
APPRAISAL REPORT

SCVWD REMNANT – APN 259-25-054
SAN JOSE, CA

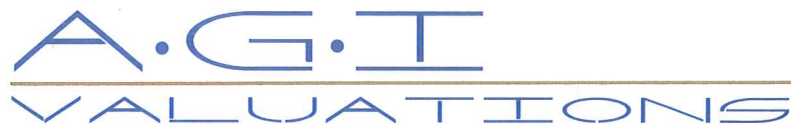
AS OF JUNE 26, 2018
AGI FILE NO.: 18-06-043

PREPARED FOR

TMG PARTNERS

PREPARED BY

AGI VALUATIONS



June 28, 2018

TMG Partners
c/o Richardson Watkins, Partner
100 Bush St – 26th Floor
San Francisco, CA 94104

Re: SCVWD Parcel – APN 259-25-054, San Jose, CA
AGI File No. 18-06-043

Gentlemen:

In accordance with your request, we have conducted the required investigation, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the fee simple interest in the above-captioned property, which consists of a 3,404 square foot vacant remnant accessed from North Autumn St. in San Jose, California.

This restricted-use appraisal is prepared in compliance with Standard 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP).

The value stated herein is based on our understanding of the site as represented to us by the client and/or the client's representatives and/or professional consultants as well as other available sources. We direct your attention to the "Introduction" and "Description of the Property" sections of this appraisal report. It is your responsibility to read the report and inform the appraiser of any errors or omissions you are aware of prior to utilizing the report or making it available to any third party.

Based on an inspection of the subject property and the investigation and analyses undertaken, we have formed the opinion subject to the assumptions and limiting conditions set forth in this report that as of June 26, 2018, the fee simple interest in the subject property had the following market value:

EIGHT THOUSAND (\$8,000) DOLLARS

The appraisal report that follows sets forth the identification of the property, property rights appraised, assumptions and limiting conditions, pertinent facts about the subject property, comparable data, results of our investigation and analyses and the reasoning leading to the conclusion set forth.

Should you desire a quick reference to the most important information, I direct your attention to the "Introduction," "Executive Summary" and the "Valuation" sections of this report.

Respectfully submitted,

AGI VALUATIONS

A handwritten signature in black ink, reading "Arthur Gimmy". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Arthur E. Gimmy, MAI
President
State Certification No. AG009703

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INTRODUCTION

Purpose of the Appraisal

The purpose of this appraisal is to provide an opinion of market value of the subject property, which is comprised of a 3,404 sq. ft. site situated in a transitional area of San Jose, California. There is no address associated with the property. However, the assessor's map is shown on the following page and a drawing is included in the "Property Description" chapter of this report.

Intended Use and User of the Appraisal

The appraisal is to be used by the client, TMG Partners, the Santa Clara Valley Water District, the State Department of Water Resources and any other authorized or designated entity or person for a negotiated sale, and for no other purpose.

Property Ownership and History

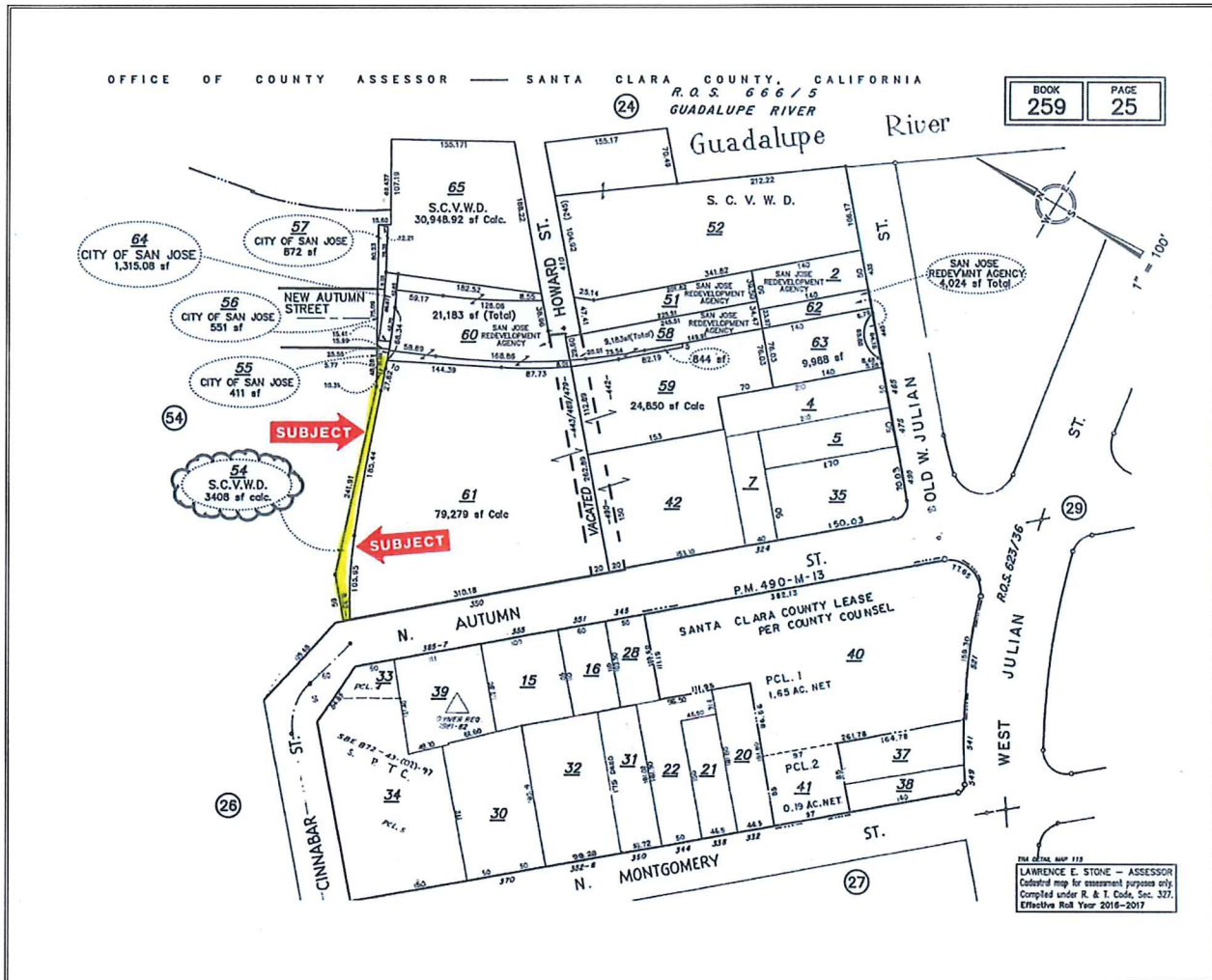
This is a remnant. It was not part of a sale of the adjacent land and was held for possible future use by SCVWD. Since SCVWD has no future plans for the land, it is considered to be excess to their needs and subject to sale to the adjacent property owner.

Scope of the Assignment

In preparing this appraisal, we did the following:

- Inspected the subject property;
- Gathered information on the subject neighborhood and market conditions;
- Analyzed the zoning and general plan designations of properties within the immediate area of the subject property as well as relevant planning documents and considered their implications on the highest and best use of the property;
- Researched numerous transactions of properties with a similar highest and best use as the subject within the subject market (including confirmation of each sale used in this analysis with a party to the transaction and review of recorded grant deeds);
- Analyzed the market data and applied the sales comparison approach to value the property as-if unencumbered;
- Estimated a discount for lack of utility (the frontage of 8.55 ft. is not adequate for a driveway and the limited width would be taken up with required setback, according to the City of San Jose standards), and an appropriate discount attributable to possible soil and ground water contamination; and
- Prepared a restricted-use appraisal report.

APN MAP



Property Inspection

The subject property was inspected on June 26, 2018 by Arthur E. Gimmy, MAI.

Date of Appraisal

The date of the appraisal report is the date of the letter of transmittal.

Date of Value

June 26, 2018

Property Rights Appraised

unencumbered by any other interest or estate subject only to the limitations of eminent domain, escheat, police power, and taxation.

Definition of Market Value

According to the Appraisal Institute, the current definition of market value is:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Exposure Time

Exposure Time is defined by the *Uniform Standards of Professional Appraisal Practice* 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.”

The exposure time for the subject property, as of the effective date of value opinion, is estimated to be three to six months.

General Assumptions and Limiting Conditions

This appraisal has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The

appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

- The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future considerations.

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

- Possession of this report, or a copy thereof, does not carry with it the right of publication.
- The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made. The fee for this appraisal does not include payment for pretrial conferences or the taking of expert testimony at deposition or trial.
- 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 or any reference to the Appraisal Institute, or to the MAI or SRA designations) 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.
- This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for their use only. No one except the client and the intended users specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all the risk of damages to himself or third persons arising out of reliance thereon of use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

Extraordinary Assumptions

An extraordinary assumption is defined by the Appraisal Institute as:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property;

or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.”

It is assumed, due to the location of the subject site parallel to an active railroad line, that the land is likely contaminated below the surface with typical railroad right-of-way contaminants (e.g., lead, petroleum, cleaning solvents, tar, and other/non-specified). A Phase I report is being prepared that will possibly identify these compounds.

Hypothetical Conditions

A hypothetical condition is defined by the Appraisal Institute as:

“That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.”

It is assumed that there are no easements on the property or unreported underground lines and that TMG Partners is the only potential buyer of the site.

Privacy Policy

This is a required disclosure. AGI Valuations is committed to protecting our clients’ personal and financial information. This privacy statement addresses what nonpublic personal information we collect, what we do with it, and how we protect it.

AGI Valuations may collect and maintain several types of personal information in the course of providing you with appraisal services, such as: information we receive from you on letters of engagement, correspondence, or conversations, including, but not limited to, your name, address, phone number, information about your transactions with us, our affiliates or others, including but not limited to, payment history, parties to transactions and other financial information; information we receive from a consumer-reporting agency such as a credit history. We may

disclose the nonpublic personal information about you described above, primarily to provide you with the appraisal services you seek from us. We do not disclose nonpublic personal information about clients or former clients except as required or permitted by law.

Experience of Appraisal Firm

Since 1965, AGI Valuations, a California-based corporation, has been involved in the analysis and valuation of all types of real property interests and intangible assets throughout the United States. Each year the firm appraises several hundred million dollars' worth of property rights. The Petaluma and Newport Beach offices have a staff of highly experienced appraisers with specialties in special purpose, ranches, resorts and hotels, recreational properties such as golf courses, healthcare developments, major government installations, senior housing, investment portfolios and litigation assignments.

AGI Valuations has been involved in the appraisal of land in the immediate neighborhood for the past 20 years. The most recent appraisal report was for a "vacated portion of Old West Julian St."

Qualification data of Arthur E. Gimmy, MAI is included in the Addendum of this report.

EXECUTIVE SUMMARY

Location:	Northeast side of the No. Autumn St. cul-de-sac, which is north of W. Julian St. in San Jose, California.
APNs:	259-25-054
Site Area:	3,404 sq. ft. according to the assessor's map.
Structural Improvements:	None
Site Improvements:	Asphalt paving
Property Rights Appraised:	Fee simple interest
Date of Value:	June 26, 2018
Zoning and General Plan:	LI, Light Industrial. The site is within the Northern Zone: Innovation District of the Diridon Station Area Final Land Use Plan.
Current Use:	Parking area used by owner or tenant of adjacent site.
Highest and Best Use:	Assemblage with adjacent parcel
Market Value Conclusion:	\$8,000

AREA DATA

County of Santa Clara

Geography and Climate - The County of Santa Clara is located at the southern end of the San Francisco Bay and encompasses 1,312 square miles. Santa Clara County is included in the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area as well as the San Jose-San Francisco-Oakland Combined Statistical Area. The northern portion of the county, along with the southern portion of adjacent San Mateo County, is known as Silicon Valley. Santa Clara is the most populous county in the San Francisco Bay Area region, and one of the most affluent counties in the United States.

The fertile Santa Clara Valley runs the entire length of the county from north to south, ringed by the rolling hills of the Diablo Range on the east, and the Santa Cruz Mountains on the west. Salt marshes and wetlands lie in the northwestern part of the county, adjacent to the waters of San Francisco Bay.

The valley is generally split into two geographic regions, the North Valley and the South Valley. The North Valley is extensively urbanized and houses approximately 90% of the county's residents. Thirteen of the county's fifteen cities are located in the North Valley, while the remaining two cities, Gilroy and Morgan Hill, are located in the South Valley. The South Valley remains predominantly rural, with the exception of Gilroy, Morgan Hill, the small unincorporated community of San Martin, and scattered residential areas generally having parcels of five acres or smaller that were created during or before the 1960s. Low-density residential developments are also scattered along the valley floor and foothill areas.

The Mediterranean climate of the region remains temperate year round due to the area's geography and its proximity to the Pacific Ocean. The area is warm and dry much of the year. Rarely is the humidity uncomfortable, and the thermometer seldom drops below freezing. Rain generally confines itself to the winter and snow to the tops of the local mountains, the Mt. Hamilton Range lining the eastern border of the county and the Santa Cruz Mountains to the west.

Population - Once known as the "Valley of Heart's Delight," orchards and other agriculture dominated this area in the early to mid-20th century. Over the past several decades, the county has transformed into "Silicon Valley," a major global center of high-tech development and the Internet boom of the 1990s. The population growth of the county reflected this dramatic shift in local industry.

Between 1980 and 1990, Santa Clara County grew by 202,506 people (16%). Similarly, between 1990 and 2000, the county grew by an additional 185,008, a 12% increase in population. Between 1990 and 2000, most of the population growth in Santa Clara County occurred in San José and in the North Valley cities (Campbell, Cupertino, Los Altos, Los Altos Hills, Los Gatos, Milpitas, Monte Sereno, Mountain View, Palo Alto, Santa Clara, Saratoga, and Sunnyvale).

Although North Valley cities experienced a larger increase in population numbers, the South Valley cities of Morgan Hill and Gilroy experienced a larger than-average percentage increase in population.

Economy & Employment - Santa Clara County is the largest county in the San Francisco Bay Area, in terms of both population and total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading technology companies. Santa Clara County has a population of 1.9 million people and a total of 1.0 million wage and salary jobs. The per capita income in Santa Clara County is \$79,302 and the average salary per worker is \$117,421.

In 2016, employment in Northern California increased by 3.3 percent, whereas employment in the greater Bay Area grew by 3.8 percent. In Santa Clara County, a total of 40,800 wage and salary jobs were created, representing a growth rate of 4.1 percent. The unemployment rate improved significantly, falling from 4.2 percent in 2015 to 3.8 percent in 2016.

Most major sectors created jobs in 2016. The largest gains were observed in professional services (+13,000 jobs), information (+8,500 jobs), education and healthcare (+6,700 jobs), leisure and hospitality (+3,800 jobs), and construction (+3,800 jobs). The largest losses were observed in government (-700 jobs).

Between 2010 and 2016, the population of Santa Clara County grew at an annual average rate of 1.4 percent. More than 40 percent of this growth was due to net migration, as an average of 8,800 net migrants entered the county each year.

Economic Forecast - Total employment increased by 2.6 percent in 2016. Between 2016 and 2021, the growth rate is expected to average 1.4 percent per year.

- Average salaries are currently well above the California state average, and will remain so over the forecast horizon. In Santa Clara County, inflation-adjusted salaries are expected to rise by an average of 1.7 percent per year from 2016 to 2021.
- Between 2016 and 2021, the largest employment gain will occur in professional services (+36,800 jobs), which will account for 48 percent of net job creation in the county. Strong growth will also be observed in information, manufacturing, and education and healthcare, which will account for an additional 50 percent of net job creation.
- The population increased by 1.3 percent in 2016. Annual growth in the 2016-2021 periods is forecasted to average 1.0 percent.
- From 2016 to 2021, an average of 7,500 net in-migrants will enter the county each year.
- Real per capita income will rise by 2.0 percent in 2016. During the 2016-2021 periods, real per capita income is expected to increase by 2.1 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 1.6 percent per year between 2016 and 2021.

- Industrial production rose by 3.9 percent in 2016. Over the following five years, growth is forecasted to average 2.4 percent per year.

Transportation - The county has an extensive freeway system and a separate expressway system. Expressways in California are distinct from freeways; although access to adjoining properties is eliminated, at-grade intersections are allowed. However, unlike expressways virtually everywhere else in California, the Santa Clara County expressways were built, signed, and maintained as county roads; they are not maintained by Caltrans, although they are patrolled by the California Highway Patrol. There is also a large street network dominated by four- and six-lane arterials. Some of the newer boulevards (primarily in the West Valley) are divided with landscaped medians.

Santa Clara Station is served by Caltrain which provides service to Gilroy, San Jose, Silicon Valley, San Francisco Airport and San Francisco, the ACE system which provides services to Stockton, and Amtrak which provides service to Sacramento and Oakland. The Santa Clara Valley Transportation Authority operates the VTA light rail system.

The county's main airport is Norman Y. Mineta San José International Airport (SJC). It is a U.S. Customs and Border Protection port of entry and as of 2016 has four international routes (one to Japan, two to Mexico, and one to China) but the airport's busiest routes are all to cities in the western United States. San Francisco International Airport (SFO) is also often used for commercial services by residents of Santa Clara County.

City of San Jose

Location - Situated between the Diablo and Santa Cruz mountain ranges, the City of San José encompasses 180.2 square miles at the southern tip of the San Francisco Bay. San José's central location between San Francisco to the north and Monterey/Carmel to the south makes the "Capital of Silicon Valley" a gateway to adventures throughout California. With a population of one million, San José is the 10th largest city in the nation. Over 1.8 million people reside in Santa Clara County, of which San José is the county seat.

History - In November 1777, El Pueblo San José de Guadalupe became the first civil settlement in California. The settlement was mostly occupied by the Ohlone Indians along the Guadalupe River and Spanish settlers. At that time, San José was a farming community cultivating a number of different crops, which served the military communities in San Francisco and Monterey. In 1850, San José became the first capital of California, but this honor remained for only two years due to the lack of hotel capacity and flooding in downtown. Furthering San José's difficulties, the City was plagued with floods, earthquakes, and fires in the early 1900s. However, over the next century, San José experienced one of the most significant economic changes in California history, transforming from an agricultural community to what is known today as the "Capital of Silicon Valley."

Economy - There are 134 clean tech companies in San José employing approximately 12,000 residents. Additional investments by the City include a 46,000 square foot building that will house ProspectSV, which is intended to strengthen San José's leadership in clean technology

demonstration. While San José and Silicon Valley are largely associated with the technology industry, the City's business profile is diverse and healthy. Commercial, retail, industrial, professional, and service businesses all thrive in San José. The area is rich with research and development resources, as San José area companies receive on average about one-third of the nation's venture capital investments each year.

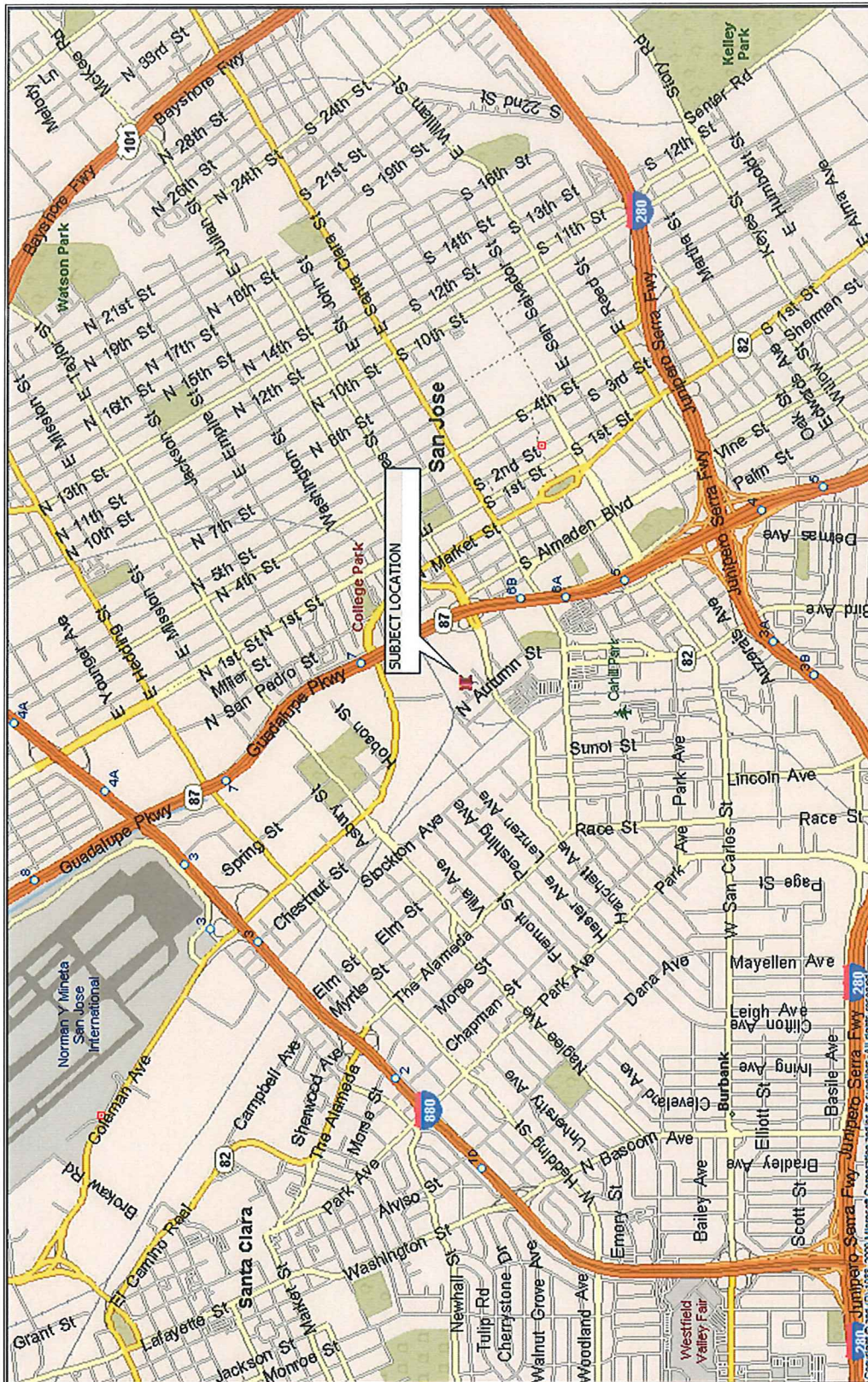
Subject Neighborhood

The subject property is close to the greater downtown area of San Jose. The downtown core is located approximately one-quarter mile to the east of the subject, on the other side of the Guadalupe Freeway, which generally delineates the western edge of the downtown core / central business district. While properties within the core include high-rise office and residential properties, the immediate subject neighborhood is comprised of single-story, older commercial / light industrial properties and small, dated single-family residences. The immediate neighborhood is dominated by the SAP Center, an indoor arena home to the San Jose Sharks, which is located approximately one-quarter mile south of the subject. Several properties with extensive paved parking areas within the neighborhood are used for event parking.

Transportation to the immediate neighborhood is excellent. The neighborhood has excellent access to freeways, is less than two miles southwest of the Mineta San Jose International Airport, and contains Diridon Station, which will be the central passenger rail depot for San Jose and a transit hub for Santa Clara County and the Silicon Valley. Diridon Station is served by Caltrain, ACE, VTA light rail, and Amtrak, as well as numerous bus services, and will have BART service upon completion of the Silicon Valley BART Extension project.

The immediate neighborhood is in a transitional phase, with development to be guided by the Diridon Station Area Plan, which provides a framework for redevelopment of the plan area, of which the subject property is a part.

NEIGHBORHOOD LOCATION



PROPERTY DESCRIPTION

Location: The subject property is a thin remnant location at the northeast quadrant of the cul-de-sac of No. Autumn St. (north of W. Julian St.), in San Jose, California.

Physical Characteristics: The subject property has a total area of 3,404 square feet, according to the assessor's map and is vacant (it has been utilized by the adjacent owner and is paved only because there are no property line delineations). We were not provided with a legal description.

Current Use: The subject property is considered to be vacant land. Any paving on the property is considered to be of no significant value because the adjacent land will someday be redeveloped. The subject site will remain as a buffer to the railroad line to the north.

A drawing and photographs of the subject property are on the following three pages.

Easements and Encumbrances: There are none, according to the client.

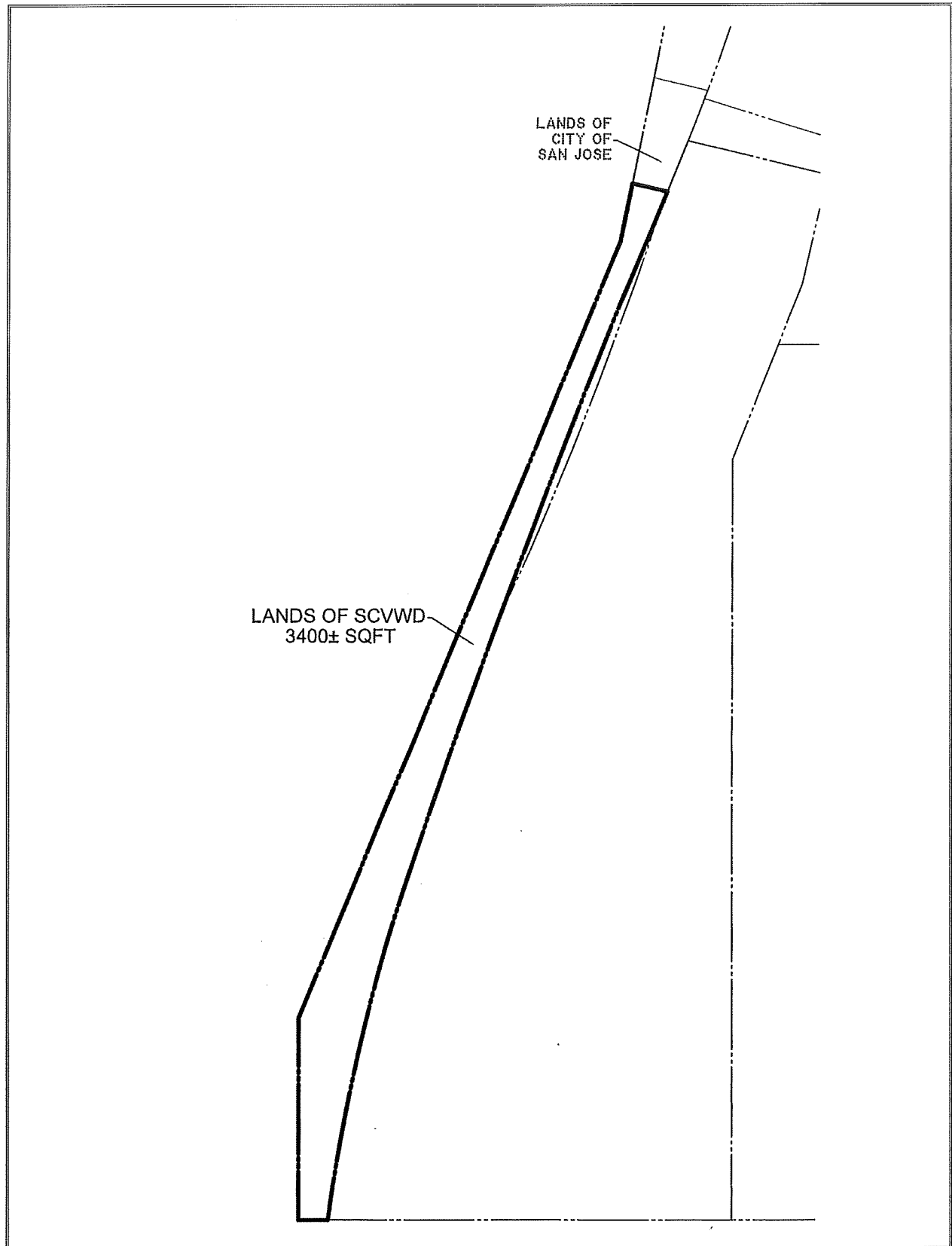
Planning Considerations: The subject and adjacent properties have no approvals or entitlements for redevelopment. Redevelopment of the properties are subject to government land use regulations (such as relevant land use planning designations, etc.), and approval of a specific use. It is zoned LI, for Light Industrial uses.

The following is an excerpt from the city zoning ordinance regarding the LI designation:

"The LI, or Light Industrial zoning district is intended for a wide variety of industrial uses and excludes uses with unmitigated hazardous or nuisance effects. The design controls are less stringent than those for the industrial park zoning district. Examples of typical uses are warehousing, wholesaling, and light manufacturing. Sites designated light industrial may also contain service establishments that serve only employees of businesses located in the industrial areas. In addition, warehouse retail uses may be allowed where they are compatible with adjacent industrial uses and will not constrain future use of the subject site for industrial purposes. When located within an area with a combined industrial/ commercial general plan designation, a broader range of uses will be considered including uses such as retail, church/religious assembly, social and community centers, recreational uses, or similar uses but only when the non-industrial use does not result in the imposition additional constraints on neighboring industrial uses in the exclusively industrial areas."

The following is an excerpt from the city general plan regarding the TEC designation:

"The TEC, or Transit Employment Center general plan designation is applied to areas planned for intensive job growth because of their importance as employment districts to the city and high degree of access to transit and other facilities and services. To support San Jose's growth as a regional employment





ENTRANCE AT END OF CUL-DE-SAC



VEHICLES PARKED ON SUBJECT SITE



VIEW OF NORTH AUTUMN STREET FACING SOUTH

center, it is useful to designate such key employment centers along the light rail corridor in North San Jose, in proximity to the BART and light rail facilities in the Berryessa / Milpitas area, and in proximity to light rail in the Old Edenvale area. All of these areas fall within identified Growth Areas and have access to transit and other important infrastructure to support their intensification. Uses allowed in the Industrial Park designation are appropriate in the TEC designation, as are supportive commercial uses. The North San Jose Transit Employment Center also allows limited residential uses, while other Employment Centers should only be developed with industrial and commercial uses.

An important difference between this designation and the Industrial Park designation is that the development intensity and site design elements in the TEC areas should reflect a more intense, transit-oriented land use pattern than that typically found in Industrial Park areas. This designation permits development with retail and service commercial uses on the first two floors, with office, research and development or industrial use on upper floors, as well as wholly office, research and development or industrial projects. The development of large hotels of at least 200 rooms and four or more stories in height is also supported within TECs. New development should orient buildings toward public streets and transit facilities and include features to provide an enhanced pedestrian environment.”

In addition to its zoning and general plan designations, development planning of the subject property is influenced by the Diridon Station Area Plan (DSAP), of which the subject is a part. Adopted in June 2014, the goal of the DSAP is “to develop a plan around the Diridon Station transit center that anticipates maximum possible build-out of new transit-related development and to obtain environmental clearance under CEQA.” One of the primary project objectives of the DSAP is “to establish a land use plan and policy framework that will guide future development and redevelopment toward land uses that support transit ridership and economic development and create a world-class cultural destination.”

The plan area is refined into three geographical zones which reflect the constraints and opportunities for development of each area: the Northern Zone, or the “innovation district,” which will focus on innovative office, research and development, and incubator space for product and business development; the Central Zone, or the commerce and entertainment zone, a high-intensity, entertainment-oriented mixed-use core which surrounds and encompasses the station; and the Southern Zone, or the urban neighborhoods zone, an area of high density residential and supportive commercial uses.

The subject property is within the Northern Zone. The land use assigned for the subject and adjacent properties per the DSAP is Transit Employment Center (“TEC”), a designation which is consistent with the general plan designation of the property. The description of this land use within the DSAP is similar to the general plan description, with an added emphasis on the transit-oriented aspect of TEC-designated lands, specific to the plan area, as follows:

“The properties along the east side of Stockton Avenue, between the Alameda and Lenzen Avenue, and north of the San Jose Arena are designated Transit Employment Center to provide lands for dense Driving Industry type uses within walking distance of the Diridon Station. The lands designated Transit Employment are located in the Innovation Area of Diridon. The Driving Industry type businesses envisioned in this area include high technology and green tech type businesses that would place a premium on being adjacent to the Diridon station and the high level of transit access it provides and will provide. Per the Envision San Jose 2040 General Plan, the uses allowed in this land use designation include office uses and industrial-type uses including research and development, manufacturing, assembly, and testing. Retail shops and services are also permitted in the first two floors of buildings. Given the proximity of transit, uses that have a high number of employees relative to building square footage are anticipated, with uses that have few employees likely to locate in other less transit accessible areas in the city. Regardless of use, new development should orient buildings towards public streets and include features to provide an enhanced pedestrian environment.”

Residential uses are not specifically permitted uses per the existing zoning and general plan designations of the properties adjacent to the subject, nor are such uses envisioned for the subject and surrounding areas by the DSAP. Residential uses are further constrained by the proximity of the subject property to the Mineta San Jose International Airport, as the subject is within the 65 dBA overflight noise contour, which exceeds the city’s minimum acceptable exterior noise level for residential uses.

Another constraint resulting from the proximity of the subject property to the airport is height restrictions on development within the neighborhood. Building heights within the immediate subject neighborhood are subject to Federal Aviation Administration (FAA) regulations for navigable, obstruction-free airspace. As a result, building heights within the immediate area of the subject are limited to approximately 130 ft. (per the DSAP Existing Conditions Report), or eight to eleven stories, depending on building type.

MARKET CONDITIONS

San Jose is experiencing an unprecedented amount of development activity, and the technology boom has played a critical role in attracting developers and investors to the city. There is over three million square feet of commercial office space in the pipeline for San Jose, either planned, approved, or under construction, with nearly 10,000 residential units also underway. Much of this new development is coming in at high densities: two thirds of proposed developments are over 100 dwelling units per acre, and a large number of those exceed 300 dwelling unit per acre.

Most of this new development is clustered in Downtown San Jose and is planned to be adjacent to the Diridon Caltrain station in an example of a large transit-oriented development, where Trammel Crow is proposing 960,000 square feet of office space, 35,000 square feet of retail, and 325 apartment units in a cluster of 10 to 12-story towers. A handful of other key projects include: Silvery Towers by KT Urban and R&F Properties, the largest project currently under construction, which will bring 643 condos and 20,000 square feet of retail to 20- and 22-story towers; North San Pedro Tower III by Barry Swenson Builder will provide another 313 condos to 201 W. Julian Street as part of a larger masterplan that will also include First Community Housing's 135-unit affordable housing project, Intracorp Co's. 408-unit apartment building at 195 W. Julian Street, and 78 townhouse units nearby; and Museum Place by Insight Realty Co., which has proposed over 200,000 square feet of office space, 334 condo units, a 143-room hotel, over 12,000 square feet of retail, and a 60,000 square foot expansion of an existing technology museum on the ground floor.

Most of these projects within the downtown area involve redevelopment of previously-improved properties. Sales of land and sites with redevelopment potential within the downtown neighborhood have been fairly abundant over the past few years, as developers have accumulated sites to accommodate these projects. Sites with the potential for development of residential projects, particularly those in areas with liberal height and/or density limits, typically command the highest per square foot prices.

HIGHEST & BEST USE

According to the latest edition of the Appraisal of Real Estate, a publication of the Appraisal Institute, Highest and Best Use is defined as follows:

"The reasonable, 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."

For a property to be utilized to its Highest and Best Use, the use must meet certain criteria, namely, (1) a use that is legally permissible, (2) a use that is physically possible, (3) a use that is financially feasible, and (4) that use which is maximally productive. In determining the Highest and Best Use of a property, these criteria are usually considered sequentially.

Legally Permissible Uses

In the broad spectrum of potential uses of a property, the most restrictive parameter is often the legal limitations, both public (zoning and building codes, master plan, etc.) and private (easements, use covenants, reversions, etc.).

As discussed in the Description of the Property chapter of this report, the surrounding properties are consistent with one another in their assigned designations: the property adjacent to the subject property is zoned LI, Light Industrial, and has a general plan designation of TEC, Transit Employment Center. Furthermore, the subject and surrounding properties are within the DSAP plan area, which encourages a land use for the properties consistent with the TEC general plan designation. Residential uses are not expressly permitted uses based on these designations, and are further constrained by noise generated by flights utilizing nearby Mineta San Jose International Airport.

Accordingly, legally permissible uses are those uses which are permitted per the existing LI zoning and TEC general plan designations. While the LI zoning is a designation which allows relatively traditional industrial uses, the TEC general plan designation allows a broader array of uses, including retail on the first and second floors, as well as office. Furthermore, the TEC designation permits a considerably higher density of development relative to the LI designation.

Any proposed land uses on the subject permitted within the TEC designation are considered legally permissible, despite that some are not permitted under the existing LI zoning, as the general plan and DSAP designations of TEC for the property represent the current / future vision for the subject neighborhood, whereas the LI designation is more or less obsolete and non-compatible with the future of this transitional neighborhood.

Development on the subject property is subject to building height limitations imposed by FAA regulations, which are approximately 130 ft.

Physically Possible Uses

By itself, the subject property is an unusable remnant. It is a thin, irregularly-shaped, elongated parcel. Topography is generally level, and legal access is only available from the adjacent site.

All of the legally permissible uses of the property are physically possible. However, development of the property independently would be limited by the shape of the parcel. Setback, parking, circulation, etc. requirements would totally constrain development options. However, assemblage of the subject with the adjacent parcel would eliminate any physical development constraints.

Financially Feasible/Maximally Productive Use

The subject is within a transitional area which is envisioned by the city for dense, large scale development. However, the property is a small parcel with no utility by itself.

Productive use for the subject is for assemblage with the adjacent parcel.

VALUATION METHODOLOGY

The valuation of real estate is estimated principally through the use of three basic approaches to value: the income capitalization approach, sales comparison approach, and the depreciated cost approach. From the indicated values resulting from these approaches and the weight accorded to each, an opinion of value is reached, based upon expert judgement within the framework of the appraisal process.

The sales comparison approach is based upon the assumption that a prudent buyer would not pay more for a property than it would cost to acquire a comparable substitute property. Since no two properties are ever identical, the necessary adjustments for differences in quality, location, size, etc. are a function of appraisal experience and judgment. A shortcoming of this approach is that the motives of various purchasers and sellers vary, depending upon their needs for cash, their tax positions, their personal likes and dislikes, available financing, and numerous other factors which must be taken into consideration. It is sometimes difficult to gather all pertinent information of this nature for each comparable sale studied.

The income approach involves an analysis of a property in terms of its ability to provide a net annual income in dollars. It is concerned with estimating the present worth of future benefits that can be derived through ownership of the property. In utilizing this approach, the net income is capitalized at a rate commensurate with what is attractive to investors to arrive at an estimate of value. The income approach is generally most useful in valuing a property which normally would be purchased by an investor concerned with the income-producing abilities of a property, which is not the case with the subject property.

The cost approach often is based upon the premise that a property cannot have a value higher than its replacement or reproduction cost new. Most properties require a deduction for accrued depreciation. A problem with this approach is that it can be difficult to estimate the amount by which a property has depreciated, particularly for older properties. The cost approach will not be utilized in this report as it is not applicable to the valuation of land.

For this appraisal, only the sales comparison approach will be utilized as this is the only method applicable to the valuation of land, particularly land which is not income-producing. The income and cost approaches will not be utilized in this analysis.

Remnants are appraised by discounting the fee simple interest in the land by reference to unit sales prices of usable, competitive-type property.

VALUATION

In the Sales Comparison Approach, recent transactions of properties considered relatively similar to the subject in location, utility, size, etc. are analyzed. Each of these sales must be analyzed to establish the elements of comparability. The reliability of this technique depends on 1) the degree of comparability between the subject and the sales properties; 2) the length of time since the sales were consummated; 3) the accuracy of the sales data; and, 4) the absence of unusual conditions affecting the sale.

In the case at hand, our search for comparable transactions focused on land sales within and nearby the downtown San Jose submarket. As mentioned in the "Market Conditions" chapter of this report, the market for properties purchased either as vacant or for redevelopment has been active over the recent past; however, many of these transactions involve properties which have potential residential uses and/or liberal height and density restrictions. Our search for comparables disregarded these sales, as sales of such properties tend to reflect a significant premium over properties such as the subject which are height and use restricted (resulting from airport influences as discussed in the "Property Description" chapter of this report). Finally, although in general there has been sufficient activity within the local land market, sales of vacant land relatively similar in size and use potential / utility as the subject are relatively scarce; accordingly, we also considered sales of properties which were partially improved. Our search identified several transactions and the four which are considered to provide the best indication of value for the subject were chosen for inclusion in this analysis. These transactions have been analyzed and are discussed below.

Elements of comparison are the characteristics of properties and transactions that cause prices paid for real estate to vary. In the case of the subject property, the critical elements of comparison include market conditions, location (which includes use / development potential based on zoning and other factors), size (in consideration of economy of scale), structural improvements, physical characteristics (shape, access, utility, etc.), and entitlement status. None of the sale properties required adjustments for property rights transferred, financing terms, or conditions of sale.

Comparative analysis can be either quantitative or qualitative. Quantitative analysis involves the application of mathematical processes that identify which elements of comparison require adjustment and measure the amount of these adjustments. Paired data analyses and market evidence, along with appraiser judgement, provide the support for the adjustments. Qualitative analysis involves the relative comparison of the elements of comparison without recourse to quantification. Comparable transactions are analyzed to determine whether their characteristics are inferior, superior, or equal to those of the subject property. Unlike quantitative analysis, the adjustments considered in qualitative analysis are not expressed as dollar or percentage amounts.

In the case of the subject, we will use qualitative adjustments for the various elements of comparison discussed in a preceding paragraph, with the exception of market conditions, which is adjusted quantitatively. Considering that there is no index of land price trends and that sales of land are too infrequent and dissimilar to perform an accurate paired sales analysis to extract an

indication of trends, we have considered trends in asking rates for various property types in San Jose as an indication of changes in market conditions. To understand the trend in lease asking rates between the respective dates of sales of the older transactions and the date of value, we consider the following asking rate data as published by Colliers International, for Q1 2015 (one quarter prior to and preceding the two older sales) and Q3 2016 (the most recent quarter to the date of value for which comparable data is available):

**Average Asking Lease Rates, San Jose
(Colliers International)**

	Office	R&D
Q1 2015	\$2.99	\$1.54
Q3 2016	\$3.39	\$1.78
Variance (\$)	+ \$0.40	+ \$0.24
Per Month (%)	0.70%	0.81%

Considering that development or redevelopment of most of the sales would likely involve office or R&D the variances indicated by office and R&D uses are given primary weight, and a market conditions increase of 0.75% per month is concluded.

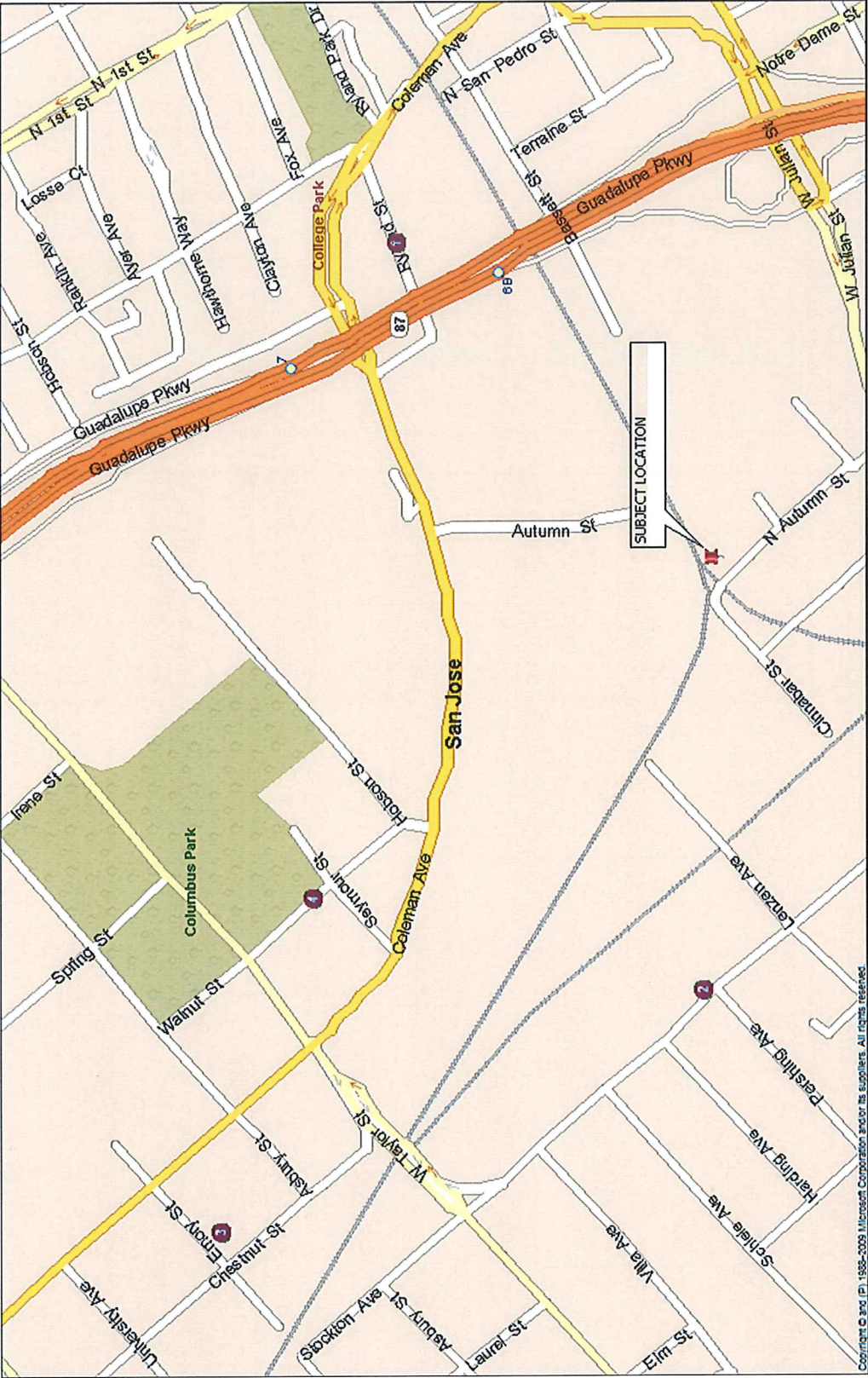
The unit of comparison is price per square foot of land area. The four transactions which have been analyzed are discussed in the following paragraphs and are presented in a summary and adjustment grid, as well as on a location map, on the following pages. Individual sale sheets and photographs of the sale transactions are included in the Addendum of this report.

Sale 1 is the sale of 199-221 Ryland Street, a property comprised of three adjacent assessor parcels totaling 21,770 square feet. The property is situated on the north side of Ryland Street, adjacent to the east of the Guadalupe Freeway, in the northernmost portion of the downtown core area, approximately one-third mile north/northeast of the subject property. The sale property is improved with older primarily industrial buildings totaling approximately 3,000 square feet, plus site improvements including fencing and paving. The buyer reportedly allocated little contributory value to the improvements, as significant capital expenditures were required (and completed by the buyer, subsequent to purchase), including a new foundation. The lot is level and virtually square in shape, with all utilities available to the site.

The property was leased on a month-to-month occupancy for use a contractor storage yard. The intended use of the buyer was to hold for investment with interim rental income, with the acknowledgement that the property may have future redevelopment potential, subject to assemblage with adjacent properties. The site is zoned LI, Light Industrial, with a general plan designation of Downtown. There are no entitlements associated with the redevelopment of the property.

This sale occurred in May 2015 at a price of \$775,000, or \$35.60 per square foot of land area. After a market conditions adjustment of +18.5%, this equates to an adjusted price per square foot of \$42.19. The sale property has a general plan designation which is more permissive in terms of FAR and density relative to the subject, and residential uses are allowed in this location;

MAP OF COMPARABLE SALES



however, the overall locational characteristics of the sale property are considered inferior relative to the subject considering that the sale property is outside of the Diridon Station Area Plan and has a generally longer horizon for redevelopment, as well as the fact that the sale property is directly adjacent to an elevated portion of the Guadalupe Freeway, an undesirable externality. Accordingly, an upward adjustment is applied for location. This upward adjustment is partially offset by a downward adjustment for the minor contribution of the existing improvements, which contribute to the ability of the property to produce income in the interim. Overall, this sale indicates a value for the subject greater than \$42.19 per square foot.

Sale 2 is the sale of 530 Stockton Street, a 31,400-site located on the northeast side of Stockton Avenue, approximately one-third mile west of the subject property. The site is improved with paving, fencing, and landscaping. Structural improvements consist of a 2,614 office building built in 1960 in average condition. According to the listing agent, the improvements did contribute to the value of the property; however, this contribution was not quantified or allocated. The lot is level and rectangular in shape, with all utilities available to the site.

The site had been occupied by a landscape company but was delivered vacant. The buyer was an owner-user who also operates a landscape company and planned to continue to use the property for that use. The site is zoned HI, Heavy Industrial, and the general plan designation is Transit Employment Center. The property is not within the Diridon Station Area Plan. There are no entitlements associated with the redevelopment of the property.

This transaction occurred in December 2016 for a price of \$1,800,000, or \$57.32 per square foot of land area. Although the property has an identical general plan designation as the subject, the subject location is considered superior due to the fact that it is closer to an area of imminent redevelopment, relative to the location of the sale property. Accordingly, an upward adjustment is warranted for location. However, this adjustment is somewhat offset by a downward adjustment for the improvements which exist on the sale property. After adjustments, this sale indicates a value for the subject similar to \$65.06 per square foot.

Sale 3 is the sale of a 20,038 square foot parcel located at 560 Emory Street, approximately three-quarter mile northwest of the subject property. The site is situated on the southeast side of Emory Street, between Chestnut Street and Coleman Avenue. The property is improved with paving and fencing, as well as a 1,336 square foot wood-framed office building, an older structure which contributed minimally to the value of the property per the listing agent. The lot is level and rectangular in shape, with all utilities available to the site.

The property was purchased by a neighboring property owner who operates an auto body shop on the adjacent parcel. The intended use of the sale property is for parking / auto storage. The site is zoned LI, Light Industrial, which is consistent with the general plan designation of the property. This general plan designation permits maximum densities and F.A.R. lower than that of the subject. There are no entitlements associated with the redevelopment of the property.

This transaction occurred in December 2014. The sale price of \$815,000 equates to a price per square foot of land area of \$40.67, or \$49.21 after a +20% adjustment for market conditions. An upward adjustment is warranted to account for the inferior location (attributable to its inferior

redevelopment potential) of the sale property relative to the subject property. This upward adjustment is partially offset by a downward adjustment for the contributory value of the improvements on the sale property. After adjustments, this sale indicates a value for the subject similar to \$53.48 per square foot.

Sale 4 is located at 661 Walnut St. in a neighborhood known as Guadalupe Gardens. This irregularly-shaped corner property has been used as a storage yard. Onsite improvements include an asphalt-paved lot. It has the same zoning designation as the subject: LI, Light Industrial. The general plan designation of the property is Transit Employment Center. The property is not within the Northern Zone of the Diridon Station Area Plan, and was acquired by the adjacent property owner for expansion of the company's Cierra Construction business. The seller was the Millard E. Bunnell 1998 Trust (Phyllis Lazzarini) and the buyer was the Oxley Living Trust (c/o Walter M. Oxley). The date of sale was August 28, 2017 and the price was \$1,100,000, or \$50.69 per sq. ft. It was financed by Heritage Bank and Commerce which also has an encumbrance on the adjacent property. The parcel number is 259-11-007 and the document number is 23739885. Adjusted upward for market conditions (7.5% to \$54.49) and upward for inferior location, the indicated unit value for the subject is greater than \$54.49 per square foot.

Adjustments

Adjustments are considered for market conditions (price inflation), property rights conveyed, financing terms, conditions of sale, and property adjustments such as location, size, structural improvements, physical characteristics, entitlements status, and development capability.

The market conditions adjustment condition is quantified at 0.75% per month and the other adjustments are qualitative in nature reported by using the terms "inferior," "generally similar," "superior," and "none." Adjustments are shown on the adjustment grid and result in the following.

Sales Comparison Reconciliation

After adjustments, the comparable transactions indicate the following values for the subject property:

Sale #	Value Indication for Subject Property, per SF
1	Greater than \$45.39
2	Similar to \$65.06
3	Similar to \$53.48
4	Greater than \$54.49

The adjusted sales indicate a range of unit value for the subject of \$45.39 to \$65.06, a narrow range for complicated properties of this type. No one sale is weighted more heavily than the others except that Sale No. 4 has the most recent date of sale and closing.

Assuming that the subject is a typical-shaped property (similar in size and shape to the comparables), the fee simple value would be approximately \$60.00 per sq. ft. However, this is a

COMPARABLE SALE SUMMARY & ADJUSTMENT GRID

Sale #	1	2	3	4	SUBJECT
Location / Proximity to Subject	199-221 Ryland Street 1/3 M N/NE	530 Stockton Street 1/3 M W	560 Emory Street 3/4 M NW	661 Walnut Street 1/2 M NW	North End of N. Autumn
Sale Date	5/11/2015	12/30/2016	12/16/2014	8/27/2017	6/26/2018 (D.O.V)
Lot Area (SF)	21,770	31,400	20,038	21,702	3,404
Zoning Designation	LI	HI	LI	LI	LI
General Plan Designation	Downtown	TEC	Light Industrial	TEC	TEC
Sale Price	\$775,000	\$1,800,000	\$815,000	\$1,100,000	n/a
Sale Price / SF	\$35.60	\$57.32	\$40.67	\$50.69	n/a

Transactional Adjustments

Market Conditions	27.5%	13.5%	31.5%	7.5%
Adjusted Price	\$988,125	\$2,043,000	\$1,071,725	\$1,182,500
Adjusted Price / SF	\$45.39	\$65.06	\$53.48	\$54.49

Property Rights Conveyed
Financing Terms
Conditions of Sale

=	=	=	=
=	=	=	=
=	=	=	=

Property Adjustments

Location*	+	+	+	+
Size	inferior	inferior	inferior	inferior
Onsite Improvements	generally similar	generally similar	generally similar	generally similar
Physical Characteristics**	superior	superior	superior	superior
Entitlement Status	generally similar	generally similar	generally similar	generally similar
Overall Value Indication for Subject, per SF	Greater than \$45.39	Similar to \$65.06	Similar to \$53.48	Greater than \$54.49

*Location adjustment considers includes use / development potential based on zoning, general plan, etc.
**Does not consider size and shape (the remnant discount follows).

remnant likely subject to contamination whose fee simple will be heavily adjusted for these factors. Additional consideration is given to sales of remnants.

Remnant Valuation

Remnants, as compared to typical sites, are heavily discounted due to limited marketability as well as shape and other factors such as limited access. Remnant land sales often have only one potential buyer who does not have to compete with the market due to its lack of interest in the non-utility of excess land.

Some remnants can be desirable to adjacent property owners because the assemblage increases the development potential and use of the larger adjacent property. This is not true in this case.

Other types of remnants can be assembled, but there is very limited, or a nominal improvement to the adjacent or contiguous property. This is the case for the subject 3,404 sq. ft. extremely thin subject site.

Discounts in this case from the value of the comparable sale conclusion of \$60.00 per sq. ft. are substantial. Discounted sales of remnants can be obtained from the internet, derived from appraisal reports involving remnants.

In order to estimate the value of the property, which has very little use and marketability, sales of similar excess or remnant land sales must be adjusted. Sales of remnants can vary from a steep discount to a premium, depending on the benefit to the buyer and the marketability of the land. The comparables used in the following table represent sales of excess or remnant land that has very few likely buyers, and in most cases only a single likely buyer. For this reason, a large discount is anticipated.

The comparable sales in this section are sales of excess and remnant land that sold at a discount when compared to adjusted unit prices of similar land that are not an excess or a remnant. The unit sales price is compared with an estimated market value of surrounding fully usable land in order to estimate the discount from the market value. After estimating a discount from the sales, the discount range is used to estimate a discount for the market for the subject. The sales used in this analysis are stand-alone parcels of remnant land that were purchased by adjacent property owners, who in most cases were the only feasible buyer.

The table on the following page outlines information relative to sales of remnant land throughout the Bay Area. The time of sale does not matter as the discount is the only factor being considered.

REMNANT LAND SALES SUMMARY

No.	Location/ APN	Sale Date	Grantor Grantee	Sales Price Est. Market Price Per Sq. Ft.	Zoning	Discount from Market
1	1098 S. 3 rd St., San Jose/ 472-15-029	12/05	<u>Un. Pac. Railroad</u> LB Stone Properties	<u>\$13.79</u> \$30.00	M1	54%
2	W. of Dobbin Rd., San Jose/ 254-55-013	04/07	<u>Un. Pac. Railroad</u> Allen Mirzaei	<u>\$9.83</u> \$25.00	LI	61%
3	E. Side Griffith St., San Leandro/ 077B-0851-048 & -055	01/07	<u>Union Pacific</u> R&A Gilbert Foundation	<u>\$14.10</u> \$20.00	IG	30%
4	E. Side Griffith St., San Leandro/ 077B-0851-055	11/09	<u>R&A Gilbert</u> <u>Foundation</u> Coca Cola, Co.	<u>\$7.98</u> \$14.00	IG	43%
5	323 S. Canal St. SSF/ 015-164-220	01/09	<u>Unkown</u> C&Y Ahn	<u>\$30.00</u> \$45.00	MI	33%
6	220 Shaw Rd., SSF/ 015-164-230	08/09	<u>Economy Lumber</u> A,G & Co.	<u>\$27.38</u> \$45.00	M2	39%
7	2-75 N. Capitol Ave., San Jose/ 244-01-057	12/00	<u>PG&E</u> MA Labs, Inc.	<u>\$8.00</u> \$22.00	IP	64%
8	2110 Railroad Ave., Pittsburg/ 087-030-083	08/11	<u>City of Pittsburg</u> Randy Baugh	<u>\$2.22</u> \$15.00	PD- 1319	85%

Source: S&K

The range of the discounts is 30% to 85%. The subject should be at the high end of the range due to its small size, extremely limited width, extensive length, and lack of vehicle access. The estimate is 80%.

A discount of 80% applied to a unit value of \$60.00 per sq. ft. indicates a unit price, prior to discounting for the contamination costs, of \$12.00 per sq. ft., or \$40,848 for 3,404 sq. ft.

The next step is discounting, or taking a deduction, for costs of clean-up. These costs are estimated, based on our experience with similar properties:

Environmental Status Report:	\$5,000 - \$10,000
Costs of Cleanup: \$5 - \$10 per sq. ft.:	<u>\$17,000 - \$34,000</u>
Total Range of Deductions:	\$22,000 - \$44,000

Taking a mid-range deduction of \$33,000 per sq. ft., the conclusion of market value is: (\$40,848 – \$33,000 = \$7,848), rounded to:

EIGHT THOUSAND (\$8,000) DOLLARS

CERTIFICATION

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

- 1) The statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions expressed herein are based, are true and correct.
- 2) The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, unbiased professional analyses, opinions, and conclusions.
- 3) I 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.
- 4) I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 5) I have no bias with respect to the property that is the subject of this report and no personal interest with respect to the parties involved.
- 6) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 7) Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 8) Our analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 9) A personal inspection of the property that is the subject of this report was made by Arthur E. Gimmy, MAI.
- 10) As of the date of this report, Arthur E. Gimmy, MAI, had completed the requirements of the continuing education program of the Appraisal Institute.
- 11) No one provided significant professional assistance to the persons signing this report.

- 12) We have the knowledge and experience to complete this appraisal assignment and have appraised this property type before. Please see Appraiser's Qualifications included on the following pages for additional information about work and educational experience.

Appraisal Prepared and Reviewed by:

AGI VALUATIONS

A handwritten signature in black ink that reads "Arthur Gimmy". The signature is fluid and cursive, with a long horizontal stroke extending from the end of the name.

Arthur E. Gimmy, MAI
President
State Certification No. AG009703

ADDENDUM

QUALIFICATIONS OF ARTHUR E. GIMMY, MAI
California Certified General Appraiser No. AG009703

Background Information

Graduate of University of California, Los Angeles, with B.S. degree in Business Education and M.Ed. degree in Education.

Instructor in Business Administration at San Jose State College and U.C.L.A. Instructor for the AIREA in the period 1972-75. Speaker at numerous conferences. Author of over 50 books and articles.

Engaged in real estate and business education, research, valuation, and advisory role since 1960. Received Professional Recognition Award from the American Institute of Real Estate Appraisers in 1975 and 1978. Received the George L. Schmutz Memorial Award from the Appraisal Institute in 1996 "In recognition of his special contribution to the advancement of appraisal knowledge."

General Experience

Real estate and business valuation services include economic, marketability and feasibility reports, highest and best use studies, and appraisal of intangibles. Expert witness testimony and litigation support services for of all types of property and enterprises throughout the United States, especially complex valuation issues.

Major Publications

The Business of Show Business, Act II, The Appraisal Journal, 1Q, 2013

Cemeteries and Mortuaries, The Appraisal Journal, 4Q, 2008

Movie Theatres, Appraisal Institute, 1999

Health Care Enterprises, Appraisal Institute, 1996

Elderly Housing, Appraisal Institute, 1988 and 1998.

Golf Courses and Country Clubs, Appraisal Institute, 1992 and 2003.

Fitness, Racquet Sports and Spa Projects, American Institute of Real Estate Appraisers, 1979 and 1989.

"Assigning Values to Management Contracts", Mergers and Acquisitions, January/February 1986.

"The Doctor's Office - An Intimate Examination", The Appraisal Journal, October, 1975.

"Appraisal of Tennis Clubs", Encyclopedia of Real Estate, 1978.

The Ambulatory Surgery & Outpatient Services Manual (Chapter 15), 1997

"Resort Analysis in Mexico," The Appraisal Journal, October, 1976

Professional Associations

Life Member, Appraisal Institute (Cert. #3719)

Member, Institute of Business Appraisers

Member, American Planning Association

Institute of Real Estate Management

Specialties

Businesses/Goodwill

Ranches/Conservation Easements

Senior Housing

Healthcare Enterprises/Hospitals

Golf Courses & Private Clubs

Entertainment Venues/Theatres

Industrial/Special Purpose Plants

Airport Facilities

Business/R&D Parks

Billboards

Medical Offices/Clinics/Imaging

/Surgery and Cardiac Centers

Hotels and Resorts

Estates/Partial Interests

Development Land

Contamination/Construction Defect Cases

Transmission Line Basements

Partial Takings

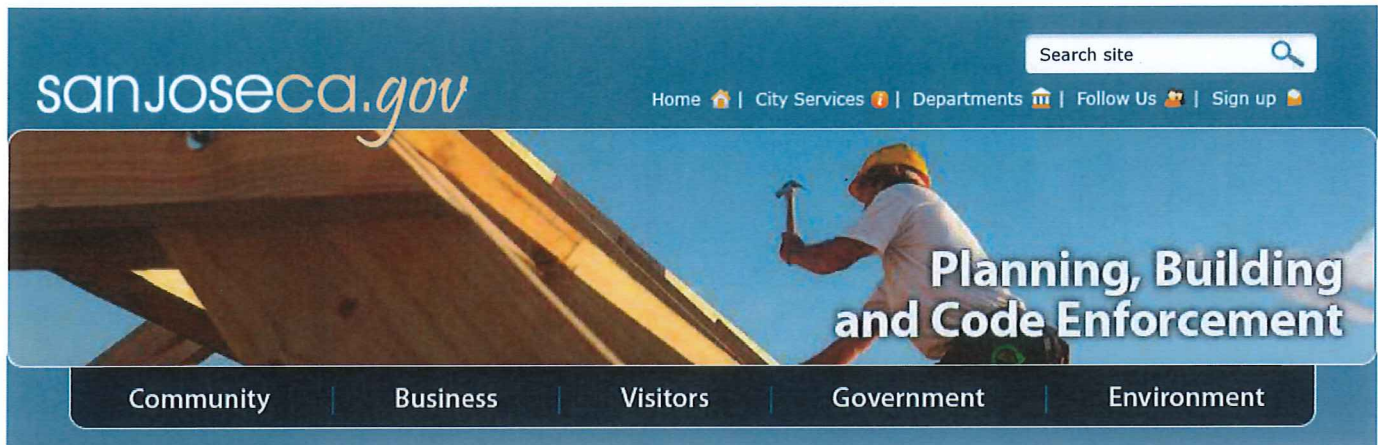
Court Testimony

Qualified and testified as an expert on real estate and business use and value since 1962 before Federal Courts (in California, Guam, Kentucky and Nevada), Public Utilities Commission, Tax Courts, and Superior Courts in San Francisco, Marin, San Mateo, Alameda, Santa Clara, Orange, Sacramento, San Diego, Fresno, Los Angeles, Contra Costa, Stanislaus, San Joaquin, Butte, Merced, Santa Barbara, Riverside, San Bernardino, Sonoma, Yolo and Yuba Counties in California, Pima County in Arizona and others. Superior Court appointed referee in 1972.

Appraisal Institute Committees

Appraisal Journal Board (1999-2002)

Body of Knowledge (1999-2002)



Planning

Envision San José 2040
General Plan

Zoning Map

[Home](#) > [Government](#) > [Departments & Offices](#) > [Departments & Offices P-Z](#) > [Planning, Building & Code Enforcement](#) > [Planning Division](#) > [Data and Maps](#) > [General Plan / Zoning Maps](#) > [Zoning Map](#)

Zoning Map

New development and land uses must conform to the [Land Use/Transportation Diagram](#) and the [Land Use goals and policies](#) in the [Envision San José 2040 General Plan](#). In addition to the Zoning Ordinance, please check the [General Plan](#) to confirm that a proposed use is allowed under the land use designation for the project site. Applicants may be required to rezone their property if it does not currently conform with the General Plan.

This interactive zoning map identifies the zoning district designations, as referenced in the [Zoning Ordinance](#), of property within the City of San José's incorporated area (City limits).

Search for an address in the map below and then left click on the property for more detail. For additional detail about the zoning and property detail, please visit the City's [Online Permit](#) website.

If you are having trouble viewing the following map, see the [Land Use Zoning Map](#) at full screen.

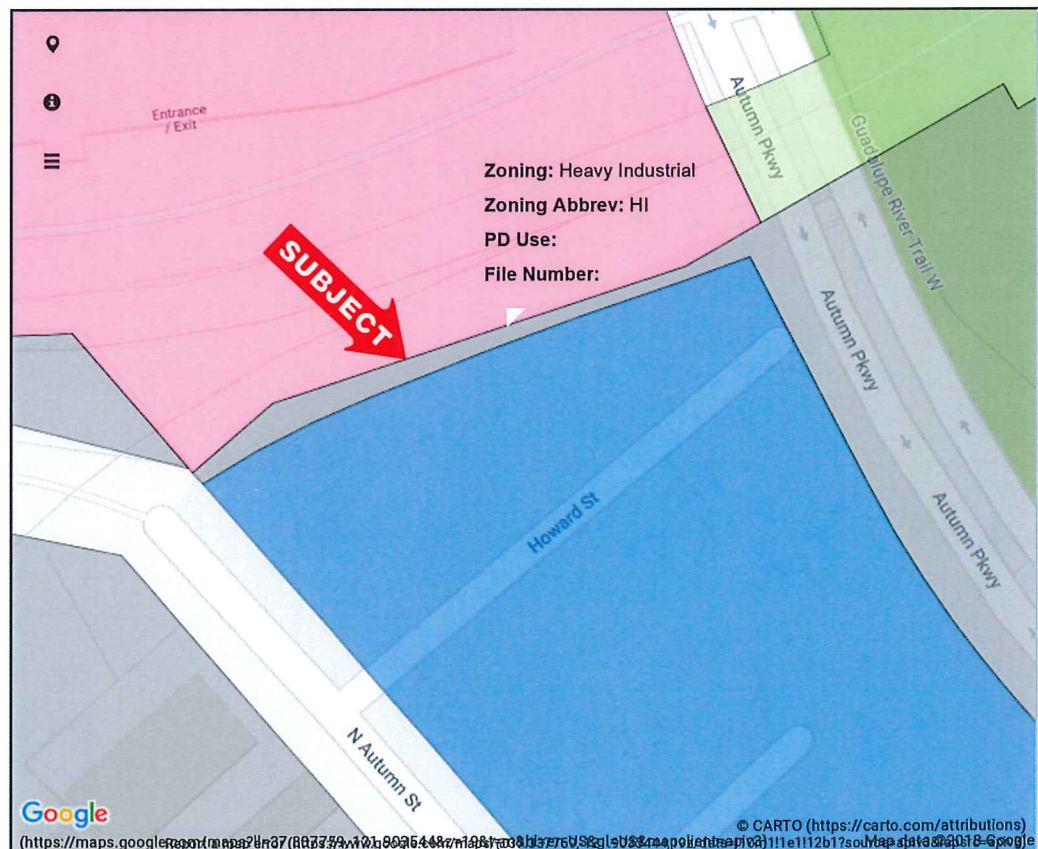
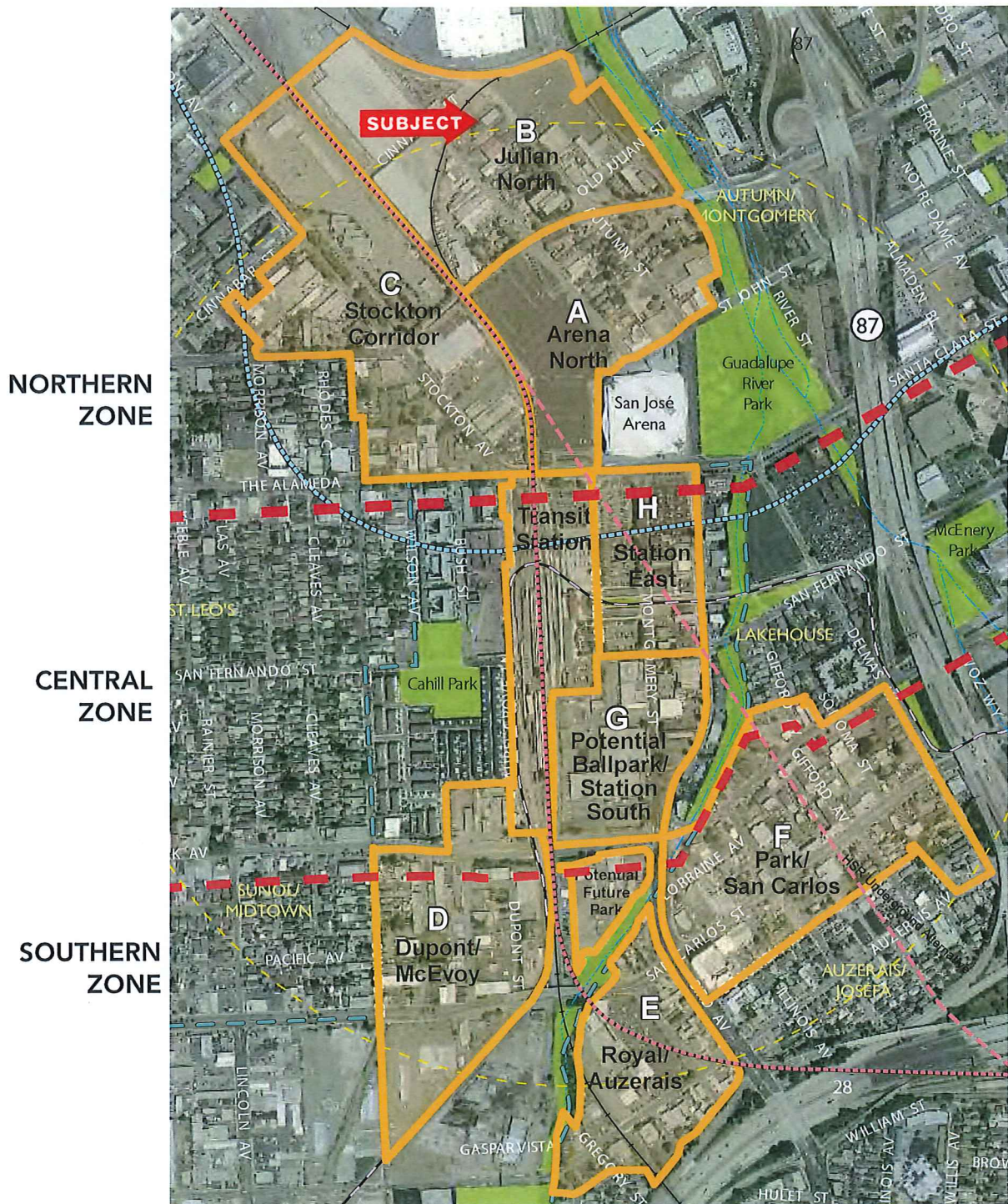


FIGURE 2-2-1: PRIMARY ZONES



Aerial alignment through Diridon Station area provided by HSR Business Plan 11/11/11.

LAND SALE # 1

Property Identification

Location: 199-221 Ryland Street, San Jose
1/3M± N/NE of subject property

APN: 259-22-043, -044, & -058

Sale Data

Recording Date: 5/11/2015

Document #: 22947457

Sale Price: \$775,000

Grantor: Howell Investments, LLC

Grantee: Clark J. Freitag Revocable Trust, et al

Property Rights: Fee Simple

Conditions of Sale: None

Financing: Conventional

Property Data

Land Area (SF): 21,770

Site Improvements: Fencing, paving

Structural Improvements: Older industrial buildings totaling 3,000 ± sf

Zoning: LI

Entitlement Status: None

Intended Use: Investment – hold for future development

Verification: Clark Freitag, buyer, 408-280-7770 (4/12/17)

Sale Price per SF: \$35.60

Comments: General plan designation of “Downtown,” utilized as a contractor yard on a month-to-month occupancy at time of sale; “very little” contributory value of improvements per buyer; significant deferred maintenance – buyer replaced foundation in building.

LAND SALE # 2

Property Identification

Location: 530 Stockton Ave, San Jose
1/3M± W of subject property

APN: 259-10-004

Sale Data

Recording Date: 12/30/2016

Document #: 23547312

Sale Price: \$1,800,000

Grantor/ Grantee: Tabler, Scott & Paulette / Nguyen, Tu, et al.

Property Rights: Fee Simple

Conditions of Sale: None

Financing: Conventional

Property Data

Land Area (SF): 31,400

Site Improvements: Paving, fencing, landscaping

Structural Improvements: 2,614 sf office built in 1960

Zoning: HI

Entitlement Status: None

Intended Use: Owner-user – landscape company yard

Verification: Bill Allen, listing agent, Marcus & Millichap, 408-280-770
(4/18/17)

Sale Price per SF: \$57.32

Comments: General plan designation of “Transit Employment Center;” purchased by an owner-user, a landscape company; structural improvements contributed to the value of the property per agent (no quantification or allocation provided); no environmental issues.

LAND SALE # 3

Property Identification

Location: 560 Emory Street, San Jose
3/4M± NW of subject property

APN: 259-09-020

Sale Data

Recording Date: 12/16/2014

Document #: 22801371

Sale Price: \$815,000

Grantor: Daniel F. Williams Co, Inc.

Grantee: Emory Chestnut, LLC

Property Rights: Fee Simple

Conditions of Sale: None

Financing: Conventional

Property Data

Land Area (SF): 20,038

Site Improvements: Fenced, asphalt paved

Structural Improvements: Older 1,336± sf building

Zoning: LI

Entitlement Status: None

Intended Use: Parking / auto storage by adjacent property owner

Verification: Nick Lazzarini, listing agent, Cushman & Wakefield, 408-615-3410 (4/18/17)

Sale Price per SF: \$40.67

Comments: General plan designation of "Light Industrial;" purchased by adjacent property owner who operates an auto body shop – sale property to be used for overflow parking / auto storage

LAND SALE # 4

Property Identification

Location: 661 Walnut Street, San Jose
1/2M NW of the subject property

APN: 259-11-007

Sale Data

Recording Date: 8/28/17

Document #: 23739885

Sale Price: \$1,100,000

Grantor: Millard Bunnell Trust

Grantee: Oxley Living Trust

Property Rights: Fee Simple

Conditions of Sale: Normal

Financing: \$1,433,000 (Heritage Bank of Commerce)

Property Data

Land Area (SF): 21,702

Site Improvements: Paving

Structural Improvements: None

Zoning: LI

Entitlement Status: None

Intended Use: Contractor Yard

Verification: CoStar Group; NDCData.com

Sale Price per SF: \$50.69

Comments: Walter Oxley owns the adjacent land.

A.G.I. VALUATIONS

June 29, 2018

TMG Partners
100 Bush Street – 26th Floor
San Francisco, CA 94104

Attn: Richardson Watkins
Partner

INVOICE

RE: SCVWD Parcel
APN 259-25-054
SAN JOSE, CALIFORNIA
AGI File No. 18-06-043

Appraisal Fee:	\$ 5,000.00
Expenses: (Mileage, Production & Delivery Costs)	<u>0.00</u>
Total Fee:	\$ 5,000.00
Less Payments Received, Thank You:	<u>2,500.00</u>
Total Amount Due:	<u>\$ 2,500.00</u>

Due on Delivery. Please remit to our Petaluma Office.
Please reference the AGI File No. on your remittance.
Thank You.