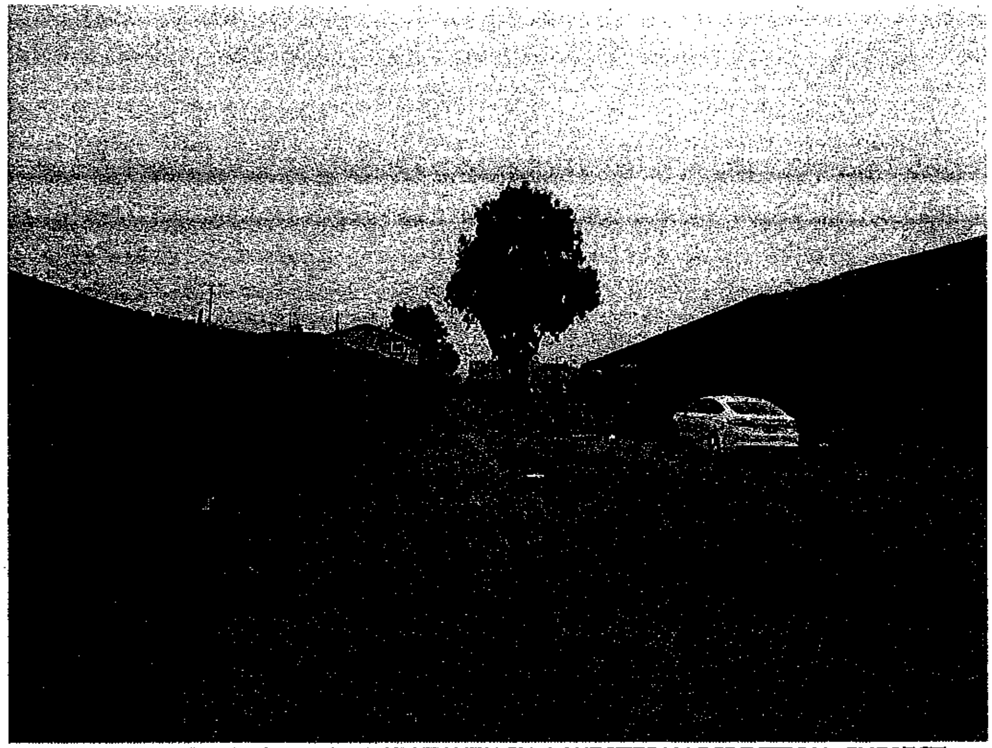
Broadway Avenue (aka Obama Way) is an 80 foot wide asphalt paved right of way with two moving lanes of traffic in each direction. All walks, curbs, gutters and street lights are constructed. Street parking is allowed on Broadway Avenue. There is a 16-foot wide asphalt paved alley adjacent to the south side of the subject parcel.

Soils & Geotechnical Report

A geotechnical or soils report was not provided and has not been reviewed by this office. It is assumed that the subject soil is adequate for the existing improvements.

BROADWAY AVENUE TAKEN IN AN EASTERLY DIRECTION, SUBJECT PROPERTY AT RIGHT SIDE OF PHOTOGRAPH

BROADWAY AVENUE TAKEN IN AN WESTERLY DIRECTION, SUBJECT PROPERTY AT LEFT SIDE OF PHOTOGRAPH



ALLEY BEHIND SUBJECT PROPERTY TAKEN IN A WESTERLY DIRECTION, SUBJECT PROPERTY AT RIGHT SIDE OF PHOTOGRAPH

ALLEY BEHIND SUBJECT PROPERTY TAKEN IN AN EASTERLY DIRECTION, SUBJECT PROPERTY AT LEFT SIDE OF PHOTOGRAPH

Zoning

The subject property is under the jurisdiction of the City of Seaside and is zoned (CMX) which is a commercial mixed use zone and is shown on the General Plan as Mixed Use. The CMX zone is intended to accommodate retail stores, offices, theaters, restaurants, and other similar and related uses together with residential units in the context of mixed use, pedestrian-oriented development, although mixed use development is not required. The maximum allowable residential density within the CMX zone for the residential component of a mixed use project is 25 dwelling units per acre; the maximum floor area ratio (FAR) is 2.0. The CMX zone implements and is consistent with the Mixed Use (MX) land use designation of the General Plan. See Section 17.24.030 of the Seaside Zoning Code for a complete list of the allowable office and retail uses. Copies of portions of the zoning ordinance are included in the Addendum.

Easements and Encroachments

A current preliminary report was not available at the time of this appraisal and it is not known if any easements or encroachments exist. Nothing was noted at the time of our inspection to indicate that there are any easements or encroachments on the subject property.

Private Restrictions (CC&R's)

It is unknown if there are any CC&Rs in effect. It is assumed that the subject property is in conformance with any existing CC&Rs to the extent permitted by applicable law.

Flood Zone & Wetlands

The subject parcel is located in FEMA Flood Zone "X". Flood Zone X is *other flood areas* which include areas in the 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood. The subject is located on Panel Number 06053C0327G dated April 2, 2009. Wetlands are not an issue on this site.

Earthquake Zones & Geologic Hazard

The subject property is not in a California Alquist-Priolo Earthquake Zone. As with other properties in this area, the subject property is affected by periodic tremors. The largest recent earthquake was the October 17, 1989, Loma Prieta Quake which registered 7.1 on the Richter Scale. This quake was centered on the San Andreas Fault in the Santa Cruz Mountains approximately 60 miles to the northwest of the subject property. It was the largest quake to rock the area since the 1906 San Francisco Quake. Most of the quakes in the area are under a magnitude of 5.0 and result in little or no property damage.

Hazardous Substances

There is the possibility that hazardous or toxic materials may exist on the subject site due to past uses or uses on nearby properties. However, nothing was noted at the time of inspection that was considered a reason for concern. If the client is concerned, it is considered imperative that the client retains a qualified engineer or contractor to determine the extent or existence of any hazardous materials.

For purposes of this appraisal, it is assumed that there are no undisclosed environmental and/or adverse subsoil conditions or contaminants that will have an adverse impact on the use, marketability or value of the subject real estate.

Conclusion

The subject site is a rectangular shaped level parcel of land with an area of 24,000 square feet. It has good access and visibility from Broadway Avenue and an alley at the back of the property. The property is zoned for mixed commercial and residential use. Many retail and office uses as well as residential uses are allowed under this zoning, though some uses do require a use permit or a site plan review. No easements or encroachments were noted at the time of the inspection.

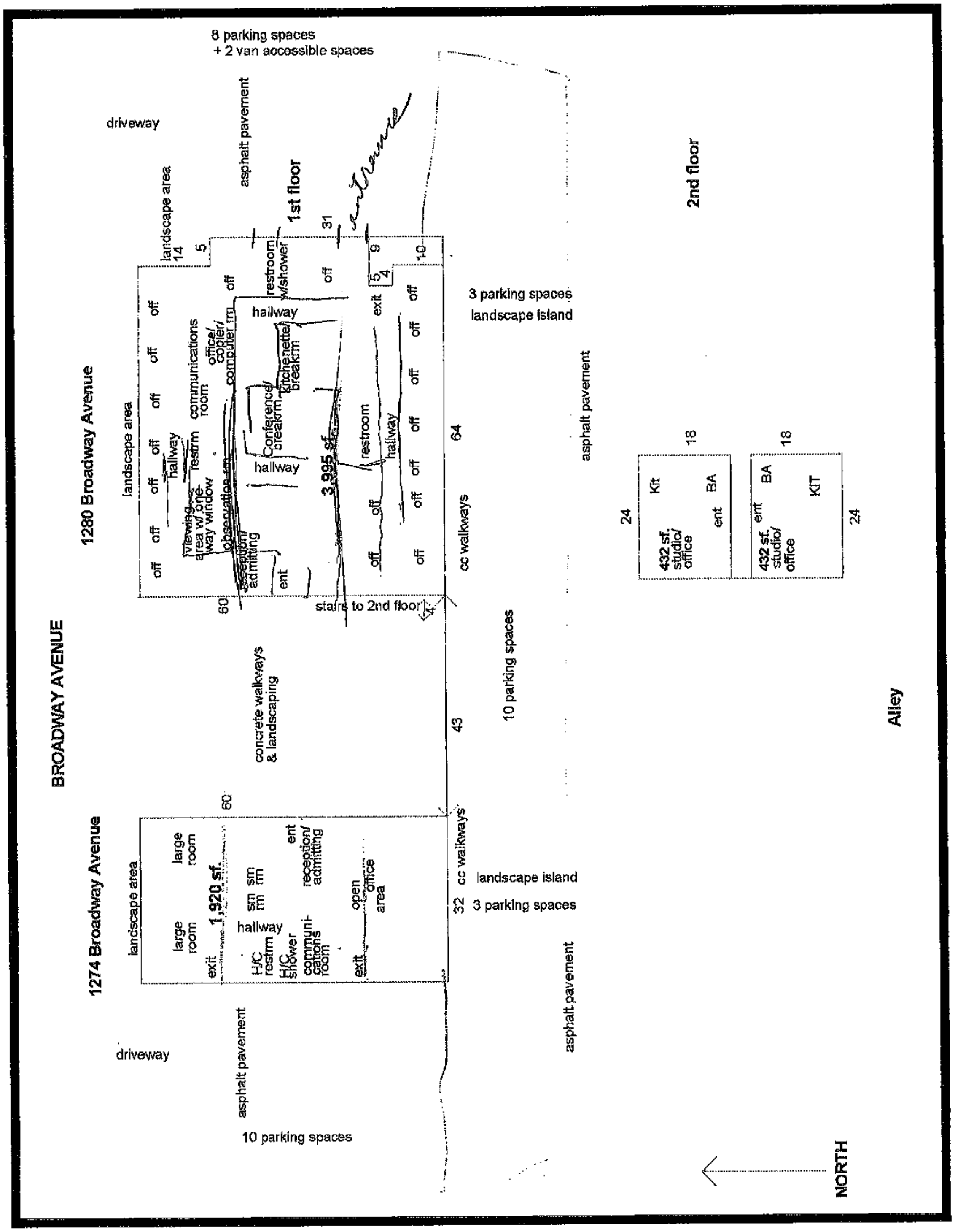
IMPROVEMENT DESCRIPTION & ANALYSIS

The subject site is improved with a single office complex that consists of two separate buildings that are interconnected by roof beams and some underground utility lines. The layout of the building improvements on the site tends to suggest that the site could be divided between the two buildings and sold to two separate buyers. The legal description of the subject property indicates that the subject site consists of six lots and the Monterey County Assessor has labeled the site with four Assessor's Numbers. All of these factors tend to suggest the property could legally be divided into two separate properties. However, the City of Seaside recorded two documents with the County of Monterey on April 16, 1991 on Reel 2630 at Page 625 that merged all of the lots that make up the subject site into one parcel. These two documents are the "Notice of Merger" and "Resolution No. 91-16." As a result the six lots that describe the subject land parcel are no longer separate legal lots and are just parts of the larger subject legal parcel. A copy of the Notice of Merger and Resolution are located in the Addendum.

For clarity throughout this report, we are going to refer to the smaller building at 1274 Broadway Avenue as "Building A" and the building at 1280 Broadway Avenue as "Building B". Both are single-story buildings but Building B does have two small attic studio apartments. The two buildings are connected by a series of roof beams and some of the utilities appear to be interrelated which indicates that it could possibly be considered as a single building. However, for this analysis, we are going to consider them as two loosely connected separate buildings:

Construction Description

Type of Construction:	Wood-Frame
Class of Construction:	D
Quality of Construction:	Average
Built:	1985±
Building Floor Area:	Bldg. A: 1,920 sf. gross; 1,920 sf. leasable 1st flr.
	Bldg. B: 3,995 sf. gross; 3,995 sf. leasable 1st flr.
	960 sf. gross; 864 sf. leasable 2nd flr.
	Total 6,875 sf. gross; 6,779 sf. leasable
Parking Spaces:	36 marked spaces
Site Area:	24,000 sf.
Building Coverage:	5,915 sf. or 24.6%


8 parking spaces
+ 2 van accessible spaces
driveway
asphalt pavement
landscape area
1st floor
2nd floor
1280 Broadway Avenue
BROADWAY AVENUE
1274 Broadway Avenue
off
hallway
restrm
communications room
office/ copier/ computer rm
restroom w/shower
Conference/ breakrm
kitchenette/ breakrm
3,995 sf.
restroom
exit
viewing area w/ one-way window
observation rm
reception/ admitting
ent
stairs to 2nd floor
3 parking spaces
landscape island
cc walkways
concrete walkways & landscaping
10 parking spaces
432 sf. studio/ office
Kit
BA
KIT
Alley
large room
sm rm
1,920 sf.
H/C restrm
H/C shower
communications room
open office area
NORTH

Building Shell Details

Foundation:	Concrete
Floor:	Concrete slab-on-grade
Exterior Walls:	Stucco
Exterior Doors:	Wood & glass, metal utility doors
Windows:	Double glazed aluminum sash
Truck Doors:	None
Roof Structure:	Composition shingle over wood-frame
Fire & Security Protection:	Fire extinguishers
Electrical Service:	Adequate

Tenant Improvements

Quality:	Average quality
Floors:	Vinyl, carpet, concrete
Walls:	Textured & painted gypsum board
Ceiling:	Suspended acoustical & painted gypsum board
HVAC:	Forced-air heating and air conditioning on roof electric baseboard heat in upstairs studios
Insulation:	Adequate
Plumbing Fixtures:	4 restrooms ground floor each with 1 basin, 1 toilet and 1 of 4 has a shower; 1 separate handicap shower room 1 restroom each studio with 1 basin, 1 toilet and tub/shower
Built-in appliances:	Hood/fan in studios
Built-in Cabinets:	In breakroom; in studio kitchens & baths
Light Fixtures:	Surface mounted & suspended fluorescent & incandescent fixtures

Building Plan & Improvements

Based on the floor plan and the existing tenant improvements, it appears the buildings were originally constructed for use as some type of therapy center. It does not appear that it was constructed for professional office space or medical or dental offices due to the lack of plumbing and electrical.

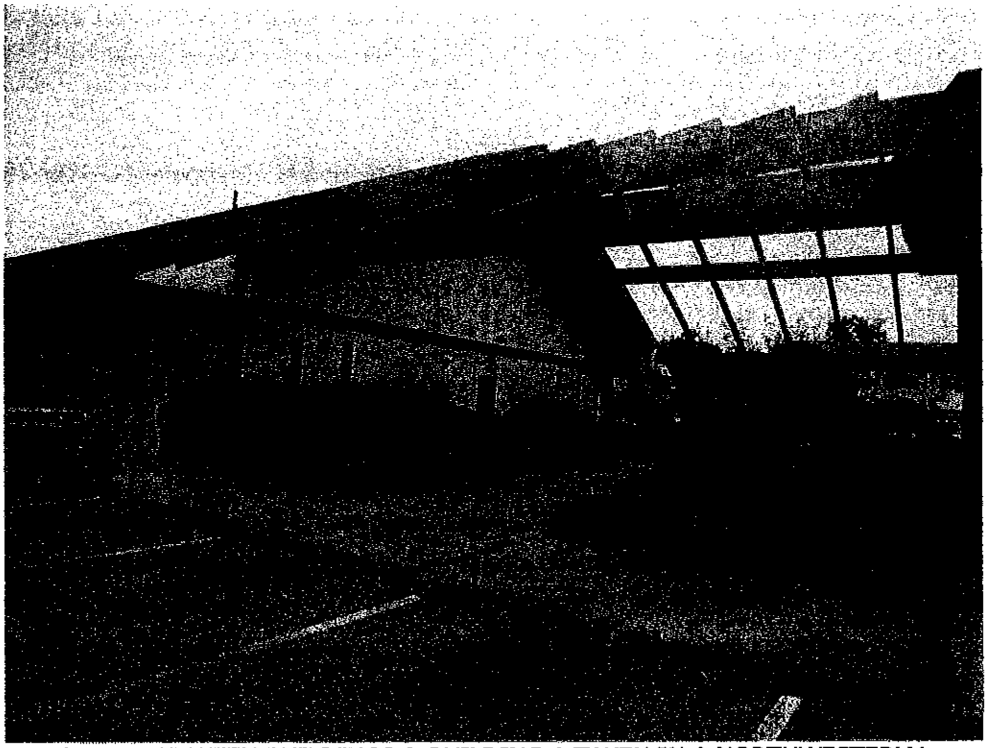
Building A, the smaller building at 1274 Broadway Avenue has a side entrance with a reception area. There are two large rooms at the front of the building that appear they could have been intended for physical exercise or therapy. There is a single handicapped restroom and a handicapped shower room on the west wall of this building. There is one larger open area at the back of the building with a single private office. This building has a suspended acoustical ceiling with integrated lighting and ventilation, painted gypsum board walls and mostly carpeted floors. The carpet is in poor condition, the walls and ceiling are in average condition. It is obvious that the layout of the interior was for a special use that would not work for most other office users. All or most all of the tenant improvements (TIs) in this building would have to be replaced for new tenants. This building could easily be divided for use by two tenants.

Building B is the largèr of the two buildings located at 1280 Broadway Avenue. This building also has a side entrance that faces the entrance to Building A across an open court yard. The interior of this building was planned for a single tenant. There is a central hall that loops around the entire lower level with private offices on the outside of the loop and special use rooms, a communication room, janitor's closet, break room and conference room in the center of the building. There are three restrooms one of which appears to have been a private restroom with a shower and has access only from a private office. The ceiling and walls in this building are painted gypsum board with surface mounted light fixtures. Most of the floors were carpeted or had vinyl tile. At the eastern end of the building much of he floor covering has been removed and the wall board has been removed to a height of three or four feet indicating that the area must have been flooded by a plumbing leak some time in the past. Most of the tenant improvements in this building would have to be replaced for new tenants. This lower building level could easily be divided for use by two or three tenants.

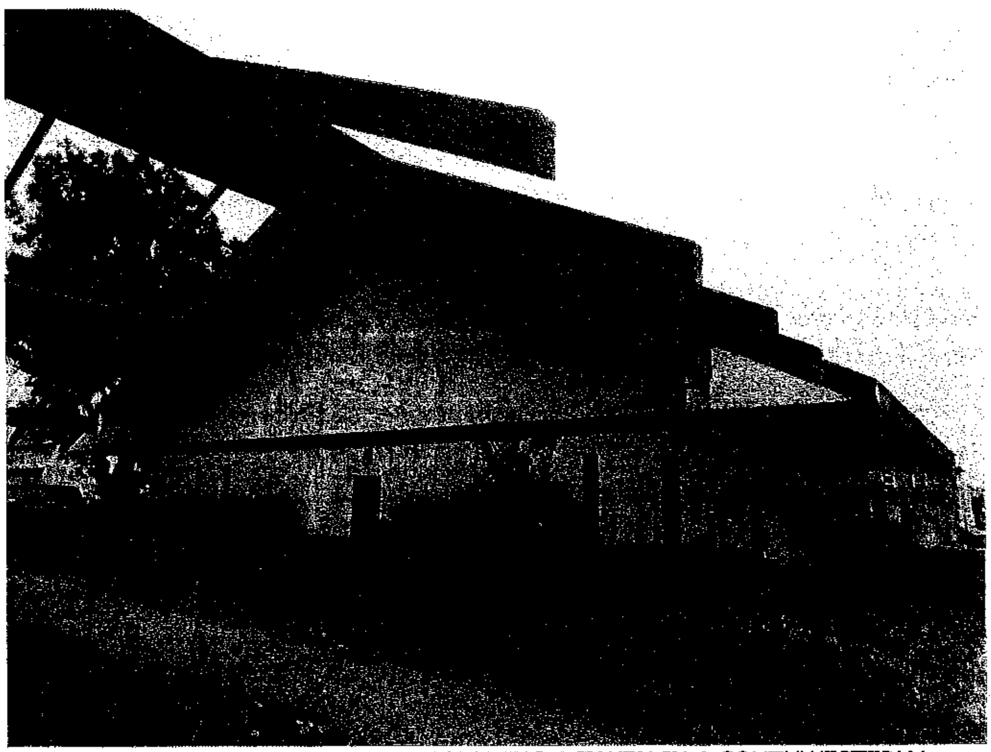
The **second level of Building B** has two small studio apartments that were created in the building's attic area. These two studios are at the western end of Building B and are accessed from an exterior stairway at the western end of the building. There is an open quasi interior hall that leads from the stairway between the studios to the attic access. This hallway also provides access to the studios.

Each of the studios has a small kitchen and a single bathroom. The kitchens have a hood/fan over a free standing oven/range unit. There are built-in cabinets and there is a free standing refrigerator in each unit. There is a vinyl floor in the kitchens and bathrooms and carpet in the living room area. There is surface mounted lighting and each of the units has a single electric baseboard heater.

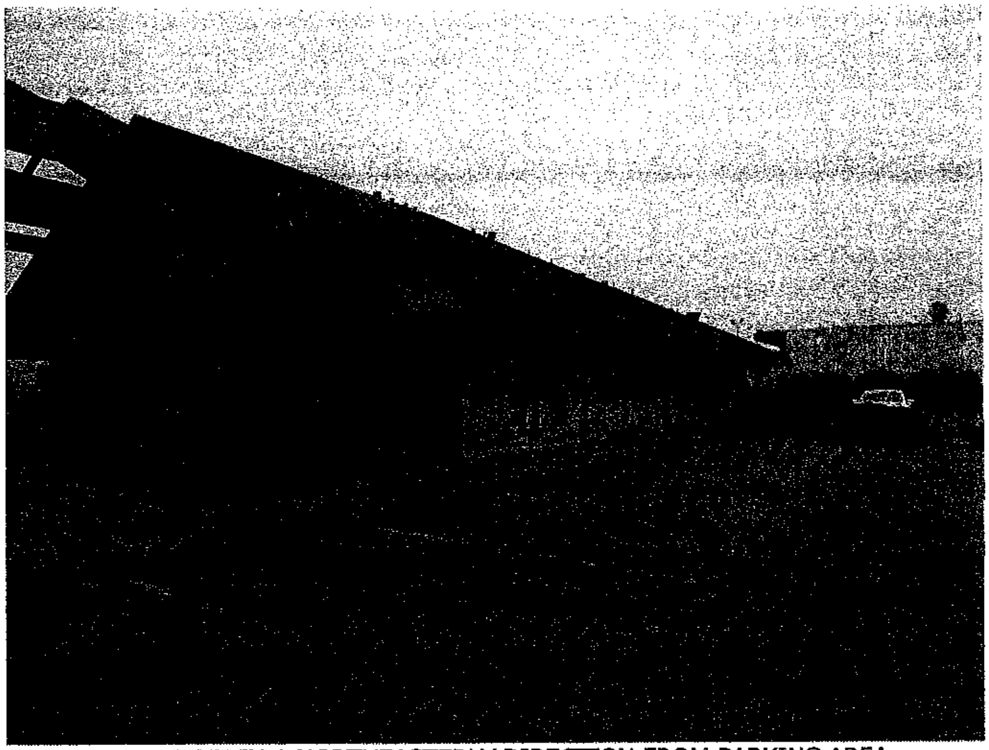
Site Improvements include landscaped areas at the front of the site and sides of the site and in the areas around the buildings. There are concrete walkways and there is asphalt paved parking for 36 vehicles with access from both Broadway Avenue and the alley. All of the site improvements appear to be in fair to average condition.



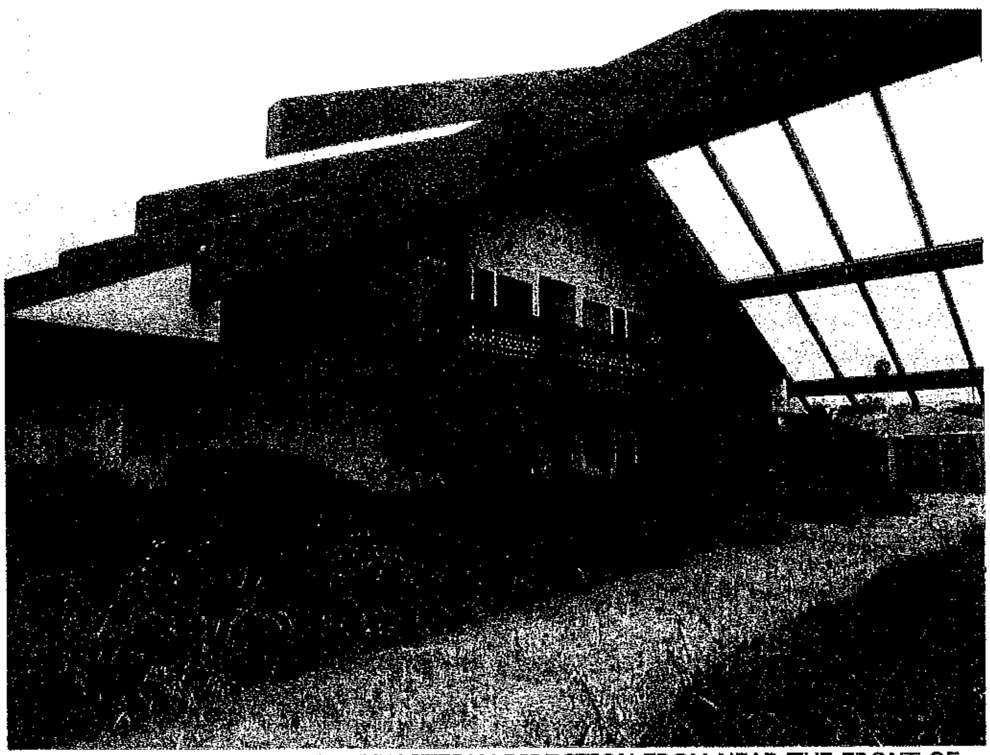
OPEN AREA BETWEEN BUILDINGS & BUILDING A TAKEN IN A NORTHWESTERLY DIRECTION FROM PARKING AREA



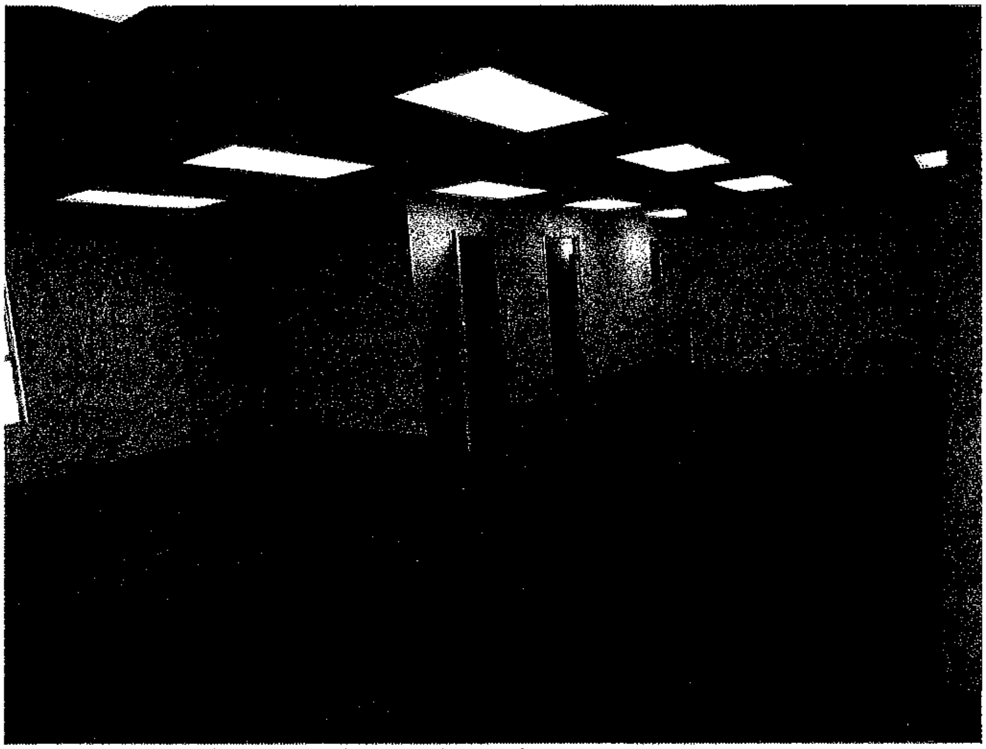
OPEN AREA BETWEEN BUILDINGS & BUILDING A TAKEN IN A SOUTHWESTERLY DIRECTION FROM NEAR FRONT OF BUILDING B



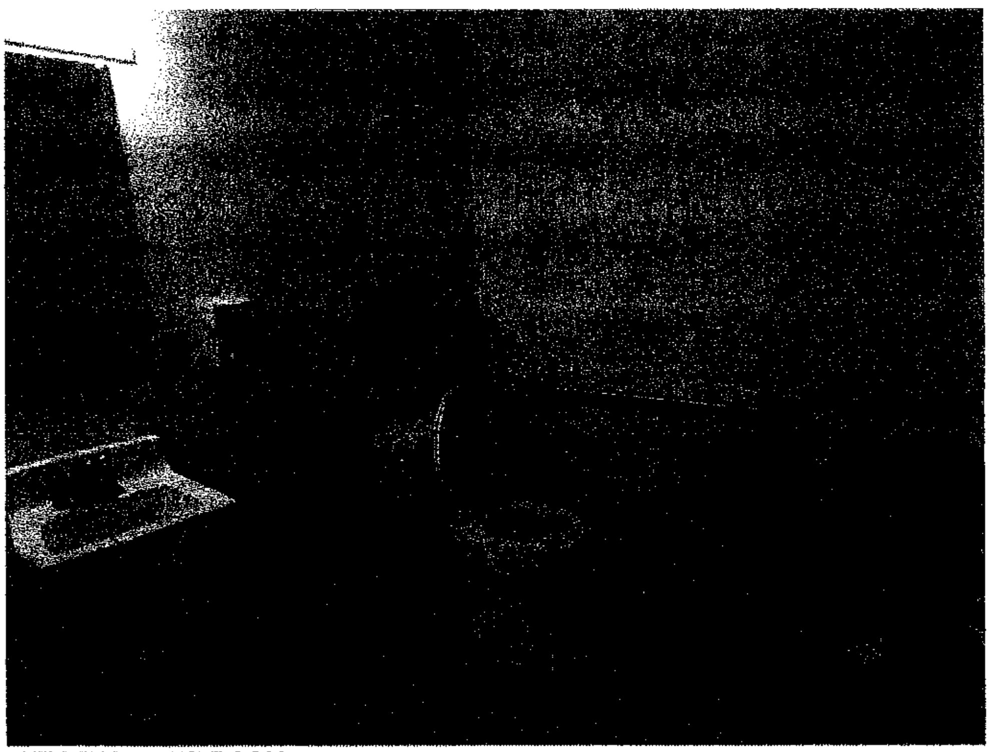
BUILDING B TAKEN IN A NORTHEASTERLY DIRECTION FROM PARKING AREA



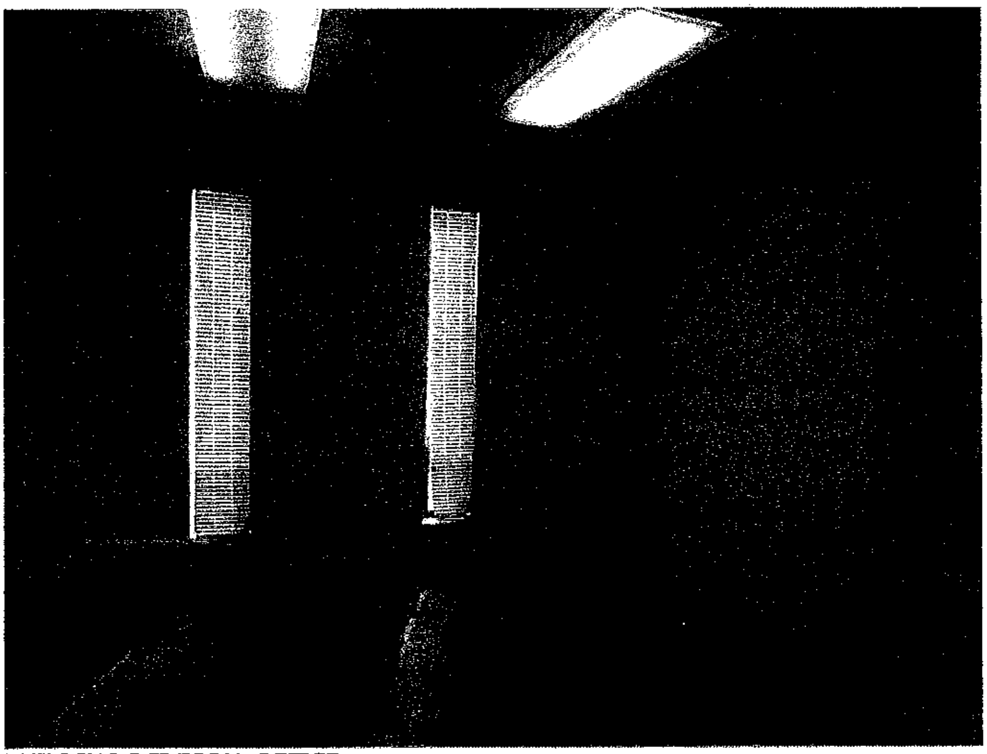
BUILDING B TAKEN IN A SOUTHEASTERLY DIRECTION FROM NEAR THE FRONT OF BUILDING A, ENTRANCE TO STUDIOS AT UPPER CENTER OF PHOTOGRAPH



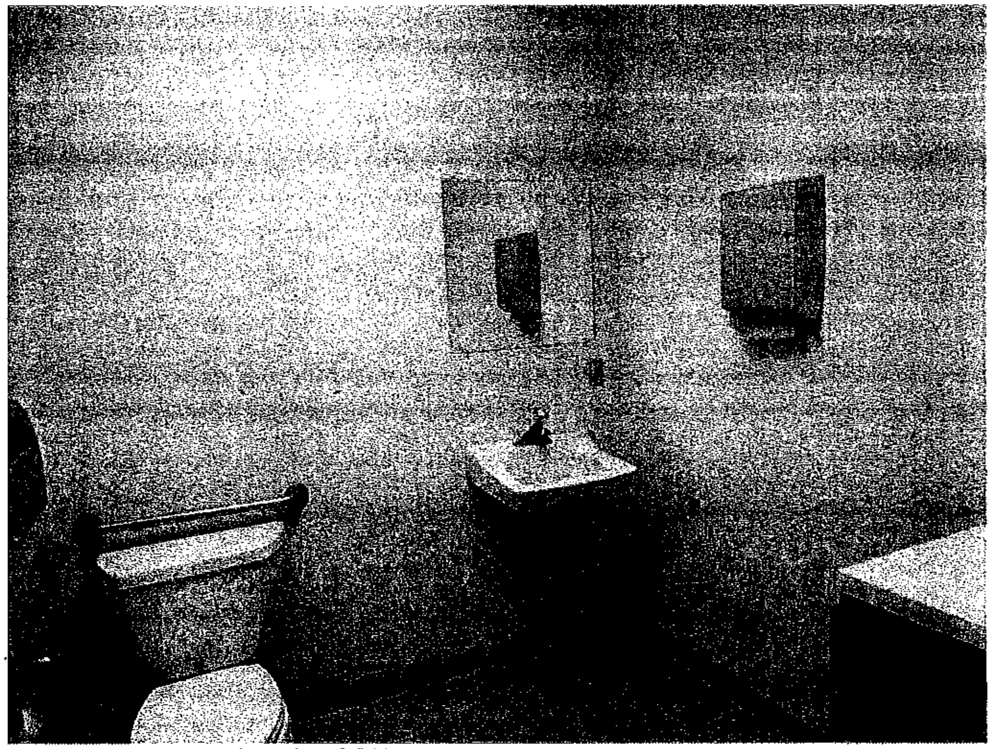
BUILDING A TYPICAL INTERIOR OFFICE AREA

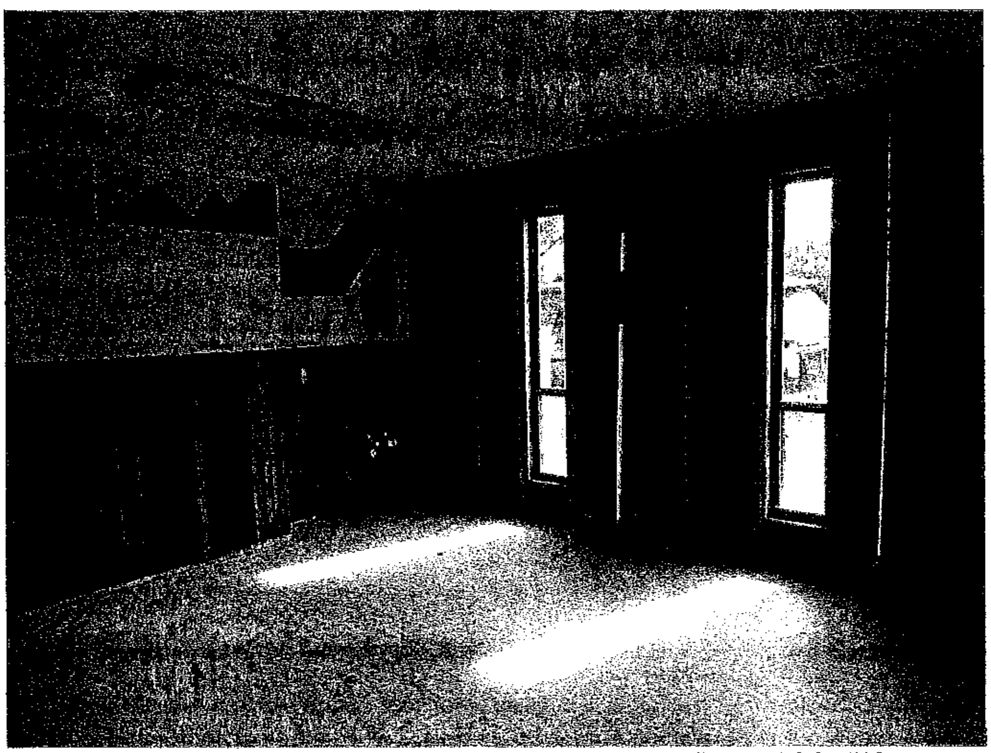


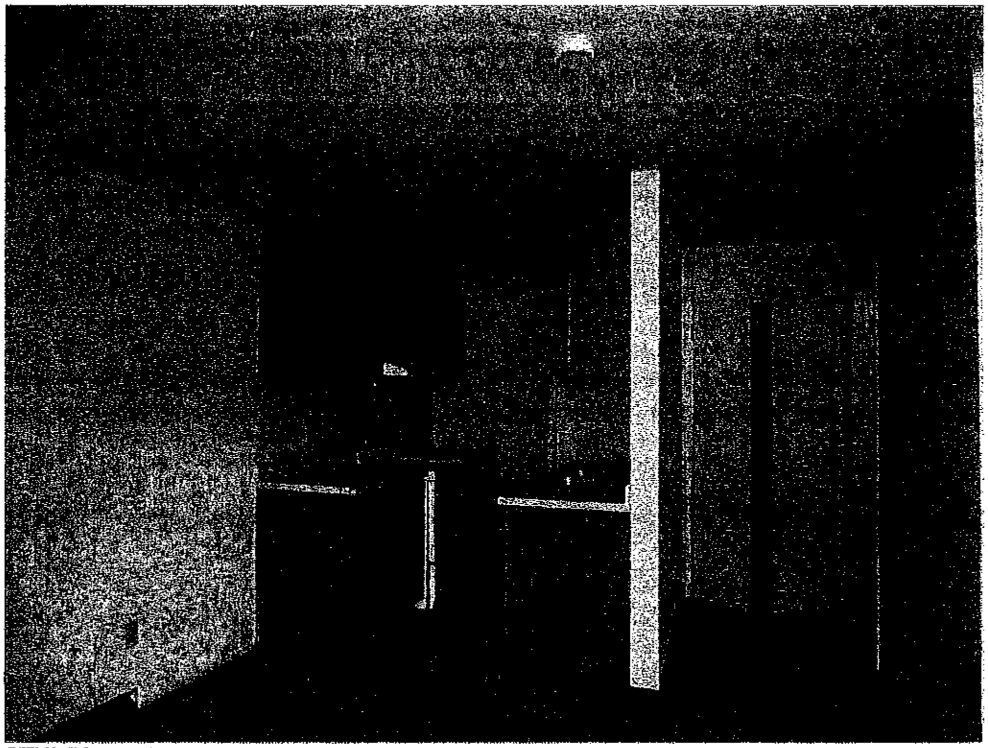
BUILDING A RESTROOM


BUILDING B TYPICAL OFFICE

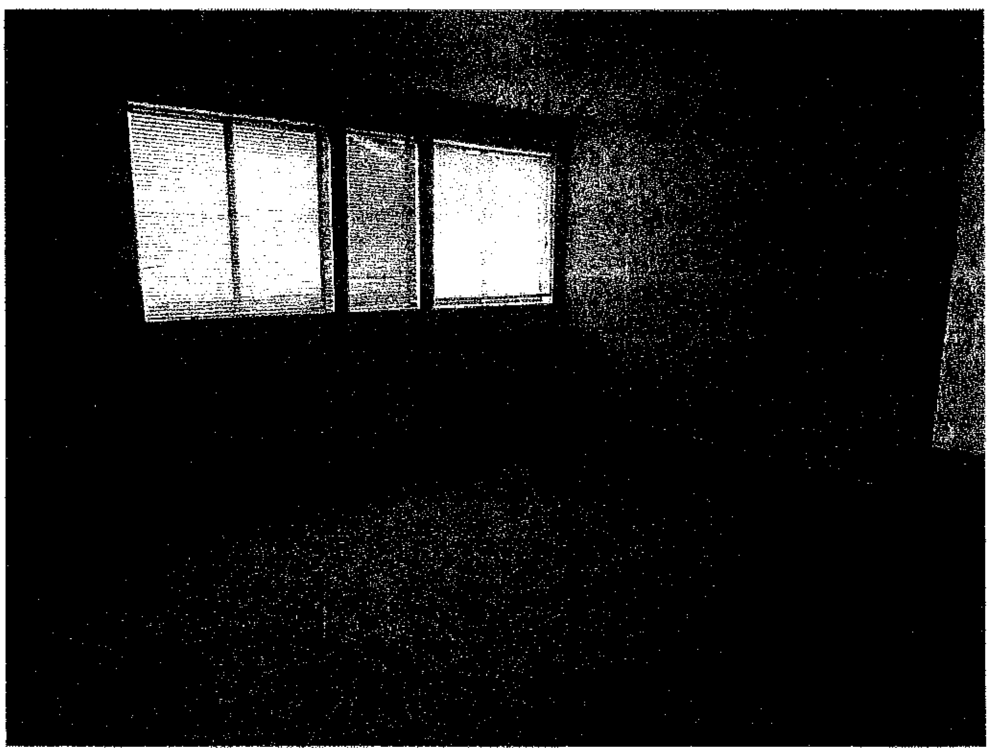

BUILDING B HALL


BUILDING B TYPICAL RESTROOM


BUILDING B OFFICE WHERE SHEETROCK WAS REMOVED DUE TO FLOODING



STUDIO APARTMENT KITCHEN & HALL



STUDIO APARTMENT LIVING AREA

Occupancy & Use

The subject property is currently vacant and appears to have been vacant for a number of years.

Disability Act Compliance

We assume that the subject property meets most or all of the required provisions under the Americans with Disability Act (ADA). If the reader has reason for concern, it is recommended that a qualified individual be engaged to review the project for compliance. It is assumed that the improvements are in ADA compliance.

Condition, Economic Life & Effective Age

The improvements were originally built in the early to mid-1980s and there has been some renovation of the interior TIs since that time. It appears that this property has been setting vacant for a number of years. The exterior paint is in poor condition and the landscaping is growing up in weeds. There is evidence of graffiti being painted over on the back of Building B and there is debris scattered through out the landscaping. It is obvious that the upstairs open hall has been used by vagrants. Most of the asphalt paved parking areas are in average condition, as are the concrete walkways around the buildings.

The interior of the buildings are in fair to average condition. Most of the electrical and plumbing fixtures appear to still be in working order. The walls and ceilings are in average condition with the exception of the area at the eastern end of Building B that was apparently flooded at some time in the past. This area had much of the lower sheetrock walls and all of the floor coverings removed. All of the doors and most of the windows appeared to still be functional. Some of the interior office layout could be usable by new tenants but most likely nearly all of it would have to be replaced for new users.

The improvements suffer from functional obsolescence due primarily to the existence of all of the old tenant improvements that will have to be removed. They also suffer from physical deterioration due to deferred maintenance that appears to have gone on for a number of years. The improvements are believed to have been constructed in the mid-1980s and are about 30 years old A wood-frame office building such as the subject buildings, normally has an expected economic life new of 45 to 50 years based on *Marshall Valuation Services Life Expectancy Guideline* tables (Section 97 pages 13), while the physical life may actually be longer. Overall, the subject building is in fair to average condition. It is our opinion that the building improvements have an effective age of about 30-35 years with a remaining economic life of about 10 years. The economic life can be extended by repairing, replacing, improving and updating the buildings.

Conclusion

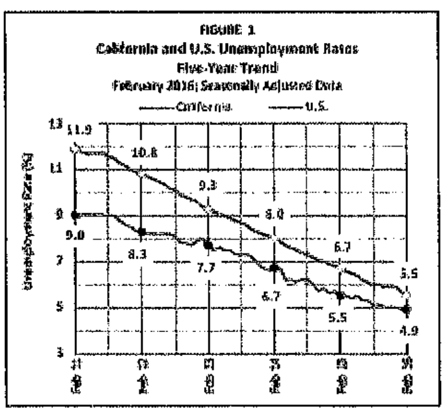
The subject property is improved with two single-story Class D office buildings in a commercial area of Seaside. They have a combined gross floor area of 6,875 square feet and a net leasable floor area of 6,779 square feet. The buildings were constructed in about 1985 on six lots that were later turned into a single legal parcel by a City Resolution in 1991. The two buildings are of average quality construction and have been standing vacant for a number of years. They suffer from functional obsolescence and physical deterioration resulting from deferred maintenance. The actual age of the buildings is about 30 years and we have estimated that the effective age of the buildings is about 30-35 years with a remaining economic life of about 10 years.

MARKET CONDITIONS

Even though the longest and deepest recession since the 1930s officially ended in June 2009, the aftermath continued. The damage was wide spread. With European economies teetering on the brink of economic collapse, chaos was created in the global market place. There continues to be uncertainty about world economic health but both the U.S. and the European economic conditions seemed to have been improving from 2013 through most of 2015. However, now turmoil in the global market has resurfaced due to the instability occurring in the Chinese Stock Market, the exodus of Syrian refugees flooding into Europe and unrelenting horrific attacks by militant groups throughout the world. In our interactive global market, the U.S. market is showing more and more concern about the potential impact at home.

Now, seven years after the stock market crash in 2008 the economy is growing at a slow but steady pace. The continued low interest rates and pent-up demand have brought the housing market back to life. In many areas of California such as the San Francisco Bay Areas, housing prices are again climbing as a result of multiple bids on a single property by eager home buyers. Home prices in much of the Bay Area have climbed back to the highs before the recession and in some cases are well above the 2007 levels. The Silicon Valley economy is driving this market along with demand from buyers from China and Asia in general that are seeking a safe haven in which to invest.

The most recent unemployment rates as published by the California Employment Development Department for March 2016 reflect positive changes in market conditions in the Greater Central Coast Area. While the overall State unemployment rate for March 2015 was at 6.5%, by March 2016 it had dropped to 5.6%. However, the rate for Monterey County in March 2015 was at 10.1% but had risen to 10.5% by March 2016.



From California Employment Development Department

This increase in unemployment is partially attributable to the significant agricultural base that causes the labor force to swing wildly throughout the year. Over the past quarter, the labor force grew to 358,000 in Q1 2016 from 349,000 in Q4 2015 yet the unemployment rate climbed higher for the overall quarter to 10.0% from 9.7%.

In contrast, the central coast counties of San Benito and Santa Cruz had March 2015 rates of 8.4% and 9.1%, respectively, and by March 2016 had dropped to 7.8% and 8.8%, respectively. The neighboring counties of Santa Clara, San Luis Obispo, Fresno and Kings Counties also improved the past year with March 2015 rates of 4.1%, 4.6%, 11.1% & 11.9%, respectively, and dropped to 3.8%, 4.3%, 10.6% & 11.4%, respectively. During the winter months, after the harvest season, the unemployment rate is normally much higher than during the rest of the year. The rate normally drops during the spring planting season through harvest season.

According to information provided by Cushman & Wakefield in *Office Snapshot Q1 2016 Central Coast*, the Central Coast office market since early 2013 has continued its downward trend in vacancy rates posting a Q1 2016 vacancy rate of 7.8%, down from 8.2% in Q4 2015 and 9.4% over the past 12 months. Cushman & Wakefield reported occupancy growth gains with gross absorption of 314,000 square feet, which is the highest the Central Coast office market has seen in 24+ months. The vacancy rate in Santa Cruz County has remained below 10.0% the past five quarters and dropped from 8.7% Q4 2015 to 8.0% to close Q1 2016. This is the lowest vacancy rate in Santa Cruz County since its all-time low of 7.6% in Q2 2008. Monterey County also is showing noticeable improvement with a 7.5% Q1 2016 vacancy rate, down from 7.8% last quarter and 9.2% a year ago.

Cushman & Wakefield stated that overall, the Central Coast average asking rates on a monthly full service basis decreased slightly during Q1 2016 to $1.89 per square foot per month from the three year high of $1.92 per square foot per month in Q4 2015. Santa Cruz County's average asking rates for Q1 2016 have remained fairly stable at $1.84 per square foot per month on a full service basis compared to Q1 2015 at $1.82 per square foot per month. In Monterey County the average asking rate did not vary more than $0.05 over the last 12 months and closed Q1 2016 at $1.95/sf/month on a full service basis. They reported that the Monterey County submarkets recorded modest changes with the exception of the Sand City/Del Rey Oaks/Seaside/Marina submarket which declined 8.1% by the close of Q1 2016 to $1.47 per square foot per month on a full service basis.

MARKETBEAT

Office Snapshot Q1 2016

Central Coast

CUSHMAN & WAKEFIELD

SUBMARKET		INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	CURRENT NET ABSORPTION	YTD NET ABSORPTION	UNDER CONSTRUCTION	AVERAGE ASKING RENT FS (ALL Classes)
Scotts Valley	68	2,078,915	0	364,579	17.6%	(25,424)	(25,424)	0	$1 97
Santa Cruz	177	3,306,801	0	188,074	5.7%	68,004	0	0	$1.63
Watsonville	94	1,936,346	0	70,949	3.7%	8,971	0	0	$1 23
Mid-County	71	844,802	4,973	25,378	3.6%	4,605	0	0	$1 83
Santa Cruz County	410	8,166,864	4,973	648,980	8.0%	56,156	56,156	0	$1.84
Carmel / Pacific Grove	42	579,899	0	46,784	8.1%	20,576	20,576	0	$2.40
Monterey	191	3,374,432	4,950	338,220	10.2%	(7,958)	(7,958)	0	$2.04
Sand City / Del Rey Oaks / Seaside / Marina	21	258,574	0	24,293	9.4%	0	0	0	$1 47
Salinas / Castroville	248	4,199,118	1,856	216,794	5.2%	7,548	7,548	0	$1.77
Monterey County	502	8,412,023	6,806	626,091	7.5%	20,166	20,166	0	$1.95
TOTAL	912	16,578,887	11,779	1,275,071	7.8%	76,322	76,322	0	$1.89

In the Central Coast, as quality office space is leased, vacancy has tightened and asking rates have slipped, presumably reflecting the less desirable inventory. Santa Cruz and Monterey Counties are expected to continue to draw attention from Silicon Valley start-ups looking for alternative office space that offers a lower price for a good value. However, with limited office development on the horizon and a tightening 7.8% vacancy rate, quality space is becoming scarce in the Central Coast market. Large spaces that are essential to attract large corporations from Silicon Valley or other potential markets are just about nonexistent.

There have been few office building sales in the Seaside Area or even in northern Monterey County over the last year. In the *Direct Sales Comparison Approach* Comparables 1, 2, 3 and 5 were on the market for 49 days; one and a half years; about eleven months off and on; and about one year, respectively, prior to an offer being accepted. Considering this and the cooling economic conditions, we have estimated that the exposure time for the subject property to have sold at the market value concluded in this report would have been eight to twelve months, as long as it was not listed at more than 125% of the indicated market value.

Conclusion

All indications are that the U.S economy is beginning to slow. There is concern that the problems with the economies in China and Europe will start to pull our economy down as theirs falter. As a result due to all of these factors discussed above, we have estimated that the exposure time for the subject property to have sold at the market value concluded in this report would have been eight to twelve months, as long as is it was not listed at more than 125% of the indicated market value.

HIGHEST AND BEST USE

Definition

Highest and best use is defined as:

> *The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility and maximum profitability.*[3]

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

The highest and best use of a specific parcel of land does not depend on subjective analysis by the property owner, the developer, or the appraiser; rather, highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property.[4]

Use As Vacant Land

The subject land parcel is located within a Seaside business district that is zoned for mixed use commercial and residential development. A number of commercial retail, office and residential uses are allowable. Some possible uses do require a use permit or a site plan review. The subject parcel has an area of 24,000 square feet is rectangular and has access from Broadway Avenue and an alley. All utilities, including water, are available to the site. It would be **physically possible** and **legally allowable** to develop the subject site with a commercial retail, office or mixed use project. However, based on current market conditions in Seaside with rents as low as they are, it would not be **financially feasible** to develop a project on this land unless it was an owner-user project for a specific use. As a vacant parcel the **maximally profitable** use would be to sell, lease or hold the land until such time it can be shown to be financially feasible and maximally profitable to develop the vacant land parcel.

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[3]The Appraisal Institute, The Dictionary of Real Estate Appraisal Third Edition, 1993, page 171.

[4]American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Ninth Edition, 1987, Page 270.

Use As Improved

The subject site is improved with two average quality 30± year old office buildings that have been vacant for a number of years. Overall, the development is in fair to average condition and requires repairs and renovation of improvements to be able to rent the buildings and to prolong its economic life. Due to its location and on-site parking it should be appealing to many potential users for a variety of offices uses. The improvements are consistent with the current zoning. The highest and best use of the subject property as improved is for renovation of the improvements and for renewed office use as permitted by the zoning.

Conclusion

The highest and best use of the subject land as if vacant is to sell, lease or to hold for development of the subject parcel with a mixed-use, commercial or residential project that is consistent with the zoning, when it can be shown to be financially feasible. The highest and best use for the subject property as improved is for repair and renovation of the improvements so the building can be rented or leased and to prolong the economic life of the improvements.

THE APPRAISAL PROCESS

The appraisal process is a systematic, orderly and logical method of collecting, analyzing and processing market data in order to make an intelligent judgment of the market value of a specific parcel of real estate. Three appraisal methods have been developed for processing market data into indicators of value. They are: the Cost Approach, the Direct Sales Comparison Approach and the Income Approach. All three are market approaches and all three are inter-related because each one is based on specific data collected from participants in the real estate market. The applicability of each approach depends directly on the nature of the market, which governs the quality and quantity of the data available.

Cost Approach

The Cost Approach is based on the economic principal of substitution. It holds that rational people will not pay more for a property than the cost to construct a satisfactory substitute, without costly delay. The substitute visualized is a similar property with equivalent utility. The steps involved include estimating replacement cost new of the improvements, deducting all forms of depreciation and adding the market value of the land. After deducting accrued depreciation from replacement cost new, the final step in the Cost Approach is to add the market value of the land, appraised at its highest and best use. The resulting sum is an indication of value by the Cost Approach.

Direct Sales Comparison Approach

The Direct Sales Comparison Approach indicates Market Value by comparing the subject property to similar properties that have been sold or are offered for sale. It is based on the principal of substitution. It is presumed that the sale price of a property will approximate the sale prices of close substitutes. These properties are compared to the subject with regard to the differences. On the basis of these differences, the comparable properties are adjusted to formulate a value range for the property being appraised. No two properties are ever identical, but they may be reasonable substitutes for each other if all relevant economic characteristics are similar.

Income Approach

The Income Approach may be defined as any method of appraising that converts income into value. It may also be called the Capitalization Method because capitalizing is the process of converting an income stream into a capital sum, i.e., value. The Income Approach to value is based on three major assumptions: (1) investors purchase property for expected future income; (2) investors estimate the duration and the quality of the income; and (3) future income is less valuable than an equal amount of present income.

Income is projected as an annual amount from which operating expenses are deducted to arrive at an estimate of net operating income. By measuring the ratio of first year net operating income of sales in market transactions (i.e., comparable sales), it is possible to value similar properties by applying this market-derived ratio to their net operating incomes. This technique is referred to as Direct Capitalization and requires only a single forecast of income.

An alternate technique, the Discounted Cash Flow method, requires specific forecasts of income over a period of years, as well as the final sale price. These individual cash flows are then discounted back to present value at an internal rate of return anticipated by investors in the market. Both Direct Capitalization and the Discounted Cash Flow may be used to convert judgments (assumptions) into indications of value.

Reconciliation

The value estimates based on the applicable approaches are then reconciled to a final value conclusion. In some cases, because of either the inappropriateness of or lack of data, there will be only one or two applicable valuation approaches. The approaches used are examined for reliability and weighed as to validity and contribution as a measure of value for the subject property. After the value indications are reconciled, the appraisal process is completed by concluding the final opinion of value.

Appropriate Approaches

The subject property is located in the City of Seaside and is improved with a 30± year old office project. The property is in fair to average condition and of average quality construction. The Cost Approach would not result in a reliable value indicator for the subject property due to its age, the functional obsolescence that exists and the fact that no one would construct an exact copy of these improvements on this site today. The Cost Approach will not be used in this appraisal.

The Direct Sales Comparison is often used as a reliable method of valuing commercial properties when there are adequate recent sales and listing data available of similar type properties. The Direct Sales Comparison is considered a reliable approach to value for the subject property. The Income Approach is also considered a reliable approach to value for an improved income property such as the subject property. Both the Direct Sales and Income Approaches will be employed to value the subject property.

In order to appraise the subject property in its "As Is Condition" it is necessary to first appraise the property as if it is in average to good condition and at stabilized income and occupancy. To do this, it must first be assumed that the subject property is in average to good condition and is at stabilized occupancy (See Hypothetical Condition on page iii).

After determining the market value by the Direct Sales Comparison and Income Approaches as stabilized, the cost to achieve stabilized occupancy and income will be deducted from the market value as stabilized to arrive at the fair market value of the subject property in its "As Is Condition".

DIRECT SALES COMPARISON APPROACH

The Direct Sales Comparison Approach involves making an analysis of the property being appraised based on the sale of similar properties sold in the area. We made an investigation for recent sales of comparable commercial buildings in the Seaside Area and surrounding Monterey Bay Communities. Those sales found that are considered the most meaningful to this appraisal have been summarized, analyzed and discussed on the following pages. Sales sheets with more complete information on each of the sales are located in the Addendum.

Comparable Analyses

The per square foot leasable floor area is the most commonly used unit of comparison for commercial buildings such as the subject and it is the unit of comparison that will be used in this analysis. In this approach, the subject is being considered as though it is in good condition and fully leased when compared to the comparables. Then, after a value for the subject is determined and reconciled with the Income Approach, the costs to achieve stabilized income and occupancy will be deducted from the concluded market value of the property as stabilized to arrive at the "As Is Value" of the subject property.

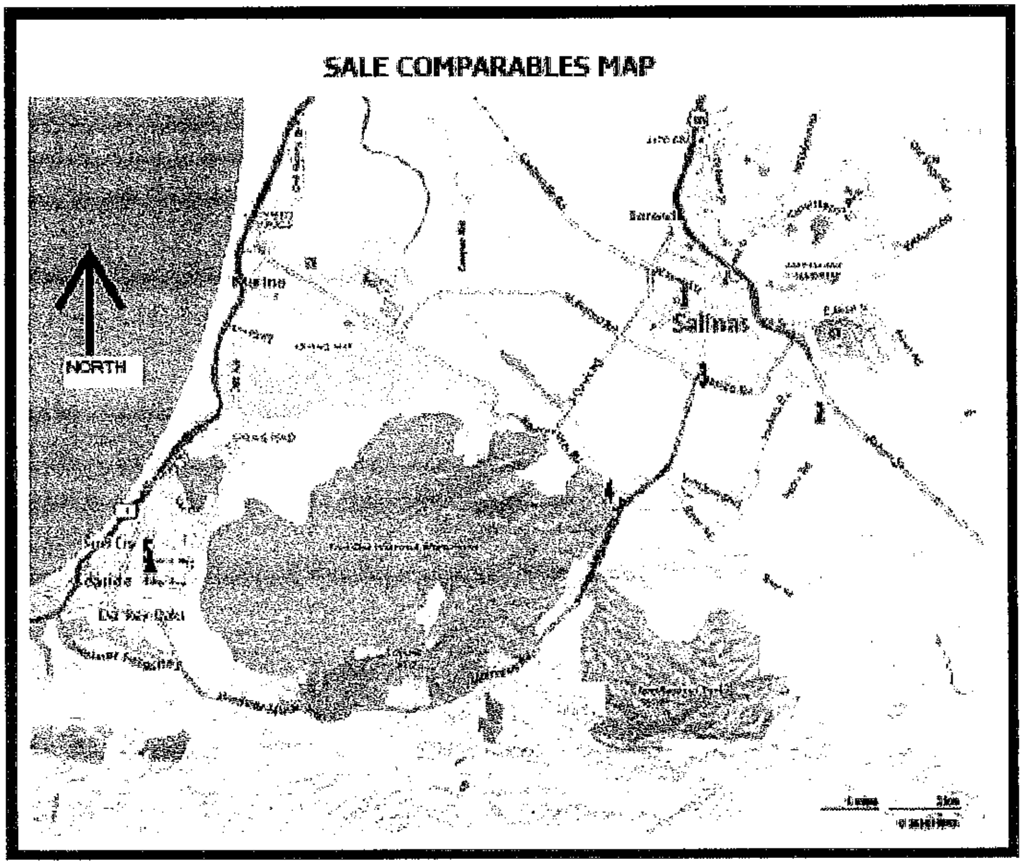
Each of these comparables will be analyzed and compared to the subject property. Adjustments will be made for differences between the comparables and the subject property. The adjustments are approximations that the market would make for differences in characteristics between the comparables and the subject property. See the table on the following page.

Comparable Number 1, at $149.38 per square foot leasable, is a 9,205 square foot leasable 12-tenant building. It is located approximately 15 miles to the northeast of the subject property in the Salinas Central Business District on the west side of Capitol Street between West Alisal Street and Central Avenue. It is across the street from the City of Salinas & Monterey County offices and the Monterey County Superior Court. It was 100% occupied by twelve tenants at the time of sale with 50% of the existing leases scheduled to roll over during the year of sale in 2015. The building was constructed in 1977. Each unit has its own restroom plus there is one common ADA restroom available in the courtyard. The 12 units range in size from 500 to 1,600 square feet. In 2015, a new *Duro-Last* roof was installed. The listing broker marketed the property as having all units leased on a gross basis with potential to increase the rents and to adjust or pass through utility costs to increase future net income. The property had been on the market at an asking price of $1,400,000 for only 49 days prior to an agreement to purchase the property for $1,375,000. No other sales of this property were noted during the five years prior to this sale.

BUILDING COMPARABLES & ADJUSTMENTS

Comparable No. Address APN	SUBJECT 1274-80 Broadway Seaside, CA 012-193-008 to 011	1. 210 Capitol Street Salinas, CA 002-262-002	2. 1140 Abbott Street Salinas, CA 002-881-034	3. 1093 S. Main St. Salinas, CA 002-651-040	4. 19040 Portola Dr. Salinas, CA 161-021-021	5. 1201 Echo Avenue Seaside, CA 012-061-015
Sale Price Sale Date Recording date Document #	NA NA NA NA	$1,375,000 07/03/2015 08/12/2015 #45290	$835,000 05/2015 07/29/2015 #42036	$800,000 03/06/2015 05/12/2015 #24628	$1,350,000 02/24/2015 8877	$650,000 01/15/2015 04/10/2015 18275
Grantor Grantee	Redev. Agency City of Seaside NA	Capitol Mall, GP FH Saunders & KA Norwood-Saunders	D. & S. Gill, Tr. Monterey Co. Farm Bureau	Caraccioli 1996 Tr. 3-Some Par-Tners LLC	P.D. Meeks, Tr. Blazer Wilkinson LP	Flores Brothers Invests LP, et al. Korean-Amer Com. Org. of Mntry Co.
Financing	NA	Conventional	Conventional	Seller carried $700,000	Seller carried $580,000	Seller carried $150,000
Leasable Area Parcel Size	6,779 sf. 24,000 sf.	9,205 sf. 26,356 sf.	7,224 sf. leasable 19,166 sf.	8,395 sf. leasable 15,736 sf.	7,964 sf. 43,560 sf.	5,348 sf. 14,184 sf.
Year Built	1985±	1977	1962 & 1970 ($265K long-term upgrades 2004)	1972	1977	1979
GI NOI NOI/SF leasable	NA NA NA	$137,235 $73,416 $7.98/sf.	$86,688 $55,279 $7.65/sf.	$98,701 $57,835 $6.89/sf.	$95,568 $84,435 $10.60/sf.	$64,176 $41,393 $7.74/sf.
OAR Lease Basis	NA Modified Gross	5.34% Gross	6.62% NNN	7.23% Gross	6.25% NNN	6.37% Modified Gross
Price/sf. Leasable	NA	$149.38/sf.	$115.58/sf.	$95.29/sf.	$169.51/sf.	$121.54
Adjustments	**Description**	**Adjustments**	**Adjustments**	**Adjustments**	**Adjustments**	**Adjustments**
Conditions of Sale/ Financing	NA	-0- Conventional	-0- Conventional	+10% seller anxious -15% seller carried	-10% seller carried	+10% foreclosure -10% seller carried
Adjusted Price/sf	NA	$149.38/sf.	$115.58/sf.	$90.53/sf. adj.	$152.56 adj.	$121.54 adj.
Market Conds.	NA	+2.25%	+2.75%	+3.25%	+3.25%	-0-
Adjusted Price/sf	NA	$152.74 adj.	$118.76 adj.	$93.47 adj.	$157.52 adj.	$121.54 adj.
Location	Seaside on Broadway Avenue; good visibility; main arterial with good traffic	-20% (Salinas; across from City & Co offices & Superior Court)	-5% (Salinas; ag-industrial area; good traffic & visibility 3 streets & access 2 streets)	-10% (Salinas; access via driveway off Main or thru center off San Miguel; bldgs block visibility/ traffic)	-0- (Outskirts of Salinas; nearby Hwy 68 access & visibility 2 streets)	-0- (Similar; ½ block from Fremont Blvd. in Seaside)
Leasable Area	6,779 sf.	+5%	-0-	+5%	+5%	-5%
Lot Size/Shape/ Parking	24,000 sf.; 36 on-site parking spaces Rectangular; interior	-0- (26,356 sf.; rectangular; inter; 31 on-site prkg sp)	-0- (19,166 sf.; double corner; 26 prkg sp. w/4 cov.)	+5% (15,736 sf.; rectangular; inter; share parking lot)	-20% (43,560 sf.; corner; 18 on-site parking sp.)	-0- (14,184 sf; rectangular; inter.; 14 on-site parking)
Age/ Condition/ Construction Quality	Built 1985±; as if good condition*; aver. quality wood-frame construction, 2 one-& two- story bldgs.	-10% (Similar condition; superior quality and blt 1977; 12 units w/ private restrms + 1 common ADA restrm; 1 one-story bldg.)	-10% (Similar condition; superior quality; 2 one & two-story bldgs; 3 units; 2 kitchenettes, blt 1962 & 1970 + $265K long-term upgrades 2004)	+10% (Inferior cond, no retrofits to 5 restrms, old but functional ac; aver. quality; 1 two-stry bldg. configured for 8 tenants; blt 1972)	-10% (Similar condition; aver. to good quality; 1 one-story; 3 units; kitchenette(s); blt 1977)	-0- (Similar condition but needed new roof; aver. quality but gated parking lot & full security system; two-story; single-tenant; blt. 1979)
Existing Leases	*As if fully leased	-0- 100% occupied by 12 tenants on gross based leases ATOS w/50% rolling over	-0- 100% occupied (3 tenants modified gross basis w/short term or mo-mo leases	+10% 2nd floor empty ATOS; gross lease/rent terms	-0- (100% occupied by 2 tenants on NNN based leases ATOS)	-0- (vacant ATOS; marketed as owner-user property & owner-user purchased)
Total Adjustments	NA	-25%	-15%	+20%	-25%	-5%
Indicated Value	**NA**	**$114.56/sf.**	**$100.95/sf.**	**$112.16/sf.**	**$118.14/sf.**	**$115.46**

*Subject considered in this analysis as though it is in good condition and fully-leased when compared to the comparables.



Comparable Number 2, at $115.58 per square foot of leasable floor area is located about 16 miles to the northwest of the subject property in the Ag-industrial area of southeastern Salinas. It is situated at the northwesterly corner of Abbott and Merrill Streets and backs up to Meek Street on its westerly side. It was occupied by three tenants at the time of sale. The buildings were constructed in 1962-1970 with $265,000 long-term upgrades completed in 2004. Reportedly, this transaction was part of a 1031 exchange. The property had been on the market off and on since February 2009 at an original asking price of $1,425,000. It had been reduced to $1,395,000 when the listing expired. In early 2014, the property was relisted on the market by Cassidy Turley (Cushman Wakefield/DTZ) at an asking price of $995,000 and then reduced to $875,000. After almost one and half years, an offer of $835,000 was accepted. No other sales of this property were noted during the five years prior to this sale.

Comparable Number 3, at $95.29 per square foot of leasable floor area, is the sale of an 8,395 sf. leasable average quality 43 year old two-story office building. It is located 14 miles northeast of the subject property in South Salinas on the east side of South Main Street, a primary downtown arterial. However, its visibility is partially blocked by buildings along S. Main Street and San Miguel Avenue. This property is accessed via a driveway off of S. Main Street or off of San Miguel Avenue through a shopping center. It shares parking with other buildings in the center. The building was built in 1972 and was 43 years old at the time of sale. According to the listing broker, at the time of sale, the second floor was empty and none of the retrofits to the bathrooms were completed. The air conditioners were old but functional. Reportedly, the seller, after her husband's death, was anxious to sell and preferred to carry a mortgage on the property. The property had been on the market from April 29, 2014 to October 28, 2014 at an asking price of $1,200,000. It was relisted at the same asking price of $1,200,000 on March 6, 2015 and an offer of $800,000 was accepted on the same day. No other sales of this property were noted during the five years prior to this sale.

Comparable Number 4, at $169.51 per square foot of leasable floor area, is located approximately 13 miles to the east of the subject property on the southwesterly corner of Portola Drive and Creekside Terrace. This office building is located in an unincorporated area of Monterey County to the southwest of the City of Salinas with nearby access to Highway 68. It has visibility and access from Portola Drive and Creekside Terrace. Reportedly, at the time of sale, it was 100% occupied by two tenants on a triple net lease basis. The building was constructed in 1977. At the time of sale, it was configured for three units and improvements included private offices, conference room, kitchenette, break room and ADA restrooms. This property was not on the open market at the time of sale. However, it appears to have sold at or near market price. No other sales of this property were noted during the five years prior to this sale.

Comparable Number 5, at $121.54 per square foot of leasable floor area, is located approximately one-half mile to the northwest of the subject property. This office building is located on the north side of Echo Avenue one-half block east of Fremont Boulevard in the City of Seaside. At the time of sale, the building had nine private offices, two conference rooms, 4 restrooms and a utility room. It has a full-security system and a gated parking lot. Reportedly, it was in overall good condition but needed a new roof. The building was built in 1979 and was 36 years old and vacant at the time of sale. In 2013 foreclosure proceedings were filed and the property was transferred via a Trustee's Deed in the amount of $561,886 and recorded on August 14, 2013 as document number 57424. An attempt to sell the property at auction in November 2013 was unsuccessful. On February 7, 2014, the property was listed on the MLS (multiple listing service) at an original asking price of $799,900, and over the next three months was repeatedly reduced to $749,900, $729,900 and $699,000. Finally, it was reduced to $649,000 on December 16, 2014 and one month later an agreement to purchase the property at $650,000 was accepted. No other sales of this property were noted during the five years prior to this sale.

Conclusion

The comparables summarized and discussed above are the most recent and most similar to the subject property to be found in the area. These sales ranged in building size from 5,348 square feet to 9,205 square feet leasable. The prices ranged from $95.29 to $169.51 per square foot of leasable floor area prior to adjusting. The adjustments are approximations that the market would make for differences in characteristics between the comparables and the subject.

As shown in the adjustment grid above, **Comparables 3, 4 and 5** were first adjusted downward for the seller provided financing (*Conditions of Sale/Financing*), which typically buyers are willing to pay a premium for the ease of financing through the seller. In the same category, **Comparable 3** was adjusted upward for the seller, a widow, being anxious to unload the property and **Comparable 5** being a foreclosure whereby the seller wanted to unload the property. These upward adjustments for Comparables 3 and 5 in the Conditions of Sale/Financing resulted in an overall negative adjustment for Comparable 3 and a net zero adjustment for Comparable 5 in the *Conditions of Sale/Financing* category. **Comparables 1 through 4** were adjusted upward for the appreciation that has occurred in the market place since their agreement dates (*Market Conditions*). Due to the current vacancies and inventory in the Seaside office market, no adjustment for market conditions was deemed necessary for **Comparable** 5. **Comparables 1, 2 and 3** were adjusted downward for their more desirable Salinas office locations in comparison to the subject. **Comparables 1, 3 and 4** were adjusted upward for their larger building sizes and **Comparable 5** was adjusted downward for its smaller building size. Typically, a buyer is willing to pay a higher price per square foot for a smaller building than a larger one partially due to the larger pool of potential buyers. **Comparable 3** was adjusted upward for no on-site private parking. **Comparable 4** was adjusted downward for its larger parcel size with potential for more development. In general, a buyer is willing to pay more for additional development land. **Comparables 1, 2 and 4** were adjusted downward for superior construction quality and **Comparable 3** was adjusted upward for its inferior condition. **Comparable 3** required an upward adjustment for vacancies at the time of sale. **Comparable 5** was marketed as an owner-user property and purchased by an owner-user. Therefore, no adjustment was made for it being vacant at the time of sale.

After making these adjustments, these comparables indicated values for the subject property of $114.56, $100.95, $112.16, $118.14 and $115.46 per square foot leasable, respectively. All are recent sales that recorded within the past 15 months and have on-site parking with the exception of Comparable 3 that shares a parking lot. All of the comparables are within one-half mile to sixteen miles of the subject property. None of the comparables emerged as the best indicator of value for the subject property. However, Comparables 1, 2 and 4 are considered the least comparable to the subject property due to their locations. Comparable 1 is located in the Salinas Central Business District across from the City & County offices and Monterey County Superior Courthouse; Comparable 2 is in an agricultural-industrial area of Salinas with heavy truck traffic; and Comparable 4 is located on the outskirts of Salinas with convenient access to Highway 68 in an area comprised of professional offices, residential and large agricultural fields. Comparables 3 and 5 indicate a range of value of $107.49 to $115.46 per square foot of leasable area. Most reliance is being placed on Comparables 3 and 5, with secondary reliance on Comparables 1, 2 and 4. As previously explained, in this analysis, we are considering the subject property as if it is in good condition and fully leased. Then, after the values indicated by the *Income* and *Direct Sales Approaches* are reconciled, the costs to achieve stabilized income and occupancy will be deducted from the concluded market value of the property as stabilized to arrive at the "As Is Value" of the subject property. Based on this analysis, it is our opinion that a value of $115.00 per square foot leasable is indicated for the subject property.

6,779 sf. x $115/sf. =		$779,585
	Rounded to:	$780,000

Market Value by Direct Sales Comparison: **$780,000***

(As if in good condition & fully leased)

INCOME APPROACH

The principle assumption of the Income Capitalization Approach is that there is a definite relationship between a property's value and the income it can produce. It is based on the premise that the value of a property is represented by the present worth of anticipated future benefits to be derived from ownership (principle of anticipation).

At the time of the appraisal, the subject property was vacant and had been vacant for a number of years. The building suffers from deferred maintenance and the interior tenant improvements are not in a condition that the property could be readily occupied without major renovation of the interior improvements. In order to complete this analysis by the Income Approach it has been assumed that the subject property is in average to good condition and is at stabilized occupancy and income (See Hypothetical Condition on page iii).

Market Rental Analysis

The first step in this Income Approach is to determine the market or economic rent for the property. Market rent is defined by The Dictionary of Real Estate Appraisal, Fifth Edition, 2010, page 121, Appraisal Institute, as:

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

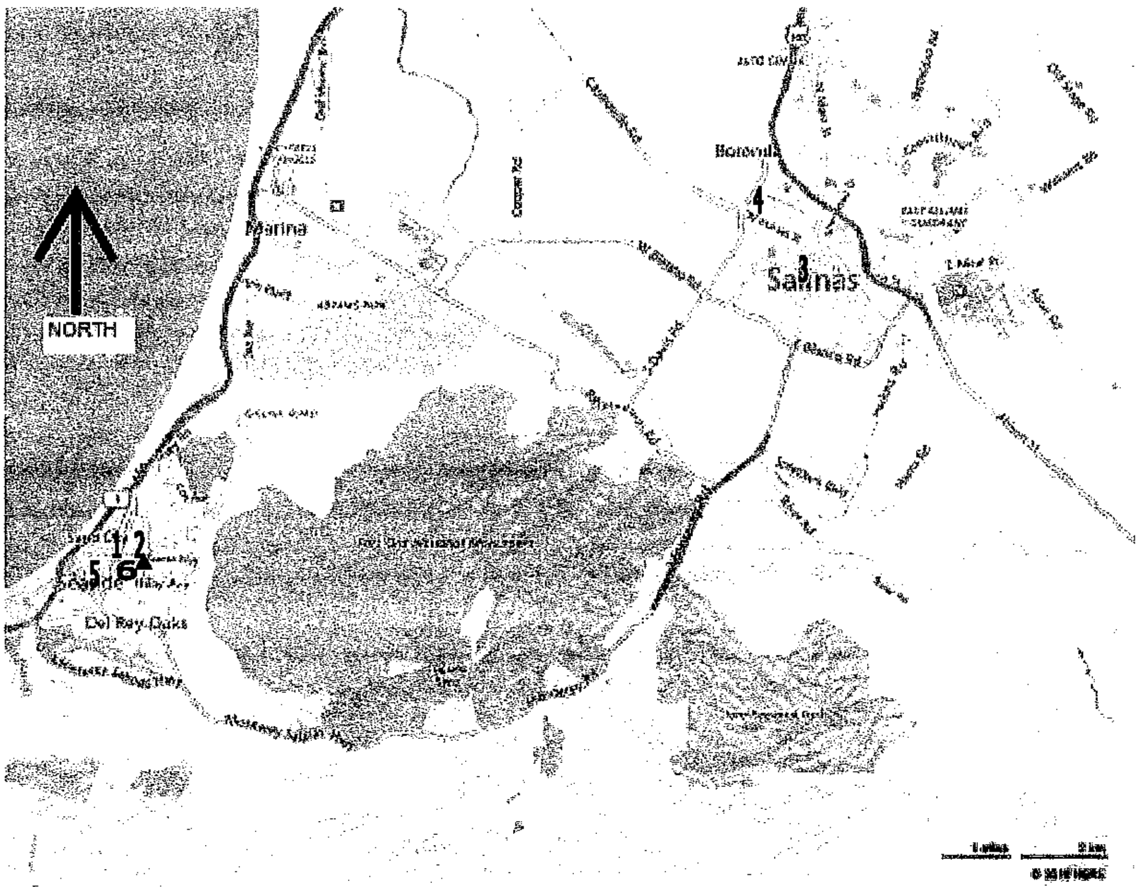
In estimating current market rent, an investigation was made for comparable office rents and lease data in the area of the subject property. Listed on the following page are details regarding specific properties in which there are current leases and spaces available for lease. Photographs of each of the comparables are located on the pages following the table.

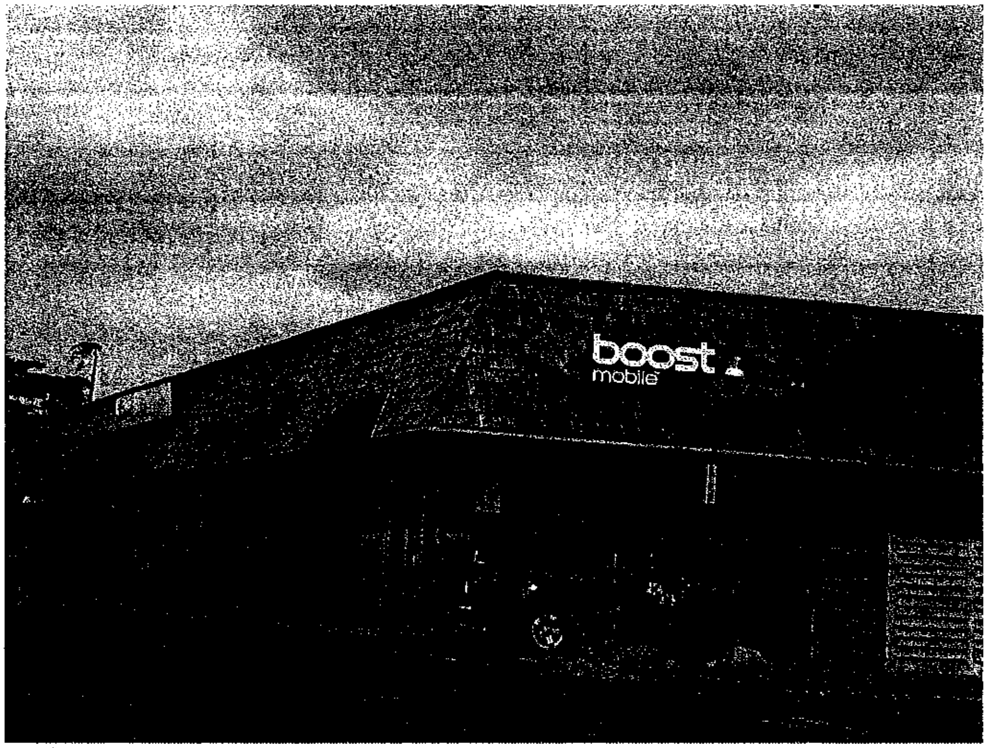
All of the comparables are for office or office/retail spaces within the Seaside/Salinas Area. Comparables 1, 2, 5 & 6 are all within the City of Seaside. All except Comparable 1 are within multi-tenant office buildings similar to the subject buildings. Comparable 1 is near the back of a shopping center in a space that could be either for office or retail use. Comparables 3 & 4 are located in Salinas about 15 miles to the east of the subject. The contract rents vary depending on the amount of tenant improvements, the lease period, the terms of the lease, size of the unit, parking and location, etc. Most of the buildings in this area are leased on a modified gross basis with the tenant paying some or all of their own utilities and janitorial and the property owner paying for the property taxes, insurance, some or all maintenance, management and accounting.

COMMERCIAL LEASE COMPARABLES SUMMARY

No.	Tenant & Location	SF Leased (NLA) & Date	Rental/SF/Month & Lease Term	Lease Basis	Comments
1	Boost Mobile 1760 Fremont Blvd. Seaside, CA	1,030 sf. start 01/15	$0.95/sf. Start $0.89 /sf. Effective 2 mos. Free at start Flat for term 36 months	NNN	As Is; single-story multi-tenant in-line space near back of University Plaza shopping center. Building is about 30+ years old, average quality & conditions; adequate on-site parking; accessed through strip center
2	1143 Echo Ave. Seaside, CA	680 sf. start 12/22/15 450 sf. start 07/22/15 1,550 sf. Available	$1.03/sf/mo. 12 month $0.72/sf/mo. 12 month $0.76/sf/mo. Available	Mod. Gross Mod. Gross Mod. Gross	This comparable consists of two second floor units leased and a single first floor unit at the back of the building that is available for lease. This is an approximate 40 year old building with a combination of office and retail on the ground floor and offices on the second floor. The two leased units were leased as is with no additional TIs. The available unit is at the back of the building and has some warehouse space and 2 roll-up doors.
3	Harris & Associates 2 Salinas Street Salinas, CA	3,000 sf. Bsmt. 3,230 sf. 1st Flr start 11/1/14.	$0.40 sf/mo. Bsmt. $1.25 sf/mo. 1st Flr. 36 months	Mod. Gross	This building has an excellent location near the north end of Old Town Salinas. The owner provided about $25/sf. in new TIs. This is a 3 year lease with annual increases of 3%. Harris & Associates is believed to have options to extend the lease.
4	Central Coast Building Association 19 Quail Run Cir., #A Salinas, CA	1,780 sf. start 02/21/16	$1.25/sf/mo.	Mod. Gross	This is a newer building in a business park off Ross and Davis in Salinas. The unit is partially built-out with office space. It was leased as is with no added TIs.
5	Available 607 Charles Ave., #C Seaside, CA	1,498 sf. Available	Asking $1.45/sf/mo. Negotiable	Mod. Gross	As Is in 25 year old 8,410 sf. building near the intersection of Canyon Del Rey and Fremont Boulevard. The existing TIs are in good condition with private offices and plenty of open office and work space. There is a loft area and private balcony. There is adequate on-site parking.
6	Available 915 Hilby Ave. Seaside, CA	#18 880 sf. #22 850 sf. #27 356 sf. Available 04/27/16	Asking $1.40/sf/mo. Negotiable	Mod. Gross	This comparable consists of three spaces available in a 30 year old two-story office building with adequate on-site parking. Several of the parking spaces are covered. The units are offered in as is condition which is good. The lease term and rent are negotiable. This building is near the southern most end of Seaside near Monterey and Del Rey Oaks.

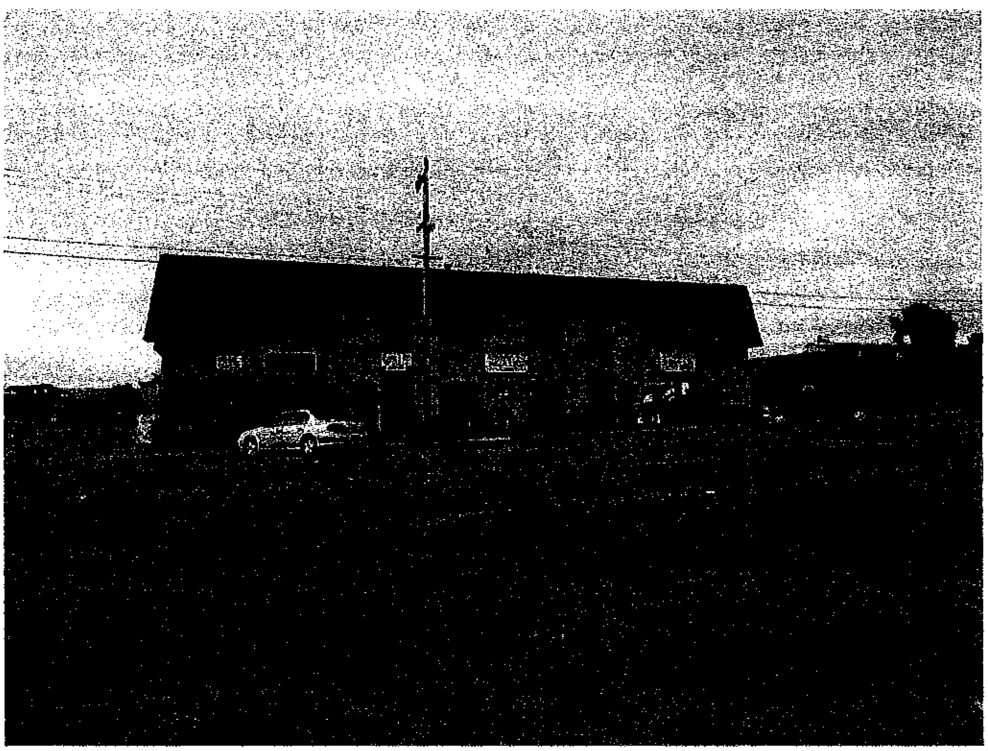
LEASE COMPARABLES MAP





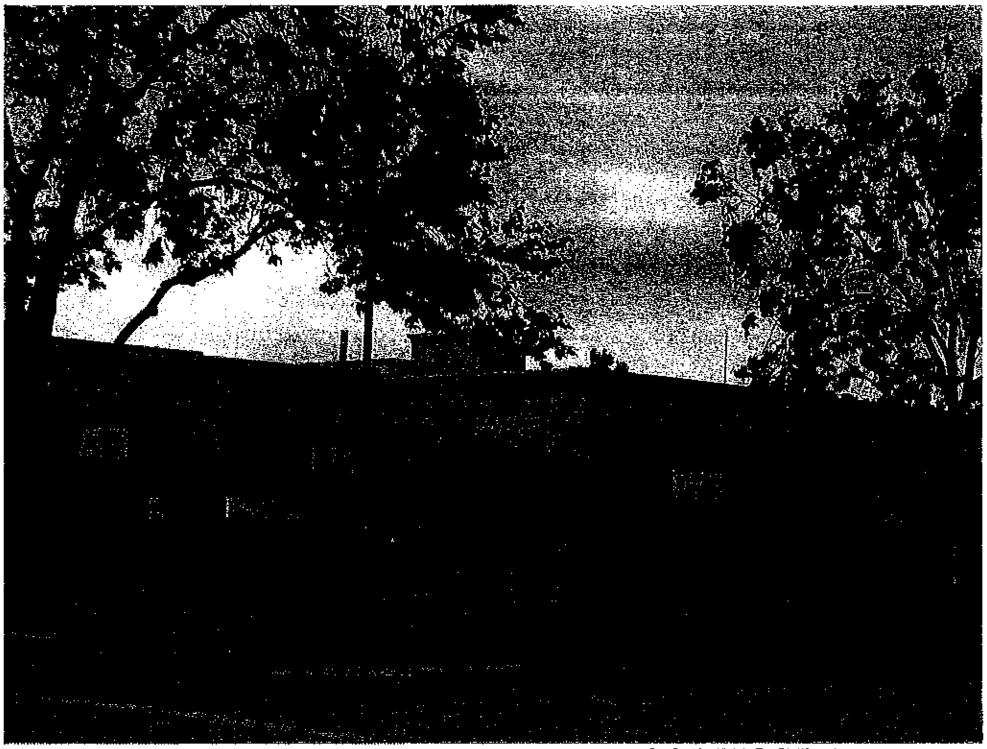
LEASE COMPARABLE #1

1760 FREMONT BOULEVARD
SEASIDE, CALIFORNIA



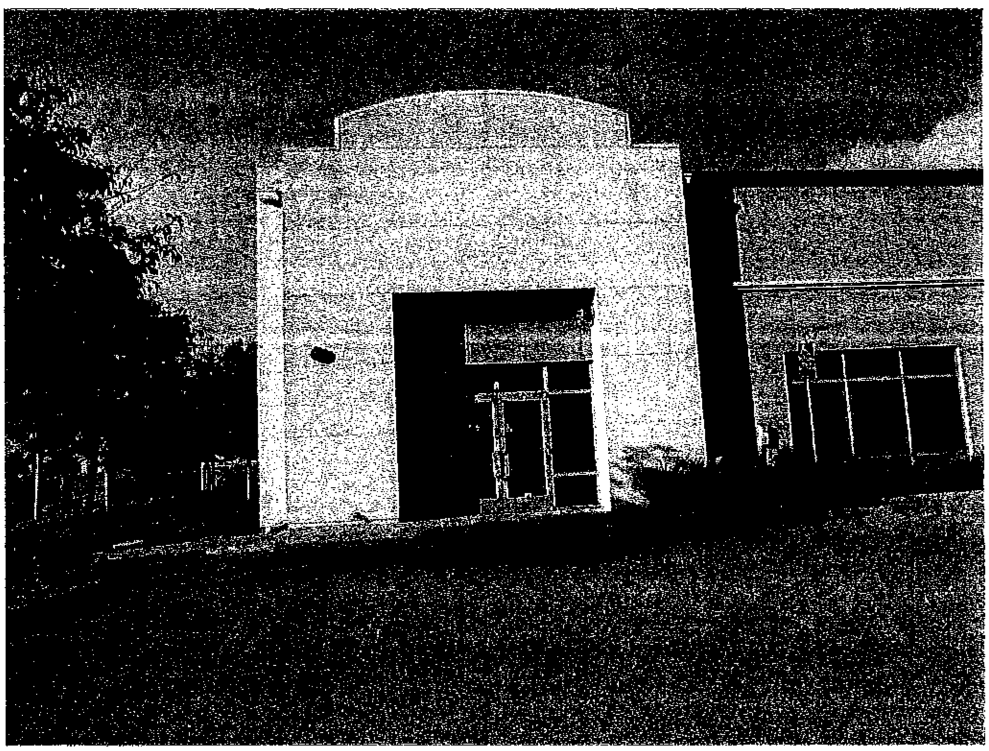
LEASE COMPARABLE #2

1143 ECHO AVENUE
SEASIDE, CALIFORNIA



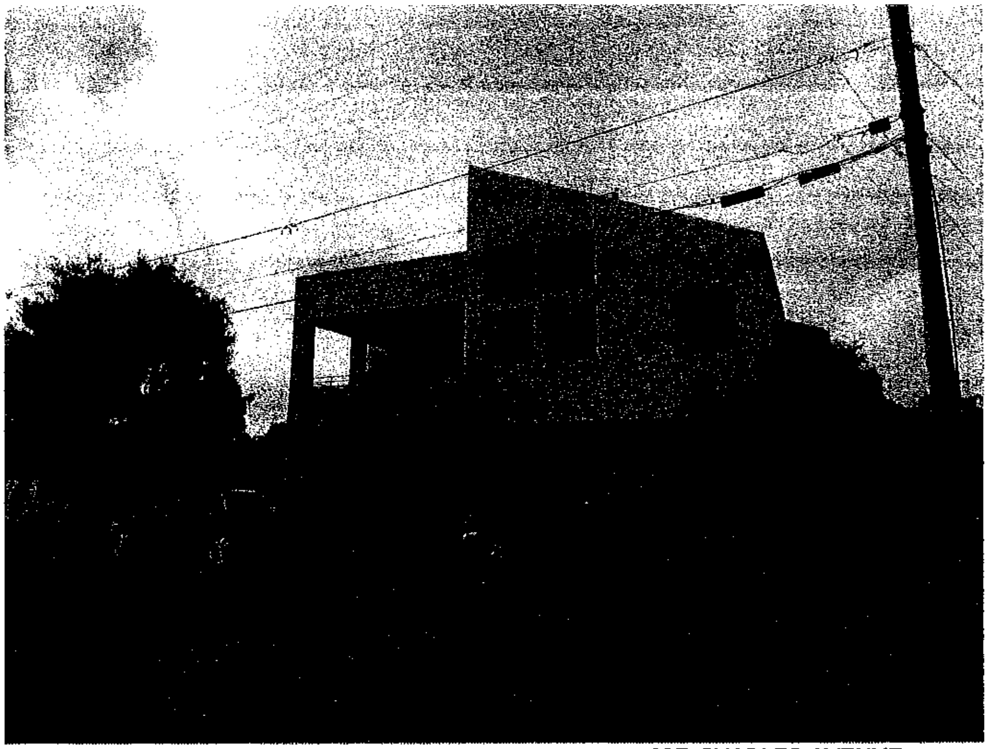
LEASE COMPARABLE #3

2 SALINAS STREET
SALINAS, CALIFORNIA

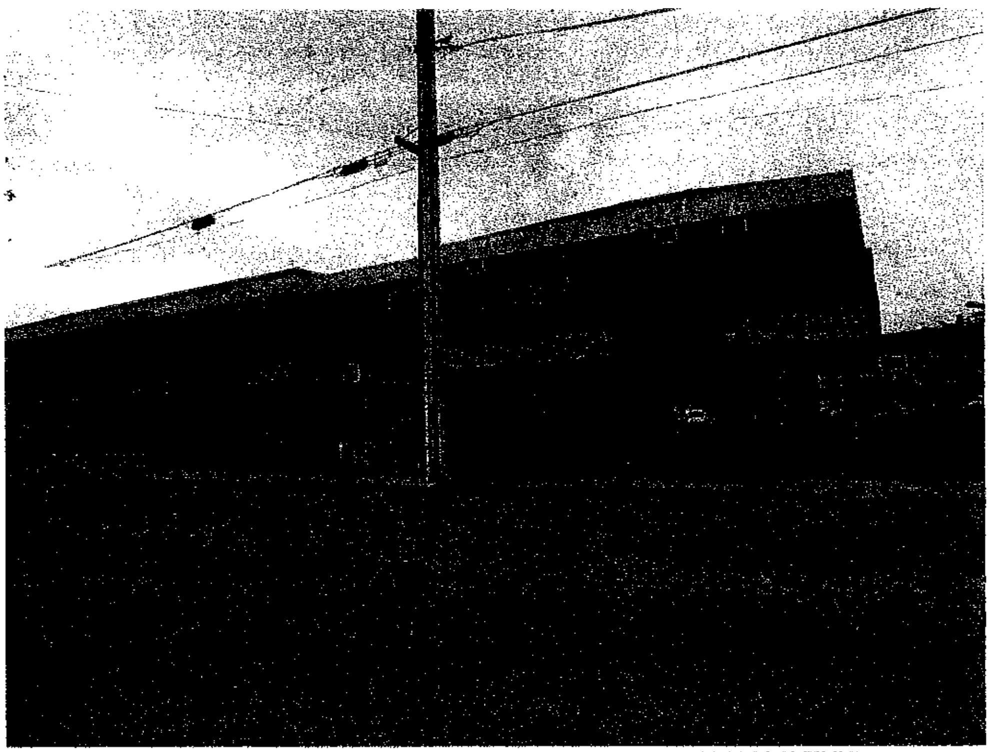


LEASE COMPARABLE #4

19 QUAIL RUN CIRCLE
SALINAS, CALIFORNIA



LEASE COMPARABLE #5 | 607 CHARLES AVENUE
SEASIDE, CALIFORNIA



LEASE COMPARABLE #6 | 915 HILBY AVENUE
SEASIDE, CALIFORNIA

LEASE ADJUSTMENT GRID

COMPARABLE DATA			ADJUSTMENTS FOR DIFFERENCES & INDICATED LEASE RATE							
Comp # Tenant & Location	SF Leased (NLA) & Date	Rate/sf/mo & Lease Terms	Lease Basis & Status	Local	Unit Size	On-site Parking/	Lease Terms	TIs Condition & Quality	Total Net Adj.	Indicated Lease Rate
1 Boost Mobile 1760 Fremont Blvd. Seaside, CA	1,030 sf. start 01/15	$0.95/sf. Start $0.89 /sf. Effective 2 mos. Free at start Flat 36 months NNN	+20%	-10%	0%	0%	0%	+10%	+20%	$1.07
2 1143 Echo Ave Units J, & K Seaside, CA	680 sf. 12/22/15 Available 1,550 sf.	$1.03/sf/mo. Mod. Gross Asking $0.76/sf/mo. Mod. Gross	0% -10%	0% +10	0% 0%	0% 0%	0% 0%	+5% +15%	+5% +15%	$1.08 $0.87
3 Harris & Associates 2 Salinas Street Salinas, CA	3,000 sf. Bsmt. 3,230 sf. 1st Flr start 11/1/14	$0.40 sf/mo. Bsmt. $1.25 sf/mo. 1st Flr. $0.94 ave. 36 months Mod Gross	0%	-15%	0%	0%	0%	-5%	-20%	$1.00 (1st Floor space)
4 Central Coast Building Association 19 Quail Run Cl, #A Salinas, CA	1,780 sf. start 02/21/16	$1.25/sf/mo. Mod. Gross	0%	-15%	0%	0%	0%	+5%	-10%	$1.13
5 Available 607 Charles Ave., #C Seaside, CA	1,498 sf. Available	Asking $1.45/sf/mo. Negotiable Mod. Gross	-15%	-10%	0%	0%	0%	0%	-25%	$1.09
6 Available 915 Hilby Ave Seaside, CA	#18 880sf. #22 850sf. #27 356sf. Available 04/27/16	Asking $1.40/sf/mo. Negotiable Mod. Gross	-15%	-10%	-5%	0%	0%	0%	-30%	$0.98

Most prospective office tenants in this area are generally interested in smaller spaces that are of 4,000 square feet or less. For this analysis it is assumed that the subject buildings could easily be divided into five or six office spaces. Building A could be divided into two spaces of about 1,000 square feet each or leased to a single tenant. The ground level of Building B could easily be divided between two or three tenants and the two upstairs studio apartments would most likely be leased for additional office space to two different tenants. For this analysis it is assumed that the buildings would be leased to as many as six different tenants with units ranging in size from 432 square feet up to 2,500 square feet and with lease terms that range from one to three years.

Concluded Market Rent

After making the adjustments for differences in location, status, lease basis, difference in unit size, the lease term and differences in the interior tenant improvements these comparables indicated lease rates for the subject property that ranged from $0.87 to $1.13 per square foot per month on a modified gross basis. The low end is represented by Lease Comparable 2 that has a 1,550 square foot unit at the back side of the building available for $0.76 per square foot. It has a couple of roll-up doors and is not completely built out as office space. The Comparable at the top of the range has a superior location within a Salinas business park. All of the rental rates in Salinas are higher than those in Seaside and the Salinas comparables have been adjusted downward for the locational differences. Comparables 5 & 6 are in more desirable Seaside locations than the subject property, near Monterey and Del Rey Oaks. These are all spaces available in good quality professional office buildings. These have been adjusted downward for the fact that they are available and are not expected to be leased at the asking lease rate. There is no one lease comparable that is considered the best indicator of a lease rate for the subject buildings but together they indicate a close range of rates. When the highest and lowest indicated lease rates are dropped the range becomes from $0.98 to a $1.09 per square foot.

Considering the subject's location and the fact that the subject property consists of stand alone buildings with a large private parking area, it is our opinion that a market lease rate of $1.00 to $1.05 per square foot per month on a modified gross basis with one to three year lease terms is appropriate for the subject property. We have used an average lease rate of $1.05 per square foot per month assuming that the deferred maintenance is corrected and the TIs are in average to good condition with the building leased on one to three year leases to about six different tenants.

Concluded Market Lease Rate:
6,779 sf. leasable x $1.05/sf. = **$7,118 sf./mo.**

Vacancy and Collection Loss

The vacancy collection loss factor at stabilized occupancy must be estimated over the remaining life of the improvements. The building would be average quality and in good condition. At this time, the vacancy rate in Seaside office space is in the 5% to 10% range. The subject has a desirable high visibility location on a major arterial. An estimated vacancy and collection loss factor of 7% will be used for this analysis.

Operating Expenses

Operating expenses can be defined as periodic expenditures necessary to maintain the real property and to continue the production of its effective income stream. On a modified gross basis, the owner pays real property taxes, fire & liability insurance, management & accounting, and reserves for replacement of major building components. In this case it is likely the owner would also pay for all common area maintenance and utilities. The tenant pays renter's insurance, their own utilities, interior maintenance and janitorial.

Real Estate Property Taxes have been estimated based on the current market value at stabilized occupancy. It has been calculated by multiplying the estimated market value of the land & improvements as stabilized of $780,000 times the tax rate of 1.053039% plus Direct Assessments estimated at $822 for a total estimated tax of $9,036.

Fire & Liability Insurance has been estimated at $3,051 for the next 12 months, which is about $0.45 per square foot per year.

Management & Accounting - Normally management and accounting for a five or six-tenant project such as this property is expected to be about 6 to 8% of the effective gross income. For this analysis, we estimated the management & accounting at 7% of the effective gross income (EGI).

Common Area Maintenance & Utilities – These expenses consist of water, electricity, trash removal and landscape & parking lot maintenance. These expenses have been estimated in the operating statement on the following page.

Replacement Reserves - Some items that are not considered maintenance will have to be paid by the building owner. This is especially important on older buildings as major building components, such as the roof, need to be replaced. A reserve allowance to cover the cost of replacing these building components needs to be included. The reserve allowance generally ranges anywhere from 1% to 3% of the effective gross income. The subject building as stabilized is assumed to be in good condition but it is still a 30± year old building and will need replacement of some components over the next few years. We have estimated the reserve requirement at 2.0% of the effective gross income.

Operating Statement

Based on the above estimates and assumptions, the net annual operating income is calculated as shown:

Potential Gross Rental Income (PGI):		
$1.05/sf/mo. x 6,779 sf. x 12 mos. =		$85,416
Less Vacancy and Collection Loss (7%):		(5,979)
Effective Gross Annual Income (EGI):		$79,437
Less Expenses:		
Real Estate Taxes:	$9,036	
Fire & Liability Insurance:	3,051	
Management (7% EGI):	5,561	
Exterior Common Area Landscaping & Parking Lot Maintenance $150/mo:	1,800	
Common Area Water & Electric $150/mo:	1,800	
Green Waste Trash Dumpster $316/mo:	3,792	
Reserves for replacements (2% EGI):	1,589	
Total Expenses (31% of PGI):		(26,629)
Net Operation Income:		**$52,808**

Overall Capitalization Rate (OAR)

To arrive at a value estimate by the Income Approach, the net income projection must be capitalized to indicate the property value. A critical part of this valuation technique involves the selection of an appropriate capitalization rate. Based on the PCW Real Estate Investors Survey for the Fourth Quarter 2015, overall capitalization rates for large investor grade office properties have continued to drop from the Fourth Quarter of 2014 from an average of 6.16% to an average of 5.68% in the Fourth Quarter 2015. They now range from about 3.50% to 8.0% down from 4.0% to 9.0% in the Fourth Quarter of 2013. While these general ranges of OARs are good indicators for larger investor grade complexes in major cities, they do not reflect the market for the smaller properties in Monterey County but they do provide a good reference point and an indication as to what is happening in the larger market for office properties.

The most recent comparable building sales used in the Direct Sales Comparison Section of this report were either fully or partially leased at the time of sale. The only property that was completely vacant at the time of sale was Comparable Number 5 on Echo Avenue in Seaside. The OAR calculated for the first four comparables was based on the income and expense data reported on each of the properties at the time of sale. The indicated OAR for Comparable Number 5 was based on our estimate of the potential income for the property and on known expenses on other similar properties in the general area.

The indicated OARs ranged from 5.34% to 7.23% and averaged 6.37%. It is important to note that four of these five properties are located in Salinas which is a larger city with greater demand for office space, lower vacancy rates and generally higher rental rates than those in Seaside. Based on the subject's location away form the main stream commercial areas of Seaside and on current market conditions, it is our opinion that a slightly higher OAR in the 6.5% to 7.0% range is appropriate for the subject property. We have chosen an OAR for the subject property of 6.75%. Using an OAR of 6.75%, the value of the subject property is calculated as follows:

\$52,808 NOI ÷ 6.75% OAR =	\$782,341
Rounded to	\$782,000

Market Value by Income Approach: \$782,000

RECONCILIATION OF VALUES

The value of the subject property has been estimated by two alternative techniques as shown:

Direct Sales Comparison Approach:	$780,000
Income Approach:	$782,000

These two approaches accurately reflect value based on the assumptions inherent in each technique. The Direct Sales Comparison and Income Approaches are normally considered accurate indicators of value when there is adequate market data available. The two values indicated by the Income and Direct Sales Comparison Approaches are exceptionally close to each other. These two techniques closely reflect the actions of investors in the market place.

The Income Approach is generally considered the most reliable value indicator when there are adequate recent leases available in the market. The Direct Sales Comparison Approach is often relied on by buyers of small commercial retail and office properties that are frequently owner-user properties. This property could be partially owner occupied but it seems most likely that it will be leased out to others. For investment properties, the Direct Sales Comparison Approach is usually less reliable, as adjustments to sale comparables are difficult to quantify.

In this appraisal, both the Income and the Direct Sales Comparison Approaches have been relied upon. Considering the prevailing market conditions in Seaside, it is our opinion that the market value of the subject property at stabilized occupancy and income is $780,000.

Concluded Market Value As Stabilized: $780,000

AS IS FEE SIMPLE ANALYSIS

In order to determine the "As Is" fee simple value of the subject property the cost to achieve stabilized occupancy must be determined and subtracted from the fee simple market value at stabilized occupancy previously determined. For the subject property, the costs of achieving stabilized occupancy will include tenant improvements, rent loss during the absorption period and leasing commissions. It seems reasonable, considering the amount of space available in the area, to assume that it will take 12 to 15 months to achieve stabilized occupancy. We have used 12 months for this analysis and calculated the rent loss as shown below during the lease-up period. We have assumed that the property will be fully leased when all but one of the studios is leased which will result in stabilized occupancy of 6,347 square feet (93±% occupancy).

Months		Months Vacant		Area Vacant	Rent psf	Rent Loss
0-3:	x	3	x	6,347 sf. x	$1.05/sf. =	$19,993
4-7:	x	4	x	4,230 sf. x	$1.05/sf. =	17,766
8-12:	x	5	x	2,117 sf. x	$1.05/sf. =	11,114
				Total Rent Loss		$48,873

The landscaping walkways and parking areas will require cleaning and repairs prior to leasing. This is an area of approximately 18,085 square feet. We have estimated these costs at $1.00 per square foot. The exterior of the building will need to have repairs and painting. We have estimated these costs at $25,000. For the most part, new tenant improvements will be needed throughout the entire complex estimated at an average minimum cost of $20 per square foot. A leasing commission will be required to get the property leased within the 12 month absorption period. Leasing commissions on a building such as this normally run between 15% to 25% of the first year's stabilized gross annual income. We have used 20% for this analysis. It is assumed that the leasing commission will not be paid until the end of the first year of tenancy. The cost of all of these items is summarized below:

Landscape & parking maintenance:			
18,085 sf. x $1.00/sf. =		$ 18,085	
Exterior building paint & repair:		25,000	
Interior TIs: 6,347 sf. x $20/sf. =		126,940	
2,117 sf. x $1.05/sf. x 12 mos. x 20% =	$ 5,334		
4,230 sf. x $1.05/sf. x 12 mos. x 20% =	$10,660		
Total Leasing Commission:		15,994	
Total Direct Lease-up Costs to Stabilize:			$186,019

An entrepreneurial profit of 20% of the lease up costs is estimated at $46,978 [($48,873 + 186,019) x 20%]. The sum of the direct lease-up costs and the entrepreneurial profit are then deducted from the market value of the property as stabilized to arrive at the market value of the subject property "As Is".

Concluded Market Value As Is:

$780,000 - ($48,873 + 186,019 + 46,978) = $498,130

Rounded to **$500,000**

FINAL STATEMENT OF VALUE

Based on the investigation and analysis fully described in this report, it is our opinion that the Fair Market Value of the Fee Simple Interest in the subject property As Is as of April 27, 2016 is:

FIVE-HUNDRED-THOUSAND DOLLARS
($500,000)

(Estimated Exposure Time 8-12 months)

CERTIFICATION OF VALUE

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- We have completed no services, as appraisers in any other capacity, regarding the property that is the subject of this report within a three year period immediately preceding acceptance of this assignment
- The appraisers have made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection.
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards for Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Gerald F. Hansen is certified as a general real estate appraiser by the State of California; is a designated member (MAI) & a designated General Appraisal Review Specialist (AI-GRS) and has completed the continuing education program of the Appraisal Institute; is a designated Senior Member (SR/WA) & a Right of Way Appraisal Certified Member (R/W-AC) of the International Right-of-Way Association.
- Patricia M. Hansen is licensed as a certified general real estate appraiser by the State of California and is a Senior Member of the International Right of Way Association (SR/WA).
- It is our opinion that the market value included in this report and made a part hereof by reference was derived without collusion, coercion or direction as to value.

Gerald F. Hansen

Gerald F. Hansen, MAI, AI-GRS, SR/WA (California BREA # AG002194 Exp. 08/05/16) — May 18, 2016 — Date

Patricia M. Hansen

Patricia M. Hansen, SR/WA (California BREA # AG028472 Exp. 11/15/2017) — May 18, 2016 — Date

ADDENDUM

QUALIFICATIONS

GERALD F. HANSEN, MAI, AI-GRS, SR/WA

FORMAL EDUCATION

California Polytechnic State University, Bachelor of Architecture Degree
San Jose State University, Graduate Studies in Civil Engineering
Appraisal Institute
Continuing Education through:

- Appraisal Institute *(formerly the American Institute of Real Estate Appraisers)*
- International Right of Way Association
- The Center for American and International Law *(formerly the Southwestern Legal Foundation)*
- Eminent Domain Institute CLE International *(Continuing Legal Education)*
- American Society of Farm Managers & Rural Appraisers

REAL ESTATE APPRAISAL & ACQUISITION COURSES:

Appraisal of Partial Acquisitions
Appraisal Valuation Procedures
Capitalization Theory & Techniques
Case Studies in R. E. Valuation
Contaminated Property Appraisal
Easement Valuation
Eminent Domain Law (California)
Expert Witness Prep. & Testimony
Eminent Domain Appraisal
Valuation Analysis & Report Writing
Business Practice & Ethics
Best Practices for Rural Property Appraisals
Fundamentals of Separating Real & Personal Property from Intangible Assets
Land Development
Litigation Appraising
Litigation Valuation
Principles of Negotiation
Principles of Real Estate
Partnership & Common Tenancy Valuation
Real Estate Escrow
Real Estate Finance
Real Estate Law
Residential Valuation
Skills of Expert Testimony
Corridor Valuation
Real Estate Appraisal Principles
Planning, Zoning & Eminent Domain
Reviewing Appraisals in Eminent Domain
Annual Eminent Domain Conference
Right of Way Acquisitions
Uniform Relocation Act
Uniform Appraisal Standards for Federal Land Acquisitions
Uniform Standard of Professional Appraisal Practice
Appraisal Consulting
Standards of Practice for the Right of Way Professional
(Appraisal) Review Theory-General

PROFESSIONAL EXPERIENCE

1990-Present	Appraiser/Broker, Hansen & Co., Inc., Hollister, California
1986-1990	Appraisal Officer, Wells Fargo Bank, NA, San Jose, California
1983-1986	Appraiser, Hansen Real Estate Appraisals, Campbell, California
1997-1983	Appraiser Associate, Gilbeau & Associates, San Jose, California

PROFESSIONAL ASSIGNMENTS

Named as Expert Witness: U.S. Bankruptcy Court Northern California District, San Benito, San Mateo, Santa Clara & Monterey Counties Superior Courts

Assignments: Retail Stores ◈ Shopping Centers ◈ Office & Mixed-Use Buildings ◈ Service Stations ◈ Public Buildings ◈ Warehouses ◈ Research & Development Facilities ◈ Manufacturing Facilities ◈ Truck Terminals ◈ Special Use Properties ◈ Industrial/Business Parks ◈ Residential Developments ◈ Condominium/PUD Developments ◈ Mobile Home Parks ◈ Campgrounds ◈ Agricultural, Commercial & Mixed-Use Lands, ◈ Easements ◈ Partial Acquisitions ◈ Right of Ways ◈ Partial Undivided Interests ◈ Lease Analysis ◈ Diminution in Value Appraisals ◈ Appraisal Reviews for Banks, Legal Proceedings & Public Agencies ◈ Eminent Domain Appraisals & Appraisal Reviews for Bike & Pedestrian, Highway, Pipeline, Rail & Water Right of Ways

PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS

Appraisal Institute Member (MAI) & General Appraisal Review Specialist (AI-GRS) continuing education completed thru 12/31/18

- Former Officer of Monterey Bay Chapter of the Appraisal Institute
- Former Regional Assistant Ethics Administrator & Grievance Committee Member of the Appraisal Institute

International Right of Way Association #10106, Senior Member (SR/WA) & Right of Way Certified Member (R/W-AC)

- Past President IRWA San Jose Chapter #42

Founding Member of the Designated Appraiser Coalition (DAC)

California BREA, Certified General License #AG002194, expires 08/05/16

California Department of Real Estate Officer License #01226180, expires 9/22/17

PATRICIA M. HANSEN, SR/WA
QUALIFICATIONS

PROFESSIONAL MEMBERSHIPS & CERTIFICATIONS

California BREA, Certified General Lic. #AG028472, expires 11/15/2017

Senior Member of the International Right of Way Association (*SR/WA*); SR/WA Designation #6019; certified through January 31, 2021

International Right of Way Association San Jose Chapter 42 Secretary 2008, 2009

FORMAL EDUCATION

University of California, Berkeley, Genetics major	1972-1975
University of California, San Diego, Bachelor's Degree in Biology	1977

Real Estate, Appraisal, Right of Way & Related Courses Completed:

Real Estate Appraisal
Appraisal Principles
Uniform Standards of Professional Practice
Real Estate Principles
Ethics and the Right of Way Profession
Principles of Real Estate Engineering
Basic Income Capitalization
Principles of Real Estate Law
Uniform Relocation Act
Easement Valuation
Ad Valorem Tax Consultation
Environmental Issues for Appraisers
Construction Details & Trends
Income Property Valuation
Appraisal of Partial Acquisitions
Eminent Domain Law Basics for R/W Profess.
Alternative Dispute Resolution
Skills of Expert Witness Testimony
Principles of Real Estate Negotiation
Conflict Management
Corridor Valuation
Bargaining Negotiations
Mold, Pollution & the Appraiser
Nuts & Bolts of Green Building for Appraisers
Environmental Contamin. of Income Properties
Standards of Practice for R/W Professional

PROFESSIONAL EXPERIENCE

2001-Present	Senior Appraiser, Hansen & Co., Inc., Hollister, California
1990-2001	Appraisal Assistant, Hansen & Co., Inc., Hollister, California
1980-1982	Piping Stress Analyst, General Electric Co., San Jose, California

PROFESSIONAL ASSIGNMENTS

Appraisal Assignments: Retail Stores; Office Buildings; Commercial Buildings; Industrial Buildings; Mixed-Use Buildings; Shopping Centers; Single-Family; Multi-family Developments; Residential Land; Agricultural Land; Commercial Land; Mixed-Use Land; Industrial Land; Diminution in Value Appraisals; Right of Ways for Bike & Pedestrian, Highway, Pipeline, Rail & Waterways; Partial & Temporary Easements; Partial & Full Acquisitions; Severance Damages; Benefits; Uneconomic Remnant/Excess Land Valuation; Land-locked Remnant; Eminent Domain

One Staple Only

19		21		24	3	25	101	30					
36	1,635.00	45	668.00	52		57		66					
75	100.30		N/C	87				99				111	

A04038
AGENT NUMBER

STATISTICAL SUMMARY

Schedule A

Premium $1,635.00 **File No.** 0724003528 **Policy No.** FTY 592098

Date of Policy January 7th, 2005 **at** 8:00 a.m. **Amount of Insurance** $00,000.00

1. **Name of Insured:**
REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE, a public body, corporate, and politic

2. **The estate or interest in the land which is covered by this policy is:**

a FEE.

3. **Title to the estate or interest in the land is vested in:**
REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE, a public body, corporate, and politic

Schedule B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records

Continued

Schedule A

Premium $1,635.00 File No. 0724003528 Policy No. FTY 592098

Date of Policy January 7th, 2005 at 8:00 a.m. Amount of Insurance $00,000.00

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Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records

Continued

Schedule A

Premium $1,635.00 **File No.** 0724003528 **Policy No.** FTY 592098

Date of Policy January 7th, 2005 **at** 8:00 a.m. **Amount of Insurance** $00,000.00

1. **Name of Insured:**
   REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE, a public body, corporate, and politic

2. **The estate or interest in the land which is covered by this policy is:**

   a FEE.

3. **Title to the estate or interest in the land is vested in:**
   REDEVELOPMENT AGENCY OF THE CITY OF SEASIDE, a public body, corporate, and politic

Schedule B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.

3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.

4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.

5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records

Continued

ScheduleB (Continued)

PART II

1. Taxes and assessments, general and special, for the fiscal year 2005-2006 a lien, but not yet due or payable.

Assessor's Parcel No's : 012-193-008
012-193-009
012-193-010
012-193-011

2. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.

3. Notice of Intent to Determine Status,

For	: merger of premises into one parcel
Executed By	: City of Seaside
Recorded	: February 13th, 1991 in Reel 2606 of Official Records, Page 1015

In connection therewith we note: A NOTICE OF MERGER

Executed by	: City of Seaside
Recorded	: March 22nd, 1991 in Reel 2620 of Official Records, Page 852

Which, among other things, provides: Merger of lots into single parcel.

And recorded April 16th, 1991 in Reel 2630 of Official Records, Page 625.

PART II (Continued)

4. The premises herein described lies within the bounds of the City Center Revitalization Area Redevelopment Project Area, dated June 21st, 1991, recorded June 21st 1991 in Reel 2659 of Official Records, Page 32, and is subject to the terms and provisions set forth therein.

Reference is directed to the record for full particulars.

The premises herein described lies within the bound of the City Center Revitalization Area Redevelopment Project Area, recorded June 21st, 1991 in Reel 2659 of Official Records, Page 78, and is subject to the terms and provisions set forth therein.

Reference is directed to the record for full particulars.

Ordinance 843 an Ordinance of the City Council of the City of Seaside adopting an amendment to the City Center Revitalization Area Redevelopment Plan pursuant to Health and Safety Code Section 33333.6 and amending a related ordinance in connection therewith recorded January 26, 1995 in Reel 3194, of Official Records, Page 1211.

Statement that Redevelopment Plans have been amended and Redevelopment Proceedings have been instituted and are continuing recorded May 16th, 1996 in Reel 3372 of Official Records, Page 26.

5. Rights or claims of tenants in possession, as tenants only.

Schedule C

The land referred to in this policy is situated in the County of Monterey, City of Seaside, State of California, and is described as follows:

Lots 3, 5, 7, 9, 11 and 13 in Block 21A, as shown on the map showing Resubdivision of Lots 13, 14, 15 and 16 in Block 5 and a dedication of a 25 foot street and a 16 foot alley in Lots 13 and 14 in Block 4 of the Villa Subdivision of Lots 2 and 3 of the Rancho Noche Buena, Monterey County, Calif. in the City of Seaside, County of Monterey, State of California, filed September 8, 1908 in the Office of the County Recorder of said County in Volume 2, Cities and Towns, at Page 9.

ENDORSEMENT

Policy No: FTY 592098
Order No: 0724003528

The Company hereby insures the Insured against loss or damage which the Insured shall sustain by reason o

The enforcement or attempted enforcement of any covenant, condition or restriction that unlawfully limits the use, occupancy or ownership of the land on the basis of sex, color, race, religion, ancestry, national origin, familial status, martial status or disability.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

CLTA Form 100.30

REEL 2630 PAGE 625

CITY OF SEASIDE

440 HARCOURT AVE P O BOX 810 SEASIDE CALIFORNIA 93955-0810
TELEPHONE (408) 899-6202
FAX (408) 899-6297
AN EQUAL OPPORTUNITY EMPLOYER M/F/V/H

OFFICE OF THE CITY CLERK

CITY CLERK
Dee Latimore-Berry

NO FEE

21292

RECORDED AT REQUEST OF
City of Seaside
APR 16 11 40 AM '91
OFFICE OF RECORDER
COUNTY OF MONTEREY
SALINAS CALIFORNIA

RECORDING REQUESTED BY:

Seaside City Clerk

AND WHEN RECORDED MAIL TO:

Dee Latimore-Berry
Seaside City Clerk
P.O. Box 810
Seaside, CA 93955

NOTICE OF MERGER

This notice is filed under the provisions of Government Code Section 66451.12. The real property in the City of Seaside, County of Monterey, AP Nos. #A11-193-08 described in the attached Exhibit "A" and owned by Seaside Communtiy Clinic, Inc., is under the provisions of the Subdivision Map Act and ordinances of the City of Seaside merged for the purpose of the Subdivision Map Act into a single parcel.

Dee Latimore-Berry
Dee Latimore-Berry
City Clerk

DATED - 4/23/90

GATEWAY TO THE MONTEREY PENINSULA

CITY OF SEASIDE

440 HARCOURT AVE P O BOX 810 SEASIDE CALIFORNIA 93955-0810
TELEPHONE (408) 899-6200 AN EQUAL OPPORTUNITY EMPLOYER M/F/V/H

OFFICE OF THE CITY COUNCIL

RESOLUTION NO. 91-16

MAYOR
Lancelot C. McClair

COUNCILMEMBERS
Ira J. Lively
Darlene Burkleo
Darryl L. Choates

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEASIDE, STATE OF CALIFORNIA, ORDERING THE MERGER OF SUBSTANDARD LOTS FOR LAND GENERALLY LOCATED AT 1284 BROADWAY AVENUE.

WHEREAS, Seaside Community Clinic, Inc., owner, of the property located at 1284 Broadway Avenue, known as lots 3, 5, 7, 9, 11, and 13, Block 21A, Villa Subdivision of Rancho Noche Buena, also known as Assessor's Parcel Number 011-193-08, 09, 10, and 11, following notification by certified mail of the recordation of the Intent to Determine Status, has not requested a hearing as per Article 1.5, Section 66451.13 of the State Subdivision Map Act; and

WHEREAS, the subject lots are contiguous, held by the same owner, and satisfy the requirements of Section 607 (B) of the Subdivision Ordinance of the City of Seaside relating to merger of substandard lots, and

WHEREAS, the appropriate notification procedures have been followed and comply with the City of Seaside Subdivision Ordinance and the State Subdivision Map Act; and

NOW, THEREFORE, BE IT RESOLVED that the City Council of Seaside hereby determines and orders that the subject lots shall be merged and that a Notice of Merger shall be filed with the Recorder of Monterey County.

PASSED AND ADOPTED at a regular meeting of the City Council of Seaside on the 21st day of March, 1991, by the following vote:

AYES: COUNCILMEMBER: CHOATES, BURKLEO, LIVELY, MAYOR MCCLAIR
NOES: COUNCILMEMBER: NONE
ABSENT: COUNCILMEMBER: NONE

Lancelot C. McClair, Mayor

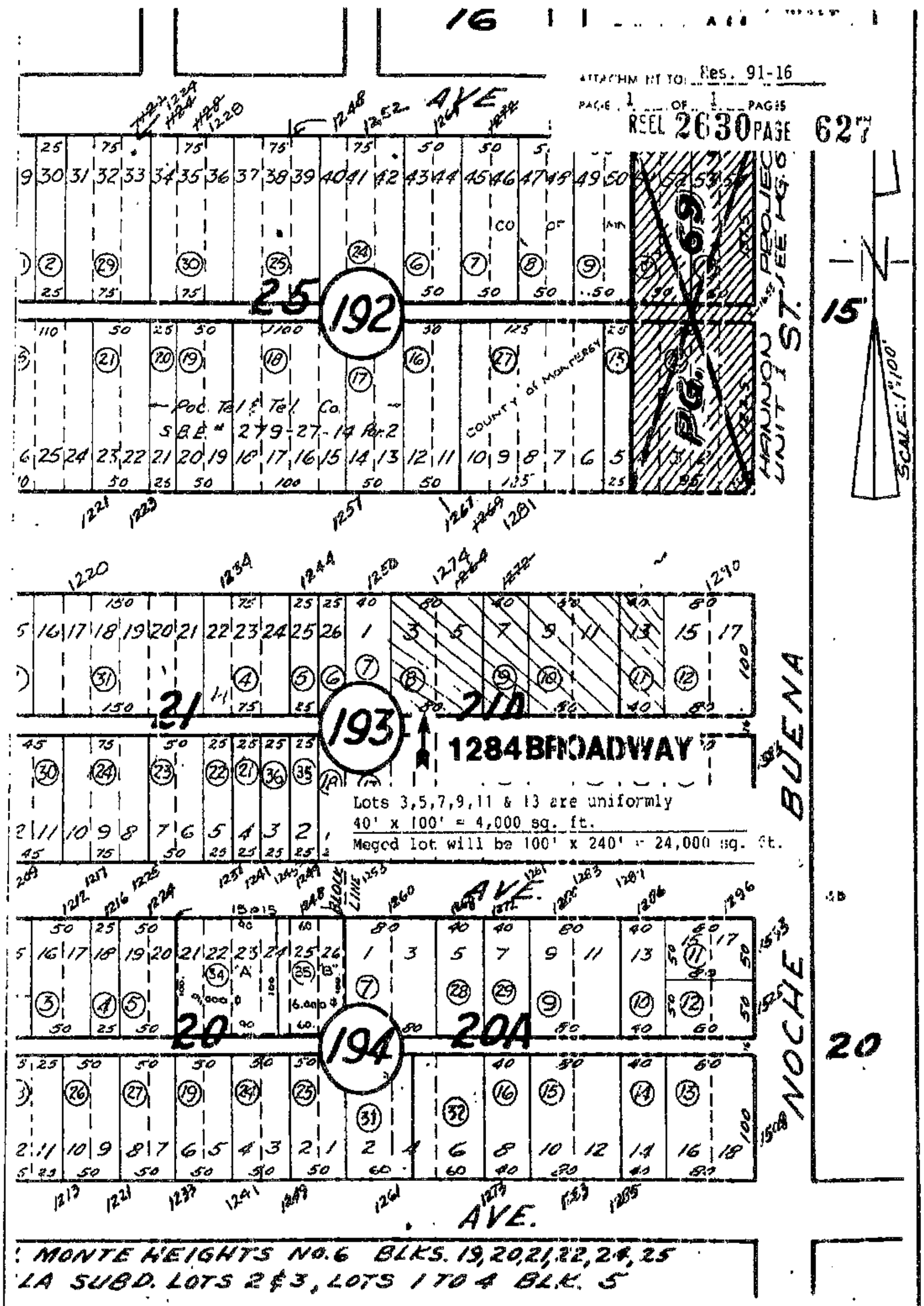
Attest:

Dee Latimore-Berry, City Clerk

Approved as to form:

Elaine M. Cass, City Attorney

GATEWA[Y TO THE] MONTEREY PENINSULA



END OF DOCUMENT

TBUN2 1.2.001 — 04/28/2016 4:06:22PM

Monterey COUNTY 2015 - 2016 PROPERTY TAX BILL

MARY A. ZEEB Treasurer-Tax Collector

P.O. Box 891, Salinas, CA 93902-0891, (831) 755-5057, www.co.monterey.ca.us/taxcol

SECURED TAX ROLL FOR FISCAL YEAR JULY 1, 2015 - JUNE 30, 2016

PROPERTY INFORMATION

ASMT NUMBER: 012-193-008-000 TAX RATE AREA: 010023

ORIG ASMT: 012-193-008-000 ACRES: 0.00

FEE NUMBER: 012-193-008-000

LOCATION:

OWNER JAN. 1st: REDEVELOPMENT AGENCY OF THE CITY

REDEVELOPMENT AGENCY OF THE CITY

IMPORTANT MESSAGES

Original bill date 09/18/2015

2015 - 2016

COUNTY VALUES, EXEMPTIONS, AND TAXES

PHONE #	DESCRIPTION	PRIOR	CURRENT	BILLED
VALUATIONS (831) 755-5035		0	0	0
TAX RATES (831) 755-5040		0	0	0
EXEMPTIONS (831) 755-5035		0	0	0
PAYMENTS (831) 755-5057		0	0	0
PERS PROP (831) 755-5035		0	0	0
ADDR CHGS (831) 755-5035		0	0	0
GENERAL INQ (831) 755-5057		0	0	0
		0	0	0
	NET TAXABLE VALUE			0
				0.00

DUPLICATE COPY

VOTER APPROVED TAXES / TAXING AGENCY DIRECT CHARGES & SPECIAL ASSESSMENTS / FEES

PHONE #	CODE	DESCRIPTION	ASSESSED VALUE	X	TAX RATE / 100	=	TAX AMOUNT
(831) 646-4040	12100	Monterey Pen CCD 2013 Ref	0		0.023039		0.00
(831) 645-1200	12700	Monterey Pen USD 2010 Ser A & B	0		0.030000		0.00

PHONE #	DESCRIPTION	DIR CHRG	PHONE #	DESCRIPTION	DIR CHRG	PHONE #	DESCRIPTION	DIR CHRG
(800) 273-5167	NoSalinasValleyMosquitoA	2.98						

PENALTY & COST	20.28	AGENCY TAXES	0.00
		DIRECT CHARGES	2.98
		FEES	0.00
AGENCY TAXES + DIRECT CHARGES + FEES + PENALTY + COST + DELINQUENT PENALTIES			$23.26

1st INSTALLMENT $1.63	2nd INSTALLMENT $21.63	TOTAL TAXES
DELINQUENT AFTER 12/10/2015	DELINQUENT AFTER 04/10/2016	$23.26

Monterey COUNTY SECURED PROPERTY TAXES - 2ND INSTALLMENT PAYMENT STUB

ASMT NUMBER: 012-193-008-000 **TAX YEAR: 2015**

ORIG ASMT: 012-193-008-000

FEE NUMBER: 012-193-008-000

LOCATION:

CURRENT OWNER: REDEVELOPMENT AGENCY OF THE CITY

MAKE CHECK PAYABLE TO:
Monterey County Tax Collector
P.O. Box 891
Salinas, CA 93902-0891

2015 - 2016 **2ND**

PAST DUE AMOUNT $21.63

DELINQUENT AFTER 04/10/2016 (INCLUDES 10% PENALTY OF $0.14 AND $20.00 COST) $21.63

012193008000120156000000021634200000002163420156

------------------------------ CUT HERE ------------------------------

Monterey COUNTY SECURED PROPERTY TAXES - 1ST INSTALLMENT PAYMENT STUB

ASMT NUMBER: 012-193-008-000 **TAX YEAR: 2015**

ORIG ASMT: 012-193-008-000

FEE NUMBER: 012-193-008-000

LOCATION:

CURRENT OWNER: REDEVELOPMENT AGENCY OF THE CITY

MAKE CHECK PAYABLE TO:
Monterey County Tax Collector
P.O. Box 891
Salinas, CA 93902-0891

2015 - 2016 **1ST**

PAST DUE AMOUNT $1.63

DELINQUENT AFTER 12/10/2015 (INCLUDES 10% PENALTY OF $0.14 AND $0.00 COST) $1.63

TO PAY TOTAL TAXES $23.26

012193008000120156000000001633100000000163320156

Mary A. Zeeb
Treasurer–Tax Collector, County of Monterey

My Cart
Items in cart: 0 Check Out

View TaxBill

Navigation
Last Search **New Search** **Print**

Assessment Info

Assessment #	012-193-009-000			
Taxyear	2015			
Feeparcel	012-193-009-000			
Roll Cat	CS			
Taxes		1st	2nd	Total
Paid Status		LATE	LATE	
Due/Paid Date		12/10/2015	4/10/2016	
Total Due		$1.04	$21.04	$22.08
Total Paid		$0.00	$0.00	$0.00
Balance		$1.04	$21.04	$22.08
Pay On-line		☐	☐	Add to cart

Taxcode Info

Tax Code	Rate	1st	2nd	Total
00001	1.000000	$0.00	$0.00	$0.00
County-Wide 1% Rate				
12100	0.023039	$0.00	$0.00	$0.00
Monterey Pen CCD 2013 Ref				
12700	0.030000	$0.00	$0.00	$0.00
Monterey Pen USD 2010 Ser A & B				
83050	0.000000	$0.95	$0.95	$1.90
NoSalinasValleyMosquitoAbatementDist				

Navigation
Last Search **New Search** **Print**

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Mary A. Zeeb
Treasurer–Tax Collector, County of Monterey

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Items in cart: 0 Check Out

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Navigation

Last Search New Search Print

Assessment Info

Assessment #	012-193-010-000			
Taxyear	2015			
Feeparcel	012-193-010-000			
Roll Cat	CS			
Taxes		1st	2nd	Total
Paid Status		PAID	PAID	
Due/Paid Date		11/10/2015	11/10/2015	
Total Due		$39.18	$39.18	$78.36
Total Paid		$39.18	$39.18	$78.36
Balance		$0.00	$0.00	$0.00
Pay On-line		[ ]	[ ]	Add to cart

Taxcode Info

Tax Code	Rate	1st	2nd	Total
00001	1.000000	$0.00	$0.00	$0.00
County-Wide 1% Rate				
12100	0.023039	$0.00	$0.00	$0.00
Monterey Pen CCD 2013 Ref				
12700	0.030000	$0.00	$0.00	$0.00
Monterey Pen USD 2010 Ser A & B				
83050	0.000000	$1.49	$1.49	$2.98
NoSalinasValleyMosquitoAbatementDist				
85300	0.000000	$37.69	$37.69	$75.38
MPWMD-Water Supply Charge				

Navigation

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Mary A. Zeeb
Treasurer–Tax Collector, County of Monterey

My Cart

Items in cart: 0 Check Out

View TaxBill

Navigation

Last Search	New Search	Print

Assessment Info

Assessment #	012-193-011-000			
Taxyear	2015			
Feeparcel	012-193-011-000			
Roll Cat	CS			
Taxes		1st	2nd	Total
Paid Status		PAID	PAID	
Due/Paid Date		11/10/2015	11/10/2015	
Total Due		$192.32	$192.32	$384.64
Total Paid		$192.32	$192.32	$384.64
Balance		$0.00	$0.00	$0.00
Pay On-line		☐	☐	Add to cart

Taxcode Info

Tax Code	Rate	1st	2nd	Total
00001	1.000000	$0.00	$0.00	$0.00
County-Wide 1% Rate				
12100	0.023039	$0.00	$0.00	$0.00
Monterey Pen CCD 2013 Ref				
12700	0.030000	$0.00	$0.00	$0.00
Monterey Pen USD 2010 Ser A & B				
83050	0.000000	$0.06	$0.06	$0.12
NoSalinasValleyMosquitoAbatementDist				
85300	0.000000	$192.26	$192.26	$384.52
MPWMD-Water Supply Charge				

Navigation

Last Search	New Search	Print

My Cart

Items in cart: Check Out

BUILDING COMPARABLE

NUMBER:	1
LOCATION:	210 Capitol Street Salinas, CA
GRANTOR: **GRANTEE:**	Capitol Mall, GP F.H. Saunders and K. A. Norwood-Saunders
APN:	002-262-002
DATE: **DOCUMENT #:**	July 3, 2015 agreement; August 12, 2015 recorded 45290
SALES & UNIT PRICE:	$1,375,000; $149.38 per sf. leasable
ASSESSMENTS:	None
SITE:	26,356 square foot rectangular shaped parcel with 31 on-site parking spaces.
IMPROVEMENTS:	9,324 square foot gross; 9,205 sf. leasable; good quality one-story 12-tenant masonry office building
FAR:	35.38%
PROPERTY RIGHTS:	Leased Fee
FINANCING:	$362,500 (26.4%) down payment; $1,012,500 1st via Wells Fargo Bank, NA
ECONOMIC INDICATORS:	Gross; $137,235 GI; $73,416 NOI; 5.34% OAR
CONFIRMATION:	CoStar ID #3376962; RealList; MLS #81465653; broker's brochure; Grant Deed; Patrick Stafford, Listing Broker (831) 646-1919; GH & PH inspected 05/04/2016

COMMENTS: This 12 unit office building is located in the Salinas Central Business District on the west side of Capitol Street between West Alisal Street and Central Avenue. It is across the street from the City of Salinas & Monterey County offices and the Monterey County Superior Court. It was 100% occupied by twelve tenants at the time of sale with 50% of the existing leases scheduled to roll over during the year of sale in 2015. The building was constructed in 1977. Each unit has its own restroom plus there is one common ADA restroom available in the courtyard. The 12 units range in size from 500 to 1,600 square feet. In 2015, a new *Duro-Last* roof was installed. The listing broker marketed the property as having all units leased on a gross basis with potential to increase the rents and to adjust or pass through utility costs to increase future net income. The property had been on the market at an asking price of $1,400,000 for only 49 days prior to an agreement to purchase the property for $1,375,000. No other sales of this property were noted during the five years prior to this sale.

COMPARABLE NUMBER 1

210 CAPITOL STREET
SALINAS, CALIFORNIA

BUILDING COMPARABLE

NUMBER:	2
LOCATION:	1140 Abbott Street Salinas, CA
GRANTOR: **GRANTEE:**	David and Susan Gill, Tr., et al. Monterey County Farm Bureau
APN:	002-881-034
DATE: **DOCUMENT #:**	May 2015 agreement; July 29, 2015 recorded 42036
SALES & UNIT PRICE:	\$835,000; \$115.58 per sf.
ASSESSMENTS:	None
SITE:	19,166 square foot almost rectangular shaped parcel with 26 on-site open (incl. 4 covered) parking spaces.
IMPROVEMENTS:	7,224 square foot comprised of two buildings divided into total of three suites; good quality one- & two-story masonry office buildings
FAR:	37.69%
PROPERTY RIGHTS:	Leased Fee
FINANCING:	\$585,000 (70.1%) down payment; \$250,000 1st via Wells Fargo Bank, NA
ECONOMIC INDICATORS:	Modified Gross; \$86,688 GI; \$55,279 NOI; 6.62% OAR
CONFIRMATION:	CoStar ID #3360979; RealList; broker's brochure; Grant Deed; Greg Findley, Listing Broker (831) 755-1639; GH & PH inspected 05/09/2016

COMMENTS: This office building is located in the Ag-industrial area of southeastern Salinas. It is situated at the northwesterly corner of Abbott and Merrill Streets and backs up to Meek Street on its westerly side. It was occupied by three tenants at the time of sale. The buildings were constructed in 1962-1970 with $265,000 long-term upgrades completed in 2004. Reportedly, this transaction was part of a 1031 exchange. The property had been on the market off and on since February 2009 at an original asking price of $1,425,000. It had been reduced to $1,395,000 when the listing expired. In early 2014, the property was relisted on the market by Cassidy Turley (Cushman Wakefield/DTZ) at an asking price of $995,000 and then reduced to $875,000. After almost one and half years, an offer of $835,000 was accepted. No other sales of this property were noted during the five years prior to this sale.

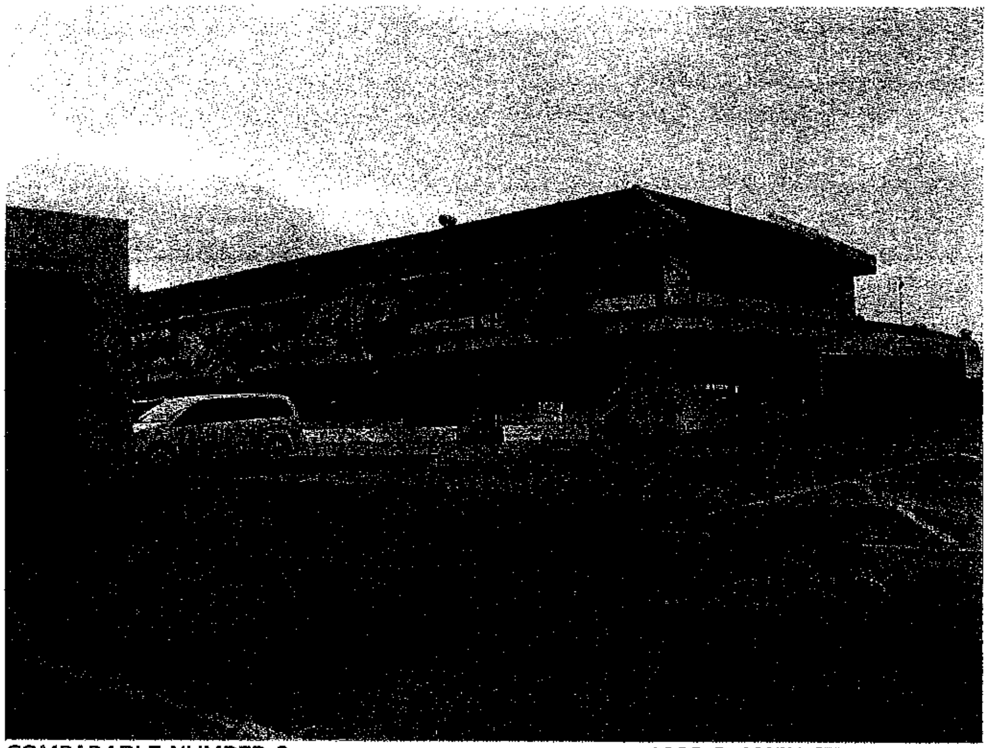
COMPARABLE NUMBER 2

1140 ABBOTT STREET
SALINAS, CALIFORNIA

BUILDING COMPARABLE

NUMBER:	3
LOCATION:	1093 S. Main Street Salinas, CA
GRANTOR: **GRANTEE:**	Caraccioli 1996 Trust 3-Some Par-Tners LLC
APN:	002-651-040
DATE: **DOCUMENT #:**	March 6, 2015 agreement; May 12, 2015 recorded 24628
SALES & UNIT PRICE:	$800,000; $95.29 per sf. leasable
ASSESSMENTS:	None
SITE:	15,736 square foot rectangular lot; shared common public parking
IMPROVEMENTS:	9,861 square foot gross; 8,395 sf. leasable; average quality two-story 8-tenant masonry office building with five restrooms
FAR:	62.67%
PROPERTY RIGHTS:	Leased Fee
FINANCING:	$100,000 (12.5%) down; $700,000 seller carried
ECONOMIC INDICATORS:	Gross; $98,701 GI; $57,835 NOI; 7.23% OAR
CONFIRMATION:	MLS #81414354; RealList; Grant Deed; Dale Handley, Listing Broker (831) 424-0001; GH & PH inspected 05/09/2016

COMMENTS: This office building is located in South Salinas on the east side of South Main Street, a primary downtown arterial. Its visibility is partially blocked by buildings along S. Main Street and San Miguel Avenue. This property is accessed via a driveway off of S. Main Street or off of San Miguel Avenue through a shopping center. It shares parking with other buildings in the center. The building was built in 1972 and was 43 years old at the time of sale. According to the listing broker, at the time of sale, the second floor was empty and none of the retrofits to the bathrooms were completed. The air conditioners were old but functional. Reportedly, the seller, after her husband's death, was anxious to sell and preferred to carry a mortgage on the property. The property had been on the market from April 29, 2014 to October 28, 2014 at an asking price of $1,200,000. It was relisted at the same asking price of $1,200,000 on March 6, 2015 and an offer of $800,000 was accepted on the same day. No other sales of this property were noted during the five years prior to this sale.



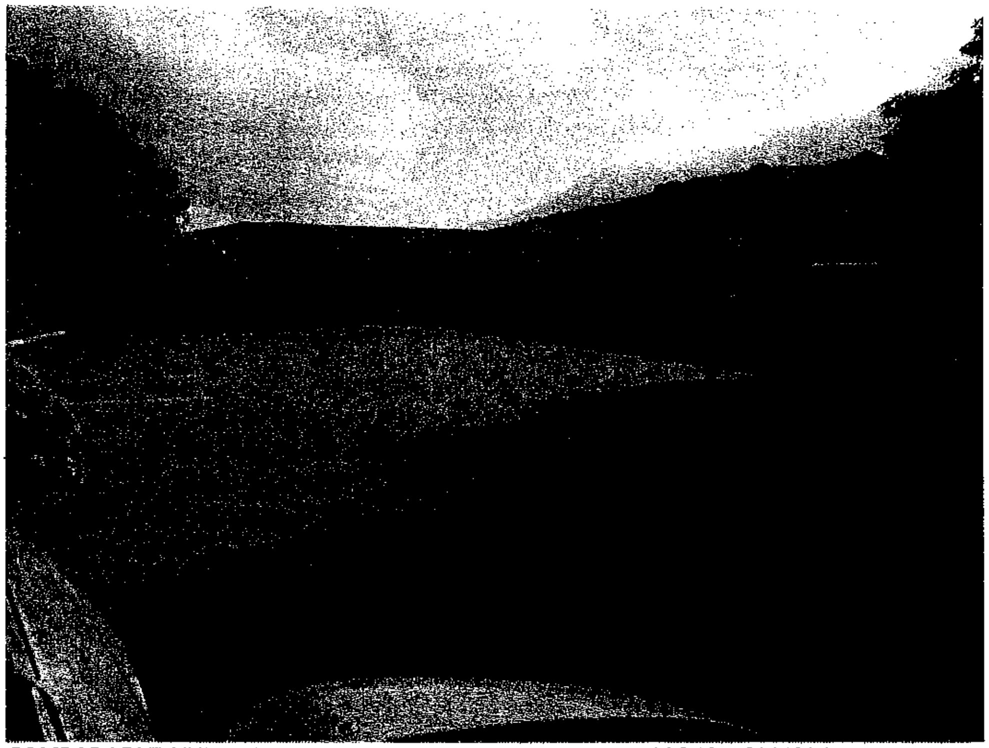
COMPARABLE NUMBER 3

1093 S. MAIN STREET
SALINAS, CALIFORNIA

BUILDING COMPARABLE

NUMBER:	4
LOCATION:	19040 Portola Drive Salinas, CA
GRANTOR: **GRANTEE:**	Pamela D. Meeks, Tr. Blazer Wilkinson LP
APN:	161-021-021
DATE: **DOCUMENT #:**	February 24, 2015 recorded 8877
SALES & UNIT PRICE:	$1,350,000; $169.51 per sf.
ASSESSMENTS:	None
SITE:	43,560 square foot almost rectangular shaped corner parcel with 18 on-site parking spaces.
IMPROVEMENTS:	7,964 square foot average quality one-story 3-tenant wood-frame office building
FAR:	18.28%
PROPERTY RIGHTS:	Leased Fee
FINANCING:	$770,000 (57%) down; $580,000 seller carried
ECONOMIC INDICATORS:	NNN; $95,568 GI; $84,435 NOI; 6.25% OAR
CONFIRMATION:	CoStar ID #3247791; RealList; Grant Deed; Greg Findley, Listing Broker (831) 755-1639; GH & PH inspected 05/09/2016

COMMENTS: This office building is located in an unincorporated area of Monterey County to the southwest of the City of Salinas with nearby access to Highway 68. Reportedly, at the time of sale, it was 100% occupied by two tenants on a triple net lease basis. The building was constructed in 1977. At the time of sale, it was configured for three units and improvements included private offices, conference room, kitchenette, break room and ADA restrooms. This property was not on the open market at the time of sale. However, it appears to have sold at or near market price. No other sales of this property were noted during the five years prior to this sale.



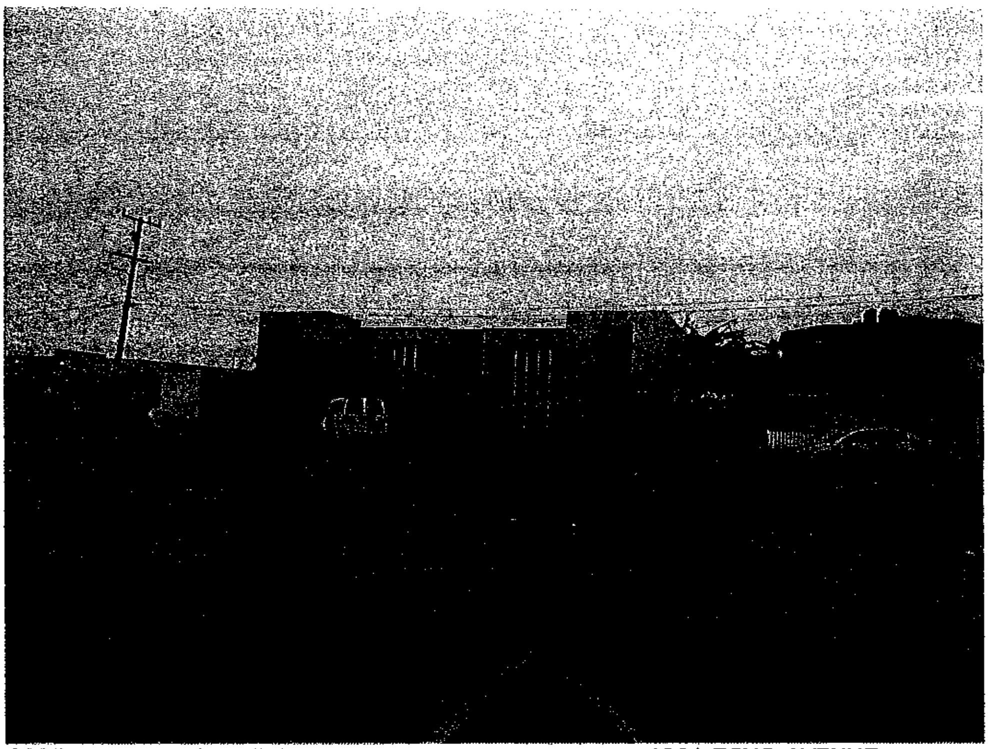
COMPARABLE NUMBER 4

19040 PORTOLA DRIVE
SALINAS, CALIFORNIA

BUILDING COMPARABLE

NUMBER:	5
LOCATION:	1201 Echo Avenue Seaside, CA
GRANTOR: **GRANTEE:**	Flores Brothers Investments LP, et al. Korean-American Community Organization of Monterey County
APN:	012-061-015
DATE: **DOCUMENT #:**	January 15, 2015 agreement; April 10, 2015 recorded 18275
SALES & UNIT PRICE:	$650,000; $121.54 per sf.
ASSESSMENTS:	None
SITE:	14,184 square foot rectangular shaped parcel with 14 on-site parking spaces.
IMPROVEMENTS:	5,348 square foot average quality two-story single-tenant wood-frame office building
FAR:	37.7%
PROPERTY RIGHTS:	Fee Simple
FINANCING:	$500,000 (77%) down; $150,000 seller financing
ECONOMIC INDICATORS:	Modified Gross; $64,176 GI; $41,393 NOI; 6.37% OAR
CONFIRMATION:	MLS #81403860; CoStar ID #3284050; RealList; Grant Deed; Omar Bitar, Listing Broker (831) 578-5456; GH & PH inspected 05/09/2016

COMMENTS: This office building is located on the north side of Echo Avenue one-half block east of Fremont Boulevard in the City of Seaside. At the time of sale, the building had nine private offices, two conference rooms, 4 restrooms and a utility room. It has a full-security system and a gated parking lot. Reportedly, it was in overall good condition but needed a new roof. The building was built in 1979 and was 36 years old and vacant at the time of sale. In 2013 foreclosure proceedings were filed and the property was transferred via a Trustee's Deed in the amount of $561,886 and recorded on August 14, 2013 as document number 57424. An attempt to sell the property at auction in November 2013 was unsuccessful. On February 7, 2014, the property was listed on the MLS (multiple listing service) at an original asking price of $799,900, and over the next three months was repeatedly reduced to $749,900, $729,900 and $699,000. Finally, it was reduced to $649,000 on December 16, 2014 and one month later an agreement to purchase the property at $650,000 was accepted. No other sales of this property were noted during the five years prior to this sale.



COMPARABLE NUMBER 5

1201 ECHO AVENUE
SEASIDE, CALIFORNIA

CHAPTER 17.24 - COMMERCIAL ZONES

Sections:

17.24.010 - Purpose

This Chapter lists the land uses that may be allowed within the commercial zones established by Section 17.14.020 (Zoning Map and Zones), determines the type of planning permit/approval required for each use, and provides basic standards for site layout and building size.

17.24.020 - Purposes of Commercial Zones

The purposes of the individual commercial zones and the manner in which they are applied are as follows.

A. **CD (Downtown Commercial) zone.** The CD zone is applied to the portions of the Broadway Avenue Corridor between Fremont Boulevard and Del Monte Boulevard intended to become a pedestrian-oriented downtown. The CD zone is intended to accommodate ground floor retail stores, restaurants, and entertainment uses, with upper floor residential and offices. The maximum floor area ratio (FAR) is 2.0.

B. **MX (Commercial-Mixed Use) zone.** The CMX zone is applied to areas of the City identified by the General Plan as appropriate for pedestrian- and transit-oriented activity centers. The CMX zone is intended to accommodate retail stores, offices, theaters, restaurants, and other similar and related uses together with residential units in the context of mixed use, pedestrian-oriented development, although mixed use development is not required. The maximum allowable residential density within the CMX zone for the residential component of a mixed use project is 25 dwelling units per acre; the maximum floor area ratio (FAR) is 2.0. The CMX zone implements and is consistent with the Mixed Use (MX) land use designation of the General Plan.

C. **CC (Community Commercial) zone.** The CC zone is applied to areas of the City that are intended for retail and service-oriented business activities primarily serving the local community or neighborhood. Allowable land uses may include restaurants, supermarkets, health clubs, offices, retail sales, services, personal services, and neighborhood-oriented retail uses. The maximum floor area ratio (FAR) is 0.50; except that a maximum FAR of 2.0 is allowed within the Broadway Corridor Specific Plan area designated by the General Plan. The CC zone implements and is consistent with the Community Commercial (CC) land use designation of the General Plan.

D. **CRG (Regional Commercial) zone.** The CRG zone is applied to areas of the City that are appropriate for large scale commercial development with retail, entertainment, and/or service uses, business parks of a scale and function to serve a regional market. Allowable land uses may include hotels, "big-box" retail, movie theaters., and business parks in the North Seaside area only. The maximum floor area ratio (FAR) is 1.0; except that hotels are allowed a maximum FAR of 3.0. The CRG zone implements and is consistent with the Regional Commercial (RCC) land use designation of the General Plan.

E. **CA (Automotive Regional Commercial) zone.** The CA zone is applied to the area covered by the Gateway Auto Center Area Plan, to provide a consolidated area for new automotive dealerships and related and compatible uses. The maximum floor area ratio (FAR) is 1.0. The CA zone is consistent with and implements the Regional Commercial (RGC) land use designation of the General Plan.

F. **CH (Heavy Commercial) zone.** The CH zone is applied to areas of the City suitable for wholesale, heavy commercial, and light industrial uses that which are best suited away from areas regularly generating large amounts of pedestrian traffic. The maximum floor area ratio (FAR) is 0.5. The CH zone implements and is consistent with the Heavy Commercial (HC) land use designation of the General Plan.

17.24.030 - Commercial Zone Land Uses and Permit Requirements

A. **General permit requirements.** Table 2-4 identifies the uses of land allowed by this Zoning Ordinance in each Commercial zone, and the planning permit required to establish each use, in compliance with Section 17.20.030 (Allowable Land Uses and Planning Permit Requirements).

B. **Requirements for certain specific land uses.** Where the last column in Table 2-4 ("Specific Use Regulations") includes a section number, the referenced section may affect whether the use requires a Zoning Clearance, Minor Use Permit, or Use Permit, and/or may establish other requirements and standards applicable to the use.

TABLE 2-4
Allowed Land Uses and Permit Requirements for Commercial Zones

P	Permitted Use, Zoning Clearance required
MUP	Minor Use Permit required (see Section 17.52.070)
UP	Use Permit required (see Section 17.52.070)
S	See cited Section for permit requirement
—	Use not allowed

LAND USE (1)	PERMIT REQUIRED BY ZONE						Specific Use Regulations
	CD	CMX	CC	CRG	CA	CH	
INDUSTRY, MANUFACTURING & PROCESSING, WHOLESALING							
Laboratory - Analysis, research and development, testing	—	—	—	—	—	P	
Laundry, dry cleaning plant	—	—	—	—	—	P	
Manufacturing/processing – Light	—	—	—	—	—	P	
Printing and publishing	—	—	—	—	—	P	
Recycling - Reverse vending machine	—	—	UP	UP	—	MUP	17.42.170.B
Recycling - Small collection facility	—	—	—	—	—	MUP	17.42.170.C
Recycling - Large collection facility	—	—	—	—	—	MUP	17.42.170.D
Research and development (R&D)	—	—	—	UP	—	P	
Storage - Outdoor contractors storage	—	—	—	—	—	UP	
Storage - Personal storage facility (mini-storage)	—	—	—	—	—	UP	
Storage - RVs, boats	—	—	—	—	—	UP	
Storage - Warehouse, indoor storage	—	—	—	—	—	UP	
Wholesaling and distribution	—	—	—	—	—	UP	
RECREATION, EDUCATION & PUBLIC ASSEMBLY							
Adult oriented business	—	—	—	—	—	UP	17.40
Commercial recreation facility – Indoor	MUP	MUP	UP	UP	—	—	17.42.050
Commercial recreation facility – Outdoor	—	—	—	UP	—	—	
Conference/convention facility	—	—	—	UP	—	—	
Health/fitness facility	MUP	MUP	P	P	—	—	
Library, museum, art gallery	MUP	MUP	MUP	P	—	—	
Meeting facility, public or private	UP(2)	UP	UP	UP	—	UP	
School - Public or private, state accredited	—	—	—	UP	—	—	
School - Specialized education/training	UP(2)	UP	UP	UP	—	—	
Sports and entertainment assembly	—	UP	UP	UP	—	—	
Studio - Art, dance, martial arts, music, etc.	P	P	P	P	—	—	
Theater, cinema or performing arts	UP	UP	—	UP	—	—	

Key to Zoning District Symbols

CD	Downtown Commercial	CRG	Regional Commercial
CMX	Commercial Mixed Use	CA	Automotive Regional Commercial
CC	Community Commercial	CH	Heavy Commercial

Notes:

(1) See Article 7 for land use definitions.

(2) Use allowed only on second or upper floors; Office - Business/service may be allowed on ground floor with Minor Use Permit.

(3) Use allowed only on a site north of Light Fighter Drive.

(4) Use limited to the establishments existing in the City as of December 4, 2006.

TABLE 2-4 *(continued)*
Allowed Land Uses and Permit Requirements for Commercial Zones

P	Permitted Use, Zoning Clearance required
MUP	Minor Use Permit required (see Section 17.52.070)
UP	Use Permit required (see Section 17.52.070)
S	See cited Section for permit requirement
—	Use not allowed

LAND USE (1)	PERMIT REQUIRED BY ZONE						Specific Use Regulations
	CD	CMX	CC	CRG	CA	CH	
RESIDENTIAL							
Emergency/transitional shelter	—	UP	—	—	—	—	17.42.090
Home occupation	P	P	P	P	—	—	17.42.110
Mixed use project residential component	MUP(2)	MUP(2)	UP(2)	UP(2)	—	—	17.42.120
Residential care facility, 7 or more clients	—	—	UP	—	—	—	
RETAIL							
Alcoholic beverage sales	UP	UP	UP	UP	—	—	
Art, antique, and collectables stores	P	P	P	P	—	—	
Artisan shop	P	P	P	—	—	—	
Auto and vehicle rental	—	—	UP	UP	P	UP	
Auto and vehicle sales, new vehicles, w/accessory used sales	—	—	—	—	P	UP	
Auto and vehicle sales, used vehicles only	—	—	—	—	—	UP	
Auto parts sales with no installation services	—	—	—	UP	P(6)	P	
Auto restoration and sale, collectible cars	—	—	—	—	P	UP	
Bar/tavern	UP(4)	UP(4)	UP(4)	UP	—	—	
Big box retail	—	—	—	UP	—	—	
Building and landscape materials sales - Indoor	—	—	UP	P	—	P	
Building and landscape materials sales - Outdoor	—	—	UP	UP	—	P	
Construction and heavy equipment sales and rental	—	—	—	—	—	UP	
Convenience or liquor store	UP(4)	UP(4)	UP(4)	UP(4)	—	—	17.42.070
Drive-through retail	—	UP(4)	UP(4)	UP(4)	—	—	17.42.080
Drug store	P	P	P	P	—	—	
Equipment rental - Indoor	—	—	P	P	—	P	
Retail Trade uses continue on next page.							

Key to Zoning District Symbols

CD	Downtown Commercial	CRG	Regional Commercial
CMX	Commercial Mixed Use	CA	Automotive Regional Commercial
CC	Community Commercial	CH	Heavy Commercial

Notes:

(1) See Article 7 for land use definitions.

(2) Use allowed only on second or upper floors; Office - Business/service may be allowed on ground floor with Minor Use Permit.

(3) Use allowed only on a site north of Light Fighter Drive.

(4) Use limited to the establishments existing in the City as of December 4, 2006.

(5) Beauty and nail salons limited to the existing as of December 4, 2006.

(6) Only allowed as an accessory use to a new car sales agency.

TABLE 2-4 *(continued)*
Allowed Land Uses and Permit Requirements for Commercial Zones

P	Permitted Use, Zoning Clearance required
MUP	Minor Use Permit required (see Section 17.52.070)
UP	Use Permit required (see Section 17.52.070)
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—	Use not allowed

RETAIL (Continued)

LAND USE (1)	PERMIT REQUIRED BY ZONE CD	CMX	CC	CRG	CA	CH	Specific Use Regulations
Equipment rental - With outdoor storage	—	—	—	—	—	UP	
Fuel dealer (propane for home and farm use, etc.)	—	—	—	—	—	UP	
Furniture, furnishings and appliance store	P	P	P	P	—	P	
Gas station	—	—	UP	UP	—	UP	17.42.210
General retail - 5,000 sf or larger	MUP	MUP	P	P	—	—	
General retail - Less than 5,000 sf	P	P	P	P	—	—	
Grocery or specialty food store - 5,000 sf or larger	P	P	UP	P	—	—	
Grocery or specialty food store - Less than 5,000 sf	P	P	P	P	—	—	
Mobile home, boat, or RV sales	—	—	—	—	—	UP	
Motorcycle sales, new, with accessory used sales	—	—	—	—	P	UP	
Night club	UP	UP	UP(4)	UP(4)	—	—	
Outdoor retail sales and activities	P	P	P	P	—	—	17.42.150
Restaurant, café, coffee shop - Table service	P	P	P	P	—	P	
Restaurant, café, coffee shop - Counter service	UP	UP	UP	UP	—	—	
Restaurant - Fast food	—	UP	—	UP	—	—	
Speculative retail building	UP	UP	UP	UP	—	—	
Shopping center	—	UP	UP	UP	—	—	
Second hand store	—	—	P(4)	—	—	—	
Winery/Wine Tasting	MUP	MUP	MUP	MUP	—	—	

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(6) Only allowed as an accessory use to a new car sales agency.

TABLE 2-4 *(continued)* **Allowed Land Uses and Permit Requirements for Commercial Zones**	P	Permitted Use, Zoning Clearance required					
	MUP	Minor Use Permit required (see Section 17.52.070)					
	UP	Use Permit required (see Section 17.52.070)					
	S	See cited Section for permit requirement					
	—	Use not allowed					
	PERMIT REQUIRED BY ZONE						**Specific Use Regulations**
LAND USE (1)	**CD**	**CMX**	**CC**	**CRG**	**CA**	**CH**	
SERVICES - BUSINESS, FINANCIAL, PROFESSIONAL							
ATM	P	P	P	P	P	P	
Bank, financial services	P	P	P	P	—	—	
Business park	—	—	—	UP	—	—	
Business support service	P	P	P	P	—	—	
Medical services - Doctor office	MUP(2)	MUP(2)	P	—	—	—	
Medical services - Clinic, lab, urgent care	UP	UP	P	UP	—	—	
Medical services - Hospital	—	—	—	UP(3)	—	—	
Medical services - Veterinary clinic, no boarding	—	—	UP	—	—	UP	
Medical services - Veterinary clinic, animal hospital, with boarding	—	—	—	—	—	UP	
Office - Accessory	P	P	P	P	P	P	
Office - Business/service	P(2)	P	P	P	—	P	
Office - Government	—	P	UP	—	—	—	
Office - Processing	—	P	—	P(3)	—	—	
Office - Professional/administrative	P(2)	P	P	P	—	—	

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TABLE 2-4 *(continued)* **Allowed Land Uses and Permit Requirements for Commercial Zones**							
	P	Permitted Use, Zoning Clearance required					
	MUP	Minor Use Permit required (see Section 17.52.070)					
	UP	Use Permit required (see Section 17.52.070)					
	S	See cited Section for permit requirement					
	—	Use not allowed					
	PERMIT REQUIRED BY ZONE						Specific Use Regulations
LAND USE (1)	CD	CMX	CC	CRG	CA	CH	
SERVICES - GENERAL							
Catering service	—	—	MUP	MUP	—	P	
Child day care center	UP(2)	UP(2)(6)	UP	UP	—	—	
Construction Contractor Base	—	—	—	—	—	P	
Drive-through service	—	—	UP(4)	UP(4)	—	—	
Kennel, animal boarding	—	—	—	—	—	UP	
Lodging - Hotel or motel	—	—	UP	UP	—	—	
Maintenance facility	—	—	—	—	—	UP	
Maintenance service - Client site services	—	—	—	—	—	P	
Mortuary, funeral home	—	—	UP	—	—	—	
Personal services	P(5)	P(5)	P(5)	P(5)	—	—	
Personal services - Restricted	—	—	—	—	—	UP	
Public safety facility	UP	UP	UP	UP	UP	UP	
Repair service - Equipment, large appliances, etc.	—	—	—	—	—	P	
Social service organization	—	UP	UP	—	—	—	
Therapeutic Massage	UP	UP	UP	—	—	—	
Vehicle services - Major repair/body work	—	—	—	—	UP	P	
Vehicle services - Minor maintenance/repair	—	—	—	—	UP	P	
TRANSPORTATION, COMMUNICATIONS & INFRASTRUCTURE							
Ambulance, taxi, or limousine dispatch facility	—	—	—	—	—	UP	
Broadcasting studio	MUP(2)	MUP(2)	MUP	—	—	MUP	
Parking facility, public or commercial	UP	UP	UP	UP	UP	UP	
Telecommunications facility	S	S	S	S	S	S	17.44
Transit station or terminal	UP	UP	—	UP	—	UP	
Utility facility	UP	UP	UP	UP	UP	UP	
Vehicle storage	—	—	—	—	—	UP	

Key to Zoning District Symbols

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Notes:

(1) See Article 7 for land use definitions.

(2) Use allowed only on second or upper floors; Office - Business/service may be allowed on ground floor with Minor Use Permit.

(3) Use allowed only on a site north of Light Fighter Drive.

(4) Use limited to the establishments existing in the City as of December 4, 2006.

(5) Beauty and nail salons limited to the existing as of December 4, 2006.

(6) Use may be approved on street-fronting ground floor in a CMX zone on a local street.

17.24.040 - Commercial Zone Subdivision Standards

A. Each subdivision shall comply with the minimum parcel size requirements shown in Table 2-5 for the applicable zone.

B. The minimum parcel size requirements for a specific subdivision are determined by the review authority as part of subdivision approval. The review authority may require one or more parcels within a specific subdivision to be larger than the minimums required by this table based on potential environmental impacts, the physical characteristics of the site or surrounding parcels, and/or other factors.

C. A condominium or other common interest project may be subdivided with smaller parcels for ownership purposes, with the minimum lot area determined through subdivision review, provided that the overall development site complies with the minimum parcel size, and the total number of any allowed dwellings complies with the maximum density for the applicable zone.

TABLE 2-5 - MINIMUM PARCEL SIZE STANDARDS

Zone	Minimum Parcel Size	
	Minimum Area	Minimum Width
CD	4,000 sf	40 ft
CMX	4,000 sf	40 ft
CC	4,000 sf	40 ft
CRG	20,000 sf	100 ft
CA	None	None
CH	12,000 sf	100 ft

17.24.050 - Commercial Zone Site Planning and Building Standards

A. **General standards.** Subdivisions, new land uses and structures, and alterations to existing land uses and structures, shall be designed, constructed, and/or established in compliance with the requirements in Table 2-6 in addition to the applicable development standards (e.g., landscaping, parking and loading, etc.) in Article 3.

TABLE 2-6 - COMMERCIAL ZONE DEVELOPMENT STANDARDS

Development Feature	Requirement by Zone		
	CD Commercial Mixed Use	**CMX Commercial Mixed Use**	**CC Community Commercial**
Residential density	*Maximum number of dwelling units allowed in a project. The actual number of units allowed will be determined by the City through subdivision or planning permit approval, as applicable.*		
Maximum density	1 dwelling unit for each 1,742 sf of site area.	1 dwelling unit for each 1,742 sf of site area.	1 dwelling unit for each 1,742 sf of site area.
Setbacks	*Minimum setbacks required for primary structures. See Section 17.30.100 for exceptions to these requirements.*		
Front	0 ft (none allowed)	0 ft (none required)	0 ft (none required)
Side - Interior	0 ft (none required)	0 ft (none required)	0 ft (none required)
Side - Street side	0 ft (none allowed)	0 ft (none required)	0 ft (none required)
Rear	0 ft (none required)	0 ft (none required)	0 ft (none required)
Floor area ratio (FAR)	*Maximum floor area ratio allowed (2).*		
Maximum FAR	2.0	2.0	2.0 in Broadway Corridor Specific Plan area; 0.50 elsewhere.
Site coverage	*Maximum percentage of the total lot area that may be covered by structures and pavement.*		
Maximum coverage	100%, see Section 17.30.040.C and D.	90%, see Section 17.30.040.C and D.	90%
Height limit	*Maximum allowable height of structures. See Section 17.30.030 (Height Limits and Exceptions) for height measurement requirements, and height limit exceptions.*		
Maximum height	Lesser of 4 stories or 48 ft	Lesser of 4 stories or 48 ft	Lesser of 4 stories or 48 ft
Fencing	See Section 17.30.020 (Fences, Walls, and Screening)		
Landscaping	See Section 17.30.040 (Landscaping Standards)		
Parking	See Chapter 17.34 (Parking and Loading)		
Signs	See Chapter 17.38 (Signs)		

Notes:

(1) See Section 17.30.100 for setback requirement on a block with existing development.

(2) Area within parking garages is not included in calculation.

TABLE 2-6 - COMMERCIAL ZONE DEVELOPMENT STANDARDS

Development Feature	Requirement by Zone		
	CRG Regional Commercial	CA Automotive Regional Commercial	CH Heavy Commercial
Residential density	*Maximum number of dwelling units allowed in a project. The actual number of units allowed will be determined by the City through subdivision or planning permit approval, as applicable.*		
Maximum density	No residential allowed	No residential allowed	No residential allowed
Setbacks	*Minimum setbacks required for primary structures. See Section 17.30.100 for exceptions to these requirements.*		
Front	0 ft (none required); except as required by 17.24.070 in the Coastal Zone.	See Section 17.24.080	10 ft
Side - Interior	30 ft total, 18 ft minimum on one side and 12 ft minimum on the other.	None required	None required
Side - Street side	Same as front	None required	None required
Rear	0 ft (none required); except as required by 17.24.070 within the Coastal Zone.	None required	None required
Floor area ratio (FAR)	*Maximum floor area ratio allowed. Does not include area within parking garages.*		
Maximum FAR	3.0 for hotels; 1.0 for other uses.	1.0	0.50
Site coverage	*Maximum percentage of the total lot area that may be covered by structures and pavement.*		
Maximum coverage	90%, see Section 17.30.040.C and D.	40%, exclusive of carport-type display structures.	90%
Height limit	*Maximum allowable height of structures. See Section 17.30.030 (Height Limits and Exceptions) for height measurement requirements, and height limit exceptions.*		
Maximum height	Lesser of 6 stories or 72 ft	50 ft	Lesser of 3 stories or 36 ft
Fencing	See Section 17.30.020 (Fences, Walls, and Screening)		
Landscaping	See Section 17.30.040 (Landscaping Standards)		
Parking	See Chapter 17.34 (Parking and Loading)		
Signs	See Chapter 17.38 (Signs)		

17.24.060 - CD and CMX Frontage and Facade Standards

A. **Purpose.** The requirements of this Section are intended to provide for pedestrian orientation and traditional building form in the CD and CMX zones. A principal design objective of this Section is for the street frontages in this zone to have continuous building facades with as few interruptions as possible in the progression of stores and other buildings, creating attractive, pedestrian oriented streetscapes.

B. **Applicability.** The requirements of this Section apply to proposed development within the CMX (Commercial Mixed Use) zone. Each new non-residential structure, and all alterations to existing structures involving any change in the facade at the street frontage, shall comply with the standards of this Section. The review authority may approve minor variations to these standards as deemed appropriate, provided that the review authority also first finds that the minor variation will still produce a new or altered building that complies with the intent of this Section.

C. **Building placement.** Each building shall be designed so that its front facade occupies 100 percent of its front property line. The review authority may grant exceptions to this requirement for:

1. A driveway that is necessary because no side street, alley, or easement can provide access to required parking on the rear of the lot;

2. The initial phases of a multi-phased building project that will occupy the entire frontage upon completion;

3. A multiple building project proposed with a pedestrian-only plaza occupying a portion of the street frontage;

4. A pedestrian corridor; or

5. A view corridor to on- or off-site natural features, or pedestrian areas on the rear portions of the site.

D. **Building design and architectural elements.** Each building shall be designed to comply with the following requirements.

1. **Formula design prohibited.** The architectural style and exterior materials of each proposed structure shall be designed based upon the architectural traditions of Monterey County, the architectural styles prevalent in the site vicinity, and the characteristics of the site, as determined by the review authority. The review authority shall not approve a building proposed with architectural features substantially similar to those found in other communities on buildings operated by the same corporate or franchise entity, unless the review authority determines that the similar features are also reflective of local architectural traditions and styles.

2. **Facade articulation.** To encourage visual continuity and pedestrian activity, at least 60 percent of the total street frontage ground floor length of any new or reconstructed building shall be differentiated architecturally by recessed windows and entries, display windows, offset surfaces, differentiated piers and columns, offset planes, textured materials, awnings, or other details or displays of interest to pedestrians.

3. **Windows.** Clear, untinted glass shall occupy at least 80 percent of the ground-floor street-fronting facades of each building, to allow maximum visual interaction between sidewalk areas and the interior of buildings. Mirrored, reflective glass or tinted glass shall not be used except as an architectural or decorative accent. After installation, clear glass windows shall not later be treated or so as to become opaque, or to be blocked so as to prevent visibility of the ground floor interior from the sidewalk.

4. **Railings and decorative grilles.** Any decorative railing or grille work that is placed behind street level windows shall be at least 75 percent open to perpendicular view and no more than six feet in height above grade. No security gate or grille shall be installed on the exterior of any structure.

5. **Upper story design features.** A minimum of 50 percent of the building frontage width above the first story shall be differentiated by recessed windows, balconies, offset planes, or other architectural details that provide dimensional relief.

RESOLUTION NO. 17-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY OFTHE REDEVELOPMENT AGENCY TO THE CITY OF SEASIDE

AUTHORIZING THE SALE OF THE TROIA BUILDING TO EARLY DEVELOPMENT SERVICES, INC. FOR THE APPRAISED VALUE OF $500,000.RECITALS:

WHEREAS, The Successor Agency received an offer to purchase the Troia Building (1264-1284 Broadway Ave: APNs: 012-193-08, 09, 010, 011) for the appraised price of $500,000 in January from Early Development Services, Inc.; and

WHEREAS, On December 5, 2016, the Successor Agency Board approved a purchase and sale agreement for this purchase; and

WHEREAS, The property will be used to construct an office and daycare facility. Early Development Services provides high quality pre-Kindergarten education and childcare services to children of all income levels.; and

WHEREAS, The buyer has completed all of the Planning related work, including successfully obtaining a Use Permit for the daycare use and has completed their due diligence and are ready to close on the property, subject to Department of Finance review.

WHEREAS, The sale of these structures will result in a significant removal of blight, the rehabilitation of the structures and will provide a much needed daycare facility for the children living in Seaside.

NOW, THEREFORE, BE IT RESOLVED that the Oversight Board of the Successor Agency of the Redevelopment Agency of the City of Seaside hereby authorizes the sale of the Troia Building at 1264-1284 Broadway Avenue to Early Development Services Inc. for the appraised value and offer of $500,000.

PASSED AND ADOPTED at a Special meeting of the Agency Board this 16th day of February 2017.

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Sally Reed, Chair

ATTEST:

____
Lesley Milton-Rerig, Agency Secretary