

Appraisal Report

Partial Easement Acquisitions

Property of the Santos/Alviso Partnership

Santa Clara County APN 015-25-012 and Portion of Adjacent Street

RESU File Numbers: 2044-13 and 2044-14

Date of Value: September 12, 2018

Date of Report: October 10, 2018

Our File Number: 18210

Prepared For

Rahn K. Springer, SR/WA

Associate Real Estate Agent

Santa Clara Valley Water District

5750 Almaden Expressway

San José, CA 95118

Prepared By

John R. Kaeuper, MAI

J Kaeuper & Company

625 Market Street

Penthouse

San Francisco, CA 94105

October 10, 2018

Rahn K. Springer, SR/WA
Associate Real Estate Agent
Santa Clara Valley Water District
5750 Almaden Expressway
San José, CA 95118

Re: Appraisal of Partial Easement Acquisitions
RESU File Numbers: 2044-13 and 2044-14
Santa Clara County APN 015-25-012 and Portion of Adjacent Street

Dear Mr. Springer:

Pursuant to the purchase order dated August 15, 2018, I have appraised permanent and temporary easements proposed to encumber the property identified above. The attached appraisal report sets forth the data used, and the methodology and techniques employed in the appraisal.

The purpose of the appraisal is to develop an opinion of fair market value for the easement interests proposed for acquisition, effective as of the date of value. The effective date of value is September 12, 2018. Santa Clara Valley Water District (SCVWD) is identified as the Client and intended user of the appraisal. The intended use is as a guide to value to assist Client in negotiating acquisition of the appraised property interests.

The research and analysis undertaken for this assignment have led me to form the opinion that the appraised property rights had a value of \$271.32 on the effective date of the appraisal. The opinion of value is based on the general assumptions and limiting conditions contained in the report, as well as the following extraordinary assumptions and hypothetical conditions:

Extraordinary Assumptions

The land was completely inundated at the time of inspection. The appraisal assumes that the boundaries as depicted on the maps and the physical characteristics of the property are accurate as described.

Hypothetical Conditions

The appraisal involves a partial acquisition. The appraisal of the remainder assumes that the take has occurred and the public project constructed as proposed. This is contrary to known facts about the property's legal and physical characteristics on the date of value.

For quick reference to a summary of the most salient facts and conclusions, I direct your attention to the Executive Summary, which is presented on page ii of the attached report. Please note that any opinions of value conveyed in the letter of transmittal are valid only if the letter is accompanied by the full appraisal report consisting of pages numbered 1 through 64, plus any addenda/exhibits.

Mr. Rahn Springer

October 10, 2018

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If you have any questions or require clarification of any of the points covered in the appraisal report, please feel free to phone me at (415) 512-7034. I hope the appraisal proves useful for your needs.

Respectfully submitted,

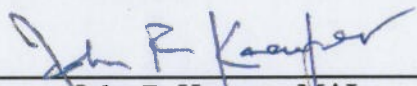
J. KAEUPER & COMPANY


John R. Kaeuper, MAI
Principal

CERTIFICATION

I certify to the best of my knowledge and belief to the following:

- 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 they are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- 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.
- 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.
- I have the competency to appraise the property that is the subject of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value, or direction in value, that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of 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.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to me in the performance of this assignment.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



John R. Kaeuper, MAI
State Certified General Real Estate Appraiser #006247

October 10, 2018
Date

EXECUTIVE SUMMARY

Property Identifiers

Property Name	Property of Santos/Alviso Partnership LLC, and adjacent portion of Madison Street (a paper street)
Location	New Chicago Marsh
Address	No situs address
APN	015-25-012 (and adjacent portion of Madison Street)
Legal Description	For the lengthy legal description please refer to the preliminary title report and the RESU plats, all included as addenda to the appraisal report. Briefly, the larger parcel for purposes of the appraisal comprises Lots 1 through 7 of Block 69 as shown on the Map of New Chicago, recorded April 11, 1890, in Book D of Maps pages 184 and 185, plus the adjacent portion of Madison Street.
Latitude/Longitude	37.433022,-121.978043
Census Tract	5046.02

Basic Site Data

Current Use	Vacant land
Size/Shape	Triangular-shaped assessor's parcel and portion of adjacent paper street having a combined size of 22,050 square feet / 0.5062 acre, comprised of the following: Assessor's parcel: 15,218 square feet / 0.3494 acre Portion of adjacent street: 6,832 square feet / 0.1568 acre
Access/Exposure	No public street access or exposure.
FEMA Flood Zone	Zone AE (EL 12 Feet). The land was entirely underwater at the time of inspection.
Public Utilities	None available. Outside the Urban Growth Boundary and Urban Service Area.
Zoning District	A Agricultural
General Plan	Open Space, Parklands and Habitat – OSPH

Proposed Acquisition

Larger parcel	22,050 square feet/ 0.5062 acre
Permanent easement	178 square feet / 0.0041 acre
Remainder	22,050 square feet / 0.5021 acre (no change)
Temporary construction easement	3,841 square feet / 0.0882 acre

Valuation Summary

Highest and best use	
Larger parcel	Speculative hold in the expectation that the value of the property will rise over time
Remainder	No change in highest and best use.
Type of value appraised	Fair market value
Property rights appraised	Easement interests
Effective date of value	September 12, 2018

Values

Larger parcel	\$7,609.00, based on a value rate of \$0.50 per square foot
Proposed acquisition	\$271.32, comprised of the following...
Permanent easement	Nominal
Temporary easement	\$271.32

Extraordinary Assumptions

The land was completely inundated at the time of inspection. The appraisal assumes that the boundaries as depicted on the maps and the physical characteristics of the property are accurate as described.

Hypothetical Conditions

The appraisal involves a partial acquisition. The appraisal of the remainder assumes that the take has occurred and the public project constructed as proposed. This is contrary to known facts about the property's legal and physical characteristics on the date of value.

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INTRODUCTION

Property Identifiers

Property Name	Property of Santos/Alviso Partnership LLC, and adjacent portion of Madison Street (a paper street)
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Latitude/Longitude	37.433022,-121.978043
Census Tract	5046.02

Client/Intended Use/Intended Users

Santa Clara Valley Water District (SCVWD) is identified as the Client and intended user of the appraisal. The intended use is as a guide to value to assist Client in negotiating acquisition of the appraised property interests. No liability is extended to third parties for use of the appraisal in any other context for any reason whatsoever.

Type of Value Appraised/Property Interest Appraised

The purpose of the appraisal is to develop an opinion of *fair market value* for the *easement interests* proposed for acquisition, effective as of the date of value. These terms are defined as follows¹:

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

Fair Market Value². For property acquired through condemnation for public use, fair market value is defined as follows.

¹ Unless otherwise noted, definitions used in the appraisal are from *The Dictionary of Real Estate Appraisal*. Please refer to the Glossary addendum for definitions of other real estate terms that may be used in the appraisal.

² Section 1263.320, California Code of Civil Procedure

- (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 market is its value on the date of valuation as determined by any method of valuation that is just and equitable.

Date of Value/Date of Report

The effective date of value is September 12, 2018 and the date of the appraisal report is October 10, 2018.

Property Inspection

I personally inspected the subject property on September 12, 2018. The inspection encompassed exterior portions of the property only and it was conducted from the levee road. The property itself was completely submerged and not readily accessible. Sizes used in the appraisal were obtained from information provided by the Client or from public and private sources. Unless otherwise noted, I did not measure the land or the improvements in the field. No one accompanied on the inspection.

Ownership and Property History

A preliminary title report (PTR) dated May 11, 2018, was provided for use in the appraisal. I note that the title report applies only to the adjacent portion of Madison Street, and not to the assessor's parcel that comprises the bulk of the appraisal parcel *per se*. The PTR shows that title to the fee is vested as follows:

The Santos/Alviso Partnership, L.P., a California limited partnership,
who acquired title as Santos/Alviso Partnership, L.P., a California
limited partnership.

No sales have occurred during the five-year period preceding the effective date of the appraisal. As of the date of the report, the property is not known to be listed for sale or under contract to be sold.

Extraordinary Assumptions

An extraordinary assumption is: *An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions*³. The appraisal utilized the following extraordinary assumption:

The land was completely inundated at the time of inspection. The appraisal assumes that the boundaries as depicted on the maps and the physical characteristics of the property are accurate as described.

³ *Uniform Standards of Professional Appraisal Practice*, 2016- 2017 ed. (Washington: The Appraisal Foundation), 2015.

Hypothetical Conditions

A hypothetical condition is: *A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis*⁴. The appraisal utilized the following hypothetical condition:

The appraisal involves a partial acquisition. The appraisal of the remainder assumes that the take has occurred and the public project constructed as proposed. This is contrary to known facts about the property's legal and physical characteristics on the date of value.

General Assumptions and Limiting Conditions

Please refer to page 5, below, for a list of the general assumptions and limiting conditions.

Research and Analysis

The extent of research and analysis is summarized as follows:

- Identification and analysis of broad demographic, economic and other trends, particularly as they relate to the region, the market area and the subject property. Sources may include federal, state and local government agencies; quasi-government planning entities; universities and colleges; real estate brokerage firms; published media accounts; and a variety of data reporting and analytical services.
- Identification and analysis of property-specific factors, which may be based on 1) a physical inspection of the property; 2) materials provided for use in the appraisal; 3) a title report, if available; 4) a survey of public records and other publicly available information; 5) interviews with public officials and other knowledgeable persons; 6) conversations with a range of market participants; 7) zoning and planning documents; and 8) other research and analysis described in the text of the report.
- Identification and analysis of comparable sales and/or listings of vacant land and improved properties, as appropriate. Each comparable used in the appraisal was verified using at least two of the following sources: 1) a principal party to the transaction; 2) the listing and/or selling agent; 3) a public official with specific knowledge of the transaction or the property; 4) a third party that may have credible information about the transaction; 5) the local multiple listing service (MLS); 6) a real estate transaction reporting service such as CoreLogic (FARES), Loopnet or CoStar; 7) media accounts, if deemed accurate and reliable; 8) deeds or other public documents related to the transaction; 9) in the case of transactions involving public agencies, private land trusts and similar institutional entities, meeting agendas, minutes, and/or staff reports, all of which may provide information about price, terms and/or property characteristics; 10) for public companies, financial reporting documents.
- Building cost data is 1) from monthly updated costs published in the Marshall Valuation Service (MVS) cost manual; 2) derived directly from the market; or 3) based on conversations with market participants, public officials or other authoritative sources.

⁴ Ibid.

- Identification and analysis of comparable rent, lease and operating expense data, as appropriate. At a minimum, each comparable lease transaction was verified with 1) the listing or leasing agent, 2) the landlord or tenant, 3) other credible and knowledgeable sources, 4) commercial reporting services such as Costar or Compstak; 5) public agency meeting agendas, minutes or staff reports; or 6) published information if deemed credible. Operating expense data may be obtained from 1) the operating history of the subject; 2) the operating histories of comparable properties; or 3) published sources such as BOMA or IREM. Cap rates are derived directly from 1) sales transactions involving similar properties; 2) conversations with market participants and brokers; or 3) published surveys.

Report Type

The analysis, opinions and conclusions are presented in this Appraisal Report, which is intended to conform with the requirements of Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP).

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is based on the following general assumptions and limiting conditions:

1. The analysis is based on dates, definitions, and assumptions discussed in the report. They are part of the assumptions and limiting conditions as if they were included here in their entirety.
2. Value conclusions are in terms of US Dollars. They apply only as of the date of value, and they are based on physical and economic conditions prevailing at that time.
3. Title is marketable and free and clear of liens, encumbrances, easements and restrictions, except those that are specifically disclosed and discussed in the report.
4. The subject property is under responsible ownership and competent management.
5. The subject property is available for utilization to its highest and best use.
6. Information secured from public records, interviews, commercial data providers, and other sources, is true and correct.
7. The subject property complies with applicable environmental regulations and laws.
8. Sizes and areas are based on reliable information and sources, and they are true and correct.
9. No encumbrance or encroachment exists that would have an adverse effect on the use or value of the subject property.
10. Earthquakes are common in the area. In the absence of detailed geologic reports, the appraiser is not responsible for determining their effect on the value of an individual property.
11. The appraisal deals only with the stated property interest(s). Unless otherwise indicated, it does not deal with issues of mineral rights, related rights-of-entry or the existence or removal of personal property.
12. The reported values are not valid in any context other than that specified in the appraisal report. The values do not apply to any other property or to any use of the subject property different from the use discussed in the report.
13. Unless prior arrangements have been made, this assignment does not obligate the appraiser to testify in court, or at any other governmental, quasi-governmental, or other similar hearing, or to give evidence by deposition or other means.
14. Maps, plats and exhibits are used for illustration only. They are not intended to be surveys. They should not be relied upon for any purpose outside the context of this report, nor should they be reproduced, removed from or used apart from the report.
15. It is not the appraiser's intent to express an opinion on any matters that require legal expertise, specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
16. Any allocation of value between land and improvements pertains only to the use described in the appraisal report. Separate allocations of value are not intended for use in any context that is not within the scope of this appraisal report and they cannot be considered valid if they are so used.

17. The bylaws and regulations of the Appraisal Institute govern disclosure of the contents of the appraisal report. No part may be disseminated through advertising, public relations, news, sales or any other media, without the appraiser's prior written consent. This prohibition applies especially to any conclusions of value, to the identity of the appraiser or the appraisal firm, and to any reference to the Appraisal Institute.
18. The appraiser reserves the right to alter any opinions or conclusions conveyed in this report if additional or more reliable information becomes available.
19. The appraiser is not responsible for hidden or unapparent conditions that might affect the value of the subject property if they were known. It is not the responsibility of the appraiser to arrange for engineering or other technical studies that may be required to discover such conditions.
20. All required licenses, certificates of occupancy, consents, or other governmental authorities have been obtained, or can be obtained or renewed, for uses of the subject property that may be the basis of the value opinion.
21. Unless disclosed and discussed in the appraisal report, it is assumed that no asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials are present on the subject property. Because an environmental assessment is not within an appraiser's area of expertise, the client is advised to seek the advice of an expert if such an assessment is desired or indicated.
22. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific survey to determine whether the subject property complies with ADA, and in any case, a detailed survey is outside the appraiser's area of expertise. If the subject property does not comply with one or more provisions of ADA, then the adverse impact on its value could be significant. Because the appraiser has no direct evidence relating to this issue, unless otherwise noted, ADA compliance has not been considered in the value analysis.

SAN FRANCISCO BAY AREA

The subject is located in the San Francisco Bay Area (Bay Area), a region that encompasses nine counties in Northern California surrounding the waters and estuaries of San Francisco and San Pablo Bays. The three major cities are San Francisco, Oakland and San José. The region covers a land area of nearly seven thousand square miles and has a topography that ranges from ten feet below sea level at Alviso (San José), to 4,360 feet above sea level at Mount Hamilton.

The region has extremely varied landforms that include ocean, estuaries, mountains, forests and grasslands, to name a few. The climate is Mediterranean, with mild winters and distinct wet and dry seasons. The strong marine influence of the Pacific Ocean, together with the north-south trending coastal mountains, produces a variety of micro-climates. The cool and verdant coastal strip yields to hotter and increasingly arid conditions in the inland areas.

Linkages

The regional network of freeways, highways, roads, bridges and tunnels is extensive. Portions of the Bay Area are served by Bay Area Rapid Transit District (BART) and Caltrain commuter rail service. Altamont Commuter Express, the Capitol Corridor (operated by Amtrak), and Amtrak, provide additional rail passenger service in the region. Union Pacific and BNSF provide freight rail service.

A limited ferry system, set to increase in size in coming years, plies the Bay. It primarily serves to connect several North and East Bay locations to San Francisco.

Three international airports – San Francisco (2nd busiest in California, 7th busiest in the U.S.), Oakland and San Jose – serve the region, providing air freight and scheduled airline service to hundreds of national and international destinations. Ocean shipping is available at the ports of Oakland, San Francisco, Richmond and Redwood City. Common carrier and package delivery services are available throughout the Bay Area.

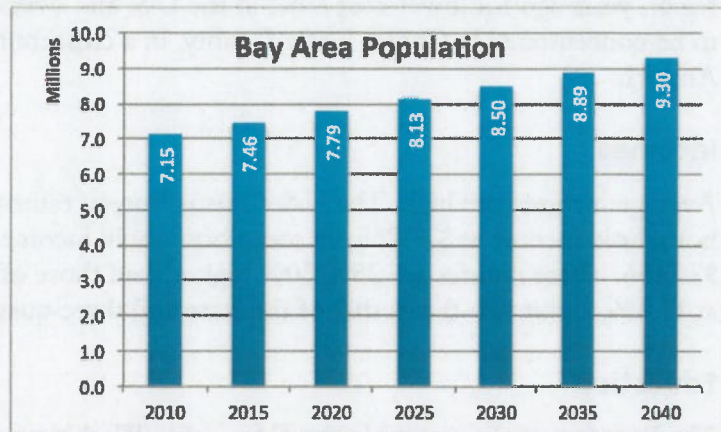


Bay Area Region

Population

The Bay Area is the second largest urban area in California (after Los Angeles), the fifth largest in United States, and the forty-third largest in the world. The U.S. Census Bureau estimated the regional population at 7.44 million in 2014⁵.

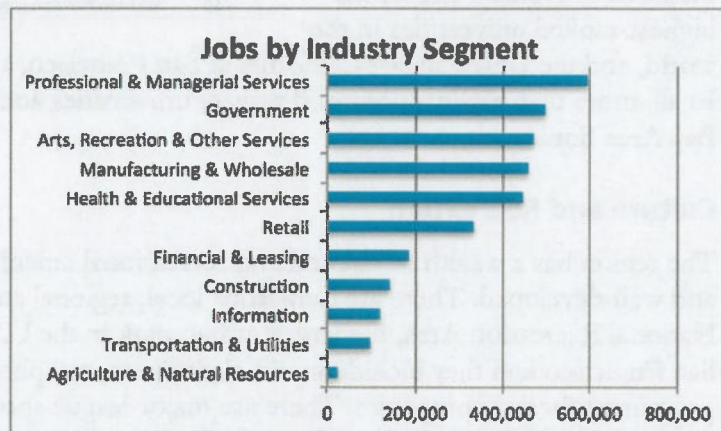
Beginning in the late-1940s the Bay Area grew rapidly, posting ten-year growth rates in the 33%-55% range through 1970. In more recent decades, the rate of growth slowed dramatically, with the population increasing just 5.4% from 2000 through 2010. The rate of growth for this decade is on target to be substantially higher than it was during the previous decade.



Economy

The regional GDP was estimated at \$721 billion in 2015⁶. If the Bay Area were a country, its GDP would rank 18th largest in the world⁷, behind the Netherlands and ahead of Turkey. With the sole exception of New York City, the Bay Area is home to more Fortune 500 companies than any other region in the United States.

At the time of the 2010 census, there were approximately 3.27 million employed residents in the Bay Area. The top three industry segments (see chart) accounted for more than forty-six percent of all industry employment. Through 2025, these three segments are projected to account for two-thirds of net new jobs.



The major regional employment nodes are San Francisco, San José/Silicon Valley and Oakland/East Bay. The technology sector has been a principal engine of growth for some years, particularly in Silicon Valley, as well as in San Francisco and San Mateo Counties. Biotech is concentrated in South San Francisco; in the East Bay cities of Berkeley, Emeryville and Alameda; and, to some extent, in San Francisco. The Bay Area is a leader in sustainable energy and so-called "clean tech," as exemplified by Tesla and its electric-car assembly

⁵ U.S. Census Bureau – American Community Survey 2010-2014 (ACS).

⁶ U.S. Department of Commerce – Bureau of Economic Statistics.

⁷ Ibid.

facility in Fremont. Although manufacturing still accounts for a large share of industry employment, most manufacturing jobs are now technology-oriented. For the most part, heavy industry fled the region years ago for lower-cost areas in the U.S. and overseas. The remaining heavy industry tends to be concentrated in Contra Costa County, in a crescent that hugs the shoreline from Richmond to Antioch.

Incomes

Average incomes are high. The U.S. Census Bureau estimated the Bay Area's 2014 median household income at \$77,255, its mean household income at \$107,427, and its per capita income at \$39,156. These metrics are 25%-30% higher than those of the state. The poverty rate was estimated at 11.4%, about two-thirds that of the state and three-quarters that of the U.S.

Education

The Bay Area ranks second in the U.S. – after Washington, DC – in educational attainment. In 2014, the Census Bureau estimated that 46.1% of the population aged twenty-five years and older held a bachelor's degree or higher. The Bay Area is home to a host of colleges and universities. Notable among them are the University of California at Berkeley and Stanford University, two of the highest-ranked universities in the world, and the University of California at San Francisco, a top-ranked, post-graduate medical school. In all, more than eighty public and private universities and colleges, and fourteen seminaries, call the Bay Area home.

Bachelor's Degree or Higher - 25 Year and Older

Rank	Metro Area	Percent
1	Washington-Baltimore-Northern Virginia, DC-MD-VA-WV CSA	47.2
2	San Jose-San Francisco-Oakland, CA CSA	46.1
3	Boston-Worcester-Manchester, MA-NH-CT-ME CSA	43.1
4	New York-Newark, NY-NJ-PA CSA	37.5
5	Chicago-Naperville-Michigan City, IL-IN-WI CSA	36.4
6	Philadelphia-Camden-Wineland, PA-NJ-DE-MD CSA	33.5
7	Dallas-Fort Worth-Arlington, TX CBSA	31.5
8	Miami-Fort Lauderdale-Miami Beach, FL CBSA	31.4
9	Los Angeles-Long Beach-Riverside, CA CSA	30.2
10	Houston-Baytown-Sugarland, TX CBSA	28.7

Culture and Recreation

The region has a wealth of cultural and recreational amenities. Its public park system is extensive and well-developed. There are numerous local, regional and national parks, including Golden Gate National Recreation Area, the largest urban park in the U.S. Cultural amenities are concentrated in San Francisco and they include world-class opera, symphony and ballet companies, and several prominent theater companies. There are major-league sports franchises in San Francisco (baseball), Oakland (football, baseball and basketball), Santa Clara (football) and San José (soccer and ice hockey).

SANTA CLARA COUNTY

Geography

Santa Clara County is situated at the southern end of San Francisco Bay. It has a land area of approximately 1,300 square miles. Its landforms include estuaries and marshes along the fringes of the Bay, level alluvial areas that extend inland, and rugged mountains on the east and west sides of the Santa Clara Valley. Elevations range from ± 13 feet below sea level at Alviso (San José) to 4,360 feet at Mount Hamilton (Copernicus Peak). Santa Clara County is bounded by the counties of San Mateo and Alameda to the north, Santa Cruz and San Benito to the south, and Merced and Stanislaus to the east.

Linkages

Santa Clara County is at the heart of the Bay Area's highway transportation system. It is served by numerous freeways. It has ready access to international airports in San José, San Francisco and Oakland. Union Pacific Railroad provides freight rail service. AmTrak provide long-distance passenger rail service, while Caltrain, Capitol Corridor and Altamont Express provide rail service to San Francisco, Sacramento and the Central Valley, respectively. Finally, a BART extension that is under construction will ultimately connect the county to the regional commuter rail system. Despite these positives, the county's transportation infrastructure has not kept pace with population and job growth. The frequent result is long rush hours and a commute that is ranked among the worst in the nation.

Demographics

Santa Clara County is the largest component of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA), which also encompasses San Benito County. It is the most populous county in the Bay Area, with a population⁸ of 1.782 million at the time of the 2010 census. Through 2025, ABAG has projected a population increase to 2.046 million. This would equate to annual growth of 1.0% and growth at a slightly faster rate than the region as a whole.

Demographic Indicators - Santa Clara County							
	2010	2015	2020	2025	2030	2035	2040
Population	1,781,642	1,877,700	1,977,900	2,080,600	2,188,500	2,303,500	2,423,500
Household Population	1,751,292	1,845,800	1,944,800	2,045,800	2,152,100	2,263,900	2,381,000
Households	604,204	639,160	675,670	710,610	747,070	782,120	818,400
Persons Per Household	2.90	2.89	2.88	2.88	2.88	2.89	2.91
Employed Residents	802,030	881,770	968,790	1,003,550	1,039,330	1,085,880	1,133,950

Source: ABAG Projections 2013

There were 604,204 households⁹ in in 2010. On average, each household had 2.9 persons. The county was projected to add 106,406 households through 2025, for household growth at a slightly

⁸ The Association of Bay Area Governments (ABAG) is a regional planning agency. Unless otherwise indicated, demographic information cited in this report is from Projections 2013, an ABAG publication.

⁹ Ibid.

faster rate than the population. Because household growth is often viewed as an indicator of housing demand, this implies demand for nearly 8,000 net new units per year from 2010 through 2025.

Jobs and Income

Since 1980, job growth has been strong, although it has occurred in fits and starts. This reflects the strong correlation between the boom-and-bust cycles of the technology sector, and the impact of these cycles on the local economy. When times are good, they are great, and *vice versa*.

Jobs by Industry Segment - Santa Clara County							
	2010	2015	2020	2025	2030	2035	2040
Agriculture & Natural Resources	4,530	4,640	4,710	4,400	4,120	3,700	3,340
Construction	33,590	38,250	43,570	44,610	45,660	47,100	48,580
Manufacturing & Wholesale	203,800	209,580	215,540	212,350	209,240	207,990	206,730
Retail	84,280	89,570	95,230	95,860	96,470	98,090	99,760
Transportation & Utilities	12,950	14,690	16,590	16,870	17,130	17,600	18,070
Information	47,480	52,080	57,100	57,520	57,940	58,810	59,690
Financial & Leasing	32,490	35,340	38,390	38,580	38,710	39,200	39,620
Professional & Managerial Services	177,220	201,350	228,820	241,410	254,700	271,030	288,450
Health & Educational Services	122,420	137,940	156,630	166,420	176,940	189,660	203,410
Arts, Recreation & Other Services	106,750	118,920	132,830	137,870	143,090	149,920	157,070
Government	100,760	101,420	101,860	102,430	103,020	103,910	104,800
Total Jobs	926,270	1,003,780	1,091,270	1,118,320	1,147,020	1,187,010	1,229,520

Source: ABAG Projections 2013

In 2010, there were 802,030 employed residents¹⁰ and 926,270 jobs in the county. Through 2025, the number of employed residents is expected to increase by 201,520 (+25.1%) while the number of jobs will increase by 192,050 (+20.7%). In 2010, three broad industry segments accounted for 54% of jobs: Manufacturing and Wholesale (22.0% of total jobs), Professional and Managerial Services (19.1%) and Health and Educational Services (13.2%). The list of principal employers presented below illustrates the prominence of technology and medical services in the county's employment mix.

The per capita personal income¹¹ was estimated at \$41,513 in 2014. This ranks the county third in the state after Marin and San Francisco. The median household income was \$91,702, behind only Marin County statewide. The Bay Area dominates the list of high-income counties in California. For example, six of the ten counties with the highest per capita incomes and seven of the ten with the highest median household incomes are in the Bay Area.

¹⁰ Ibid..

¹¹ American Community Survey 2010-2014 – U. S. Census Bureau (ACS).

Principal Employers - Santa Clara County

Employer	Industry Sector	FY 2013			FY 2004		
		Headcount	Rank	% of Total	Headcount	Rank	% of Total
Cisco Systems	Technology	16,494	1	1.90%	13,000	2	1.69%
County of Santa Clara	Government	15,564	2	1.80%	17,672	1	2.29%
Stanford University	Education	14,369	3	1.66%	11,751	3	1.52%
Kaiser Permanente	Medical Services	13,500	4	1.56%	5,000		0.65%
Apple, Inc.	Electronics	12,000	5	1.39%	6,000	9	0.78%
Google, Inc.	Technology	11,000	6	1.27%	3,021		0.39%
Stanford Hospital & Clinics	Medical Services	7,936	7	0.92%	5,500		0.71%
Lockheed Martin Space Systems	Aerospace	6,800	8	0.79%	7,050	6	0.91%
City of San Jose	Government	5,495	9	0.63%	7,325	5	0.95%
Intel Corporation	Technology	5,400	10	0.62%	6,564	8	0.85%
Hewlett-Packard Co.	Technology	5,000		0.58%	9,400	4	1.22%
IBM	Technology	4,000		0.46%	7,000	7	0.91%
Solectron ¹	Technology				5,800	10	0.75%
Total - Top 10 Employers Only		108,558		12.54%	91,562		11.87%

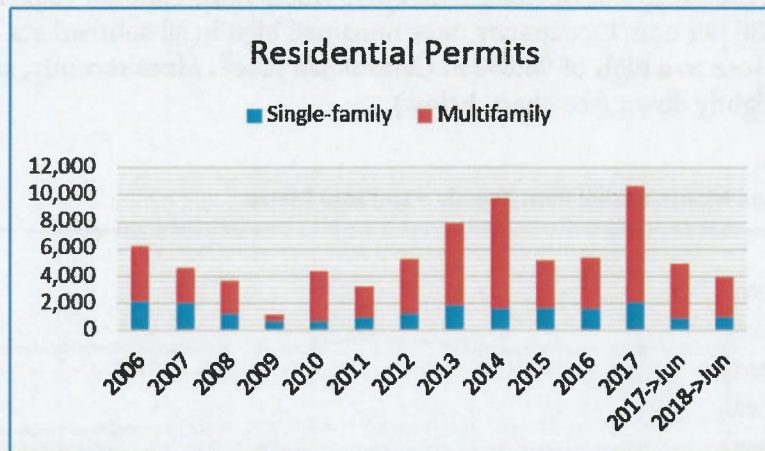
Source: Santa Clara County CAFR - FY 2013. Notes: 1/ Acquired by Electronics in 2007.

Housing Market

The county's housing stock was estimated to consist of 640,439 units in 2014. Approximately 54% were in single-family homes, 3% in mobile homes or boats, and 43% in multiple unit buildings¹².

Increases in the supply of housing¹³ are reflected in residential construction activity (see chart, right). From 2006 through 2017, 67,223 permits were issued, an average of 5,547 permits per year. The

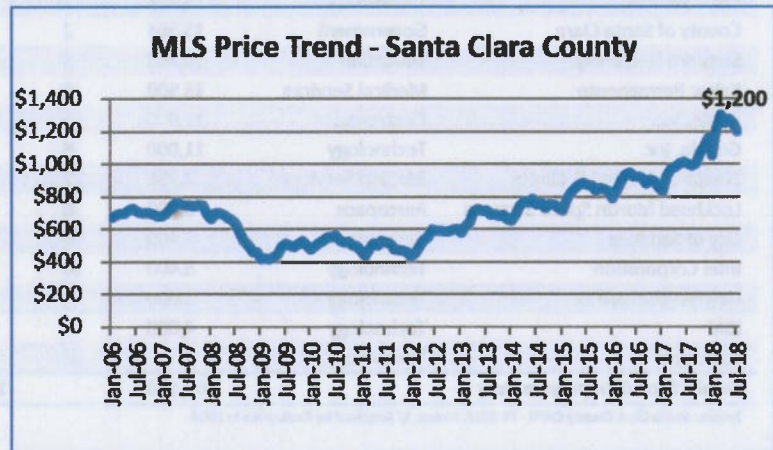
breakdown by type was 73% multifamily and 27% single-family. As efforts have intensified to direct development to transit-rich areas, multiple-unit buildings have come to dominate the mix. Still, to put this in perspective, projected household growth implies demand for nearly 8,000 net new units per year, so even in strong years, production does not come close to meeting demand.



¹² Ibid.

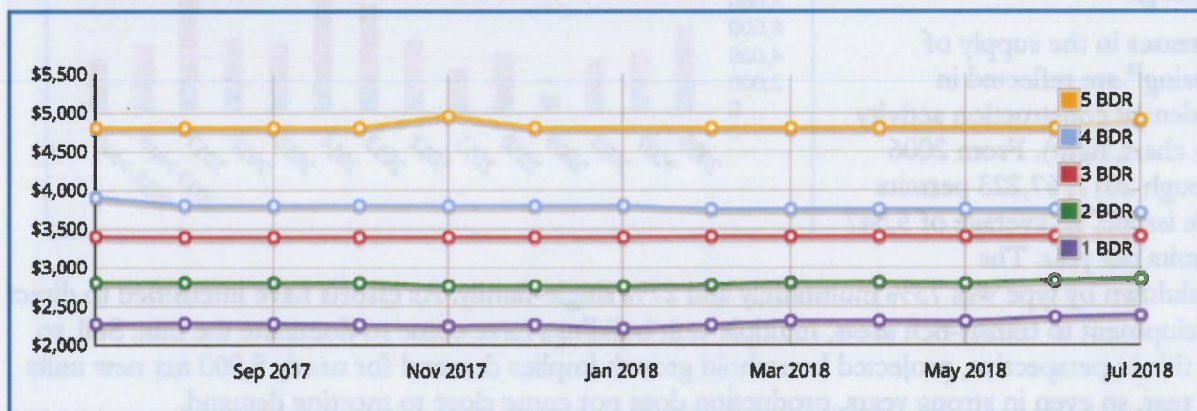
¹³ First American Title Homebuilder Services and Construction Industry Research Board.

Strong demand combined with constraints on supply contribute to the high cost of housing in Santa Clara County. Using average home prices as the gauge, between January 2014 and November 2014, four of the ten most expensive real estate markets in the U.S. were in Santa Clara County¹⁴. Of the remaining six markets, four were in the Bay Area. Home prices have generally trended up since 2012. The July 2018 median price was \$1.2 million. This is 58% higher than the peak of the last market cycle, and 189% higher than the low point. Although the median price has fluctuated over the last year or so, the general trend has been positive, although anecdotal evidence suggests that market activity has slowed.



Since 2013, rents have risen 5% to 10% annually in many submarkets, spurring calls for rent control and forcing many who are renters out of necessity to move to more affordable locations. South Bay rent increases moderated in 2017, with the exception of Central San Jose where rents climbed 13.3% year-over-year (YOY) to average \$1,888 per unit. Occupancy rates remained high in all submarkets – from a low of 95.4% in southern San Jose to a high of 98.8% in Central San Jose¹⁵. More recently, asking rents are reported to be flat to slightly down (see chart, below).

Twelve Month Asking Rent Trends – San José Metro



RentJungle.com

¹⁴ Coldwell Banker, as reported on CNBC <http://www.cnbc.com/id/102179051>

¹⁵ YardiMatrix.com.

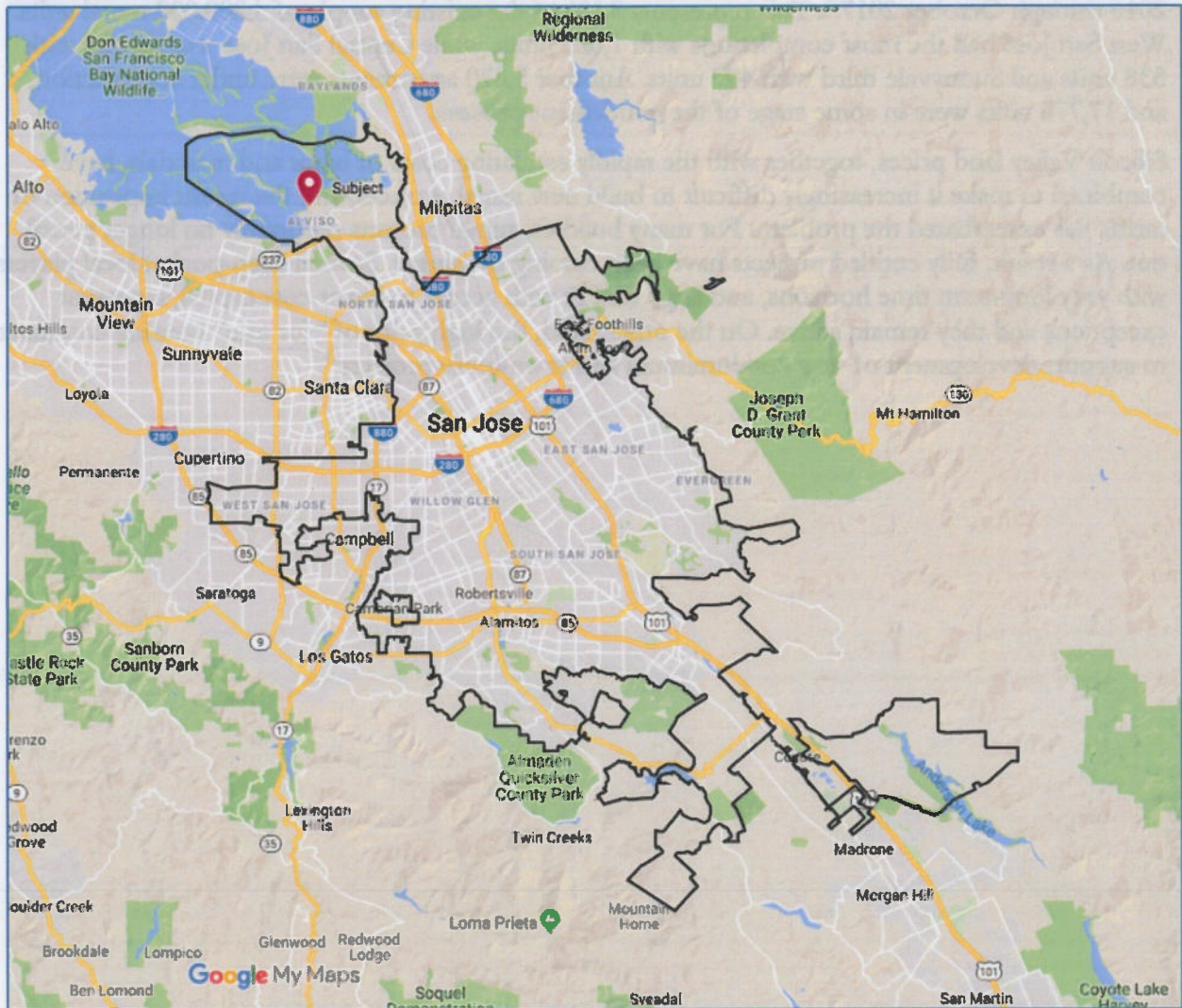
Most recent additions to the multifamily inventory involve amenity-rich, Class A projects that are targeted at well-paid tech workers. Builders delivered 3,756 new apartment units from November 2016 through October 2017¹⁶. This represents 3.1% of the existing supply of $\pm 200,000$ rental units. West San Jose had the most completions with 1,023 units, while Central San Jose was second with 538 units and Sunnyvale third with 497 units. Another 5,470 apartments were under construction, and 17,776 units were in some stage of the entitlement process.

Silicon Valley land prices, together with the rapidly escalating costs of labor and materials, have combined to make it increasingly difficult to build new rental projects, and the recent imposition of tariffs has exacerbated the problem. For many builders, rental projects reportedly no longer pencil out. As a result, fully entitled projects have been coming to market. Several deep-pocket local players with very long-term time horizons, and large REITs with access to lower-cost capital, represent exceptions and they remain active. On the other hand, the high price of "for sale" housing continues to support development of new condominium and townhouse projects¹⁷.

¹⁶ Ibid.

¹⁷ Collier's International (commercial broker).

CITY OF SAN JOSÉ



Map of City of San Jose

Black border denotes city boundaries; red icon marks location of subject.

Overview

San José is the principal city and county seat of Santa Clara County. It is the largest city in the Bay Area, the third largest in California, and the tenth largest in the United States. From its beginnings as an agricultural service center for the surrounding orchards, San Jose has grown to its present position at the heart of Silicon Valley. Today there are only a few scattered remnants of its former agricultural economy. The city is tied securely to the technology sector, including its boom-and-bust cycles. The city's geography is extremely varied. Tidal estuaries fringe San Francisco Bay in the north, while low mountains rise in the south and east to a maximum elevation of 2,215 feet. However, for the most part the city has a fairly level topography.

Linkages

San Jose has excellent transportation and communication linkages. It is traversed by several freeways including US 101, I-280, I-680, I-880 and state highways 237, 17, 87 and 85. Air freight and scheduled passenger airline service are available at San José International Airport, just northwest of downtown; San Francisco International Airport, approximately thirty-seven miles north of the city on US 101; and Oakland International Airport, about thirty-five miles north on I-880. Port facilities are available at Oakland, San Francisco, and to a lesser extent, Redwood City and Richmond.

Santa Clara Valley Transportation Authority (VTA) provides local transit service that includes bus and light rail. Passenger rail service includes AMTRAK to points in California and beyond; Caltrain, which provides commuter rail service between San José and San Francisco, with limited service south to Gilroy; the Capital Corridor, operated by AMTRAK between San José and Sacramento. Union Pacific Railroad provides freight rail service and a multitude of shipping firms serve the city. A BART extension is under construction that will eventually tie San José into the region's principal commuter rail system. The imminent arrival of BART in the South Bay has catalyzed a burst of transit-oriented projects around planned stations.

Demographics

For many years San Jose was viewed as the bedroom community that anchored the southern end of the Southern Pacific commuter rail line from San Francisco. As the city's growth began in earnest after World War II, low-density suburban housing tracts displaced large expanses of orchards. During the last half of the twentieth century, San José was one of the state's fastest growing cities. Its 1950 population was approximately 104,000. By 1980, the population had grown to 645,000, a thirty-year annual growth rate of 6.3%. More recently, the suburban development model has bumped against natural limits – the bay, the foothills, and the mountains – and the growth rate has slowed. From 1980 to 2010, San José grew at an average annual rate of 1.3%, a fraction of the rate for the preceding thirty-year period.

Most of the remaining vacant land is in south San José, while the historic job centers are in the north and central portions of the city. The emphasis now is on development of scattered infill sites, urban development in the city's core, and more recently, the conversion of improved industrial and commercial sites to medium- or high-density residential and mixed use.

Population – Cities of Santa Clara County							
	2010	2015	2020	2025	2030	2035	2040
Campbell	39,349	40,600	41,900	43,300	44,800	46,400	48,100
Cupertino	58,302	60,200	62,100	64,100	66,300	68,700	71,200
Gilroy	48,821	50,700	52,800	55,100	57,000	59,000	61,400
Los Altos	28,976	29,500	30,200	30,900	31,400	32,100	32,800
Los Altos Hills	7,922	8,000	8,200	8,400	8,400	8,500	8,600
Los Gatos	29,413	29,700	30,500	31,500	31,800	32,200	32,600
Milpitas	66,790	73,100	79,600	86,300	93,600	101,200	109,100
Monte Sereno	3,341	3,400	3,500	3,600	3,600	3,600	3,700
Morgan Hill	37,882	39,900	41,900	43,900	46,100	48,400	50,800
Mountain View	74,066	78,000	82,000	86,100	90,500	95,200	100,000
Palo Alto	64,403	67,400	70,500	73,700	77,100	80,800	84,600
San Jose	945,942	1,004,500	1,064,900	1,126,200	1,192,100	1,261,600	1,334,100
Santa Clara	116,468	122,500	128,700	135,000	141,700	149,000	156,500
Saratoga	29,926	30,100	30,800	31,600	31,900	32,300	32,700
Sunnyvale	140,081	148,400	156,800	165,500	174,700	184,300	194,300
Unincorporated	89,960	91,700	93,500	95,400	97,500	100,200	103,000
Santa Clara County	1,781,642	1,877,700	1,977,900	2,080,600	2,188,500	2,303,500	2,423,500

Source: ABAG Projections 2013

At the time of the 2010 Census, San José had a population of 945,942. ABAG has projected that the population will grow¹⁸ to 1,126,900 through 2020, a numerical increase of 180,959 (+19.1%) and a rate of growth of 1.2% per annum. Although growth has slowed, San José is still expected to grow at a faster rate than the county as a whole. In 2010, there were 301,366 households and the average household size was 3.16 persons.

The city has a very high level of educational attainment. Of the population aged 25 and older, 15% hold a graduate or a professional degree and 24% hold a bachelor's degree¹⁹.

Jobs and Income

The fortunes of San José mirror those of the technology sector, as illustrated by the list of principal employers (see below). Historically, stock options represent a large portion of the pay package for tech workers. As a result, the local economy reflects and amplifies activity in the stock market in general, and NASDAQ in particular.

In the mid-1990s, the stock market began a run-up to record levels, driven primarily by the technology sector. High salaries and option grants channeled large amounts of wealth into the Bay Area, particularly Silicon Valley. When the tech sector collapsed in 2000-2001, San José was hit hard. The effects were similar during the so-called "great recession" that began in 2007-2008. Another tech boom has been underway now for several years. Technology companies accounted for 48% of jobs on the city's list of fifteen principal employers in 2014.

ABAG reported the number of employed residents²⁰ at 458,970 in 2010, and has projected that this would grow to 540,070 through 2025. This would represent a numerical increase of 118,100 and a

¹⁸ Projections 2013 – ABAG, Op. Cit.

¹⁹ Op. Cit., ACS.

²⁰ Ibid.

growth rate of 1.7% per annum. For the same period, ABAG has projected that San José will add about 92,600 jobs, for annual growth of 1.5%. The U.S. Census Bureau reported the median household income at \$81,829 in 2013 and the per capita income at \$34,025. These figures are higher than Bay Area averages, but lower than Santa Clara County as a whole.

Principal Employers – City of San José							
Employer	Industry Sector	FY 2014			FY 2006		
		Number of Employees	Rank	Pct of Total	Number of Employees	Rank	Pct of Total
County of Santa Clara	Government	14,950	1	1.53%	14,860	2	1.70%
Cisco Systems	Technology	13,600	2	1.39%	16,500	1	1.89%
City of San Jose	Government	5,651	3	0.58%	6,670	3	0.76%
eBay Inc	Technology	4,700	4	0.48%	2,200	8	0.25%
IBM	Technology	4,200	5	0.43%	5,800	4	0.66%
U. S. Postal Service	Government	3,920	6	0.40%			
San José State University	Education	3,119	7	0.32%	3,100	5	0.35%
San José Unified School District	Education	2,330	8	0.24%	1,820	13	0.21%
Hitachi	Technology	2,070	9	0.21%	2,880	6	0.33%
Adobe Systems Inc	Technology	2,000	10	0.20%	2,000	10	0.23%
Good Samaritan Hospital	Medical Services	1,950	11	0.20%	1,850	12	0.21%
Kaiser Permanente	Medical Services	1,940	12	0.20%			
Cadence Design Systems	Technology	1,800	13	0.20%	1,750	14	0.20%
Sanmina-SCI	Aerospace	1,770	14	0.18%	2,100	9	0.24%
Maxim Integrated	Technology	1,650	15	0.17%	2,100	9	0.24%
Total - Top 15 Employers Only		56,540		5.78%	58,330		6.67%

Source: FY 2013-2014 Consolidated Annual Financial Report - City of San José

Housing

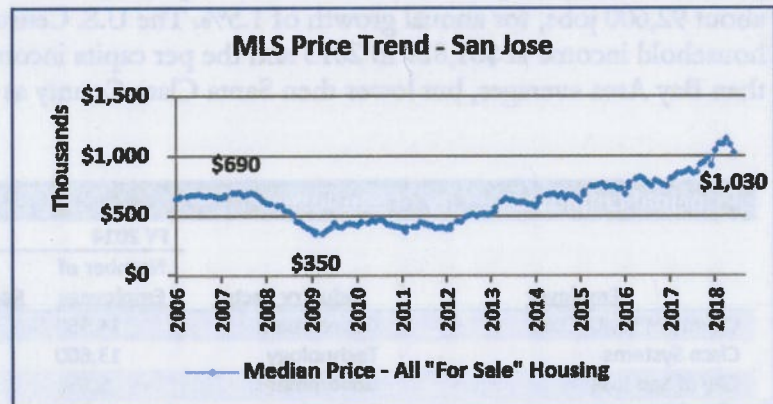
Following the “great recession” prices²¹ for single family housing of all types bottomed in 2009. There was a false rally in 2010, but after a modest decline in 2011, prices have generally trended up ever since, most recently peaking at \$1.15 million in May 2018. Since then, the median price has turned down and brokers report that market activity has slowed somewhat.

The MLS reported 666 sales of detached and attached housing units for July 2018. Compare this with 777 sales during June 2018 and 807 sales in July 2017. At the same time, there were 666 active listings for the month, compared with 804 listings in June 2018 and 740 listings in July 2017. There were 969 new listings in July, compared with 962 new listings the prior month and 772 in June 2018. Available inventory bumped up to 1.5 months in July 2018, compared to 1.0 month in June 2018 and 0.8 month in July 2017. Finally, the median number of days on market increased marginally to 12 in July 2018 from 10 during the prior month and 11 the prior year. Brokers and agents report that the market has slowed this summer and the MLS statistics seem to support this anecdotal evidence. Still, market conditions remain overall more favorable for sellers than buyers.

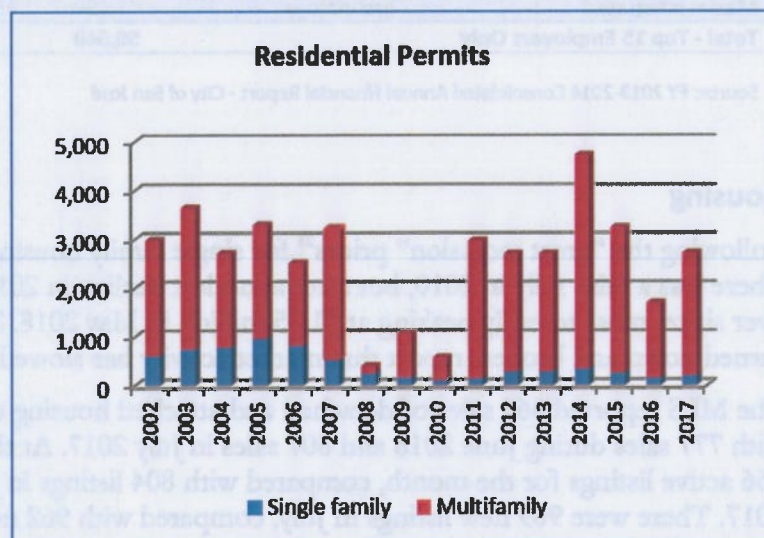
Apartment trends for Santa Clara County are discussed on page 13, above.

²¹ MLS data.

Construction activity reflects demographic and economic changes. Increases in population and the number of households drive demand for new residential product. An increase in the number of jobs drives demand for new commercial and industrial product. A change in the mix of jobs can create preferences for different types of product. For example, as the industrial economy has given way to the service economy, demand for heavy manufacturing space has declined while demand for office and flex-space has increased.



New residential product in San Jose was once mostly single-family subdivisions. Now it is primarily multifamily. A burst of activity came to a screeching halt in 2008 as the economy turned sharply down. Permit activity, which had been averaging 3,059 units per year for the period 2002-2007, fell to an annual average of just 683 units for the period 2008-2010. The split by product type during both periods was $\pm 25\%$ single family and $\pm 75\%$ multifamily. As the economic recovery gained traction in 2011, permit activity jumped to an annual average of 2,964 units for the 2011-2017 period, with a shift in the product mix to just 8% single family and 92% multifamily. As of February 2018, there were 7,029 units under construction, 5,905 units approved but not yet started, and another 5,914 units pending approval. If all the projects actually get built – an unlikely outcome – they will add 18,848 units to the housing supply.



The number of permits fell from an annual average of 2,319 during the 2002-2007 period, to just 514 for the period 2008-2010. As the economic recover took hold beginning in 2011, multifamily activity accelerated dramatically.

Conclusion

The indicators for San José are positive and the city is poised for short- and long-term growth. Home prices have surpassed peak levels of the last cycle and home sales activity is strong. The market continues to be characterized by strong demand and limited supply. Although the pace of residential construction has slowed, demand still outstrips supply so the imbalance that underpins high prices and rents is likely to persist. The city's nonresidential indicators are also positive.

ALVISO NEIGHBORHOOD



Neighborhood Map

Alviso shaded pink & bounded by red line; Red arrow marks location of subject.

Geographical Context

The subject property is located in the community of Alviso, an established neighborhood in extreme northern San José. Its rough boundaries are Alameda County on the north; Coyote Creek on the east; State Route (SR) 237 (Southbay Freeway) on the south; and Sunnyvale on the west and southwest. Large expanses of the neighborhood consist of sloughs, salt marsh, tidelands and former salt ponds, and much of it has been incorporated into the Don Edwards San Francisco Bay National Wildlife Refuge. Although the dry land portions of the neighborhood are generally level, they are also mostly below sea level. Based on measurements taken using Google Earth, Alviso has a total land area of ± 17.85 square miles, equivalent to $\pm 11,433$ acres. At least three-quarters of the total acreage is owned by city, county, state or federal government agencies. The demographic and economic discussion that follows applies to Census Tract 5046.02, although it is noted that a portion of the census tract extends into nearby Sunnyvale. The census tract has a total land area of ± 24.65 square miles.

Linkages

The neighborhood has good highway linkages. The Southbay Freeway forms the southerly boundary and it can be accessed at three interchanges: Gold Street, North 1st Street and Zanker Road. The freeway provides a ready connection to the larger regional highway system. A single VTA bus route (#58) serves Alviso. Passenger rail service provided by ACE and the Capital Corridor passes through Alviso on the Union Pacific right-of-way; however, the nearest station is at Great America, in the city of Santa Clara, and the nearest light rail service is on Tasman Drive. Both lie about $1\frac{1}{2}$ mile south of the Alviso town center. The principal surface streets are Gold Street, North 1st Street and Zanker Road/Los Esteros Road. All terminate in the town center as two-lane, two-way streets that carry light traffic volumes. Because of its bayside location, there is little drive-through traffic in Alviso; nearly all traffic is destination-oriented.

Land Uses

The most prominent landforms are the channels, sloughs, former salt ponds, and related marshes and tidelands of San Francisco Bay. Notable uses include the Don Edwards San Francisco Bay National Wildlife Refuge; the sprawling San José-Santa Clara Regional Wastewater Facility (WPCP), a large water treatment facility that includes a treatment plan and acres of settling ponds; and Alviso Marina County Park. Development in the neighborhood is guided by the Alviso Master Plan, an element of the San Jose general plan that was adopted in 1998. As noted, at least three-fourths of the acreage in Alviso is owned by government agencies.

A large amount of new development is planned or underway, nearly all of it clustered south of the historic town center. Commercial projects include two hotels (Homewood Suites-145 rooms and Fairfield Inn and Suites-261 rooms) and a 36-acre retail/entertainment complex that will also include a hotel (Topgolf-200 rooms). These projects will contain $\pm 449,112$ square feet. Industrial projects include a 57-acre/563,000 square foot R&D campus that the developer – Trammel Crow – sold to Google at the beginning of 2018; the final phase of America Center, a project that will contain 192,000 square feet; a 65-acre site adjacent to Coyote Creek where Microsoft is building a 377,000 square foot data center; and the next phase of 237 @ First Street, consisting of 430,000 square feet of office space. The commercial space will total ± 1.56 million square feet. There are no major residential projects.

Real Estate Market

The Alviso residential real estate market is very thin. The MLS reported just 15 closed sales in 2017, only one sale in 2018 year-to-date, and just one active listing. The active listing is a two-bedroom, one-bath home built in 2001 that contains 1,981 square feet. The asking price is \$1,098, which equates to \$554 per square foot. The only sale this year was a four-bedroom, two-bath house built in 2015 that contains 2,071 square feet. It sold in September 2018 for \$1.235 million, a unit price of \$596. Given the general lack of sales activity in 2018 sales, the statistics for 2017 are presented. In general, prices are about 20% lower in Alviso than they are for San José as a whole.

MLS Statistics (15 total sales in 2017) - Alviso

	List Price	DOM	Close Price	Beds	Baths	Built	Bldg SF	Lot SF	Price SF
Min	\$499,950	0	\$540,000	2	1	1888	793	2,470	\$382
Max	\$1,250,000	66	\$1,235,000	5	4	2015	2,602	20,037	\$820
Avg	\$868,183	23	\$880,600	4	2	1968	1,806	7,231	\$505

Alviso is mostly built out, so new construction generally involves redevelopment of a lot that is already improved. The MLS reported two recent sales of residential lots that measured 6,000 square feet each. One lot sold at the end of 2017 for \$385,000 (\$64/SF) and the other sold – with plans for a new house included in the price – in April 2018 for \$420,000 (\$70/SF). No significant residential projects are in the pipeline so the supply is likely to remain stable.

Similarly, the MLS reported two recent sales of 24,000 square foot industrial sites. One sold for \$515,000 (\$21/SF) in May 2017 and the other sold for \$550,000 (\$23/SF) in December 2017. On a unit cost basis, industrial land prices in Alviso are significantly lower than they are in San José in general.

Immediate Vicinity of Subject

The subject is a paper lot in a paper subdivision. It is generally under water 24x7 and it has no dry land access and no utility availability. It is outside the Urban Service Area and outside the Urban Growth Boundary. The probability that it will ever be able to support a higher and better use than its current vacant land use is approximately zero.

Adjacent uses include a segment of the UPRR active mainline railroad right-of-way on the east; a ±13 acre rectangular parcel consisting of tidal marsh and some levee upland owned by the federal government and used as open space; a segment of Madison Street – a paper street that is also under water – on the northwest; and beyond that, other lands owned by the federal and state governments that are mostly in open space use.

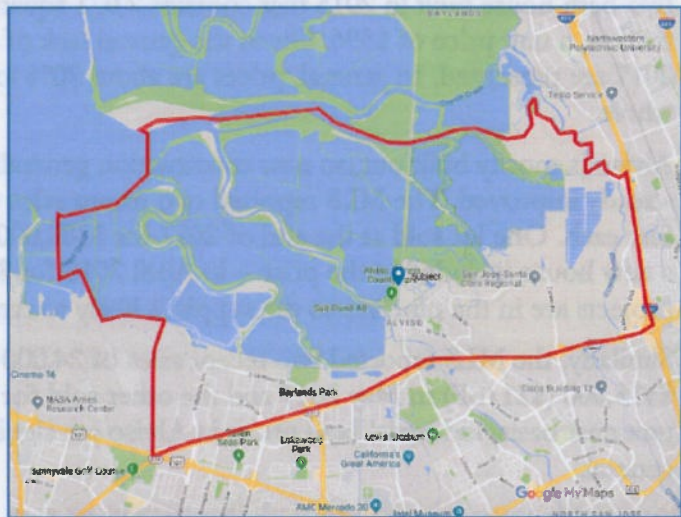
There has been virtually no recent market activity in the paper subdivision of which the subject is a part. In the early 1990s, Peninsula Open Space Trust (POST) was an active acquirer of lots in the subdivision. POST bought the lots, then in 20017 conveyed them *en masse* to the federal government in a no-cost transfer for inclusion in the open space. For most of the acquired parcels, POST paid \$1,000 per standard size lot (i.e. 25' × 120'). At that time, a representative of POST reported that they were motivated by a desire to clear the title for open space use. A number of the parcels bought by POST contained multiple lots and several included non-standard lots. The county also owns a

number of lots in the subdivision, most of which appear to have been acquired as a result of tax defaults. The most recent sale was POST's 2005 purchase of APN 015-07-009, a single standard lot containing 3,000 square feet, for \$2,000 (\$0.67/SF). Research conducted for this appraisal indicates that many lots in the subdivision still under private ownership are in default on property taxes. This suggests that many are likely to pass into public ownership in coming years.

Demographic and Economic Comparison

The following observations refer to the demographic and economic profile on page 25, below, which compares the county, the city and the neighborhood (defined as Census Tract 5046.02).

- The population was estimated at 1,957. It represents just 0.2% of the total population of San José.
- The population declined 8.7% from the 2010 Census. Over the same period, the population of the county increased 5.8% and the population of the city increased 6.7%.
- The median age is about the same for the county, city and neighborhood.
- The number of households was estimated at 635. The average household size is 3.07, slightly smaller than the city and slightly larger than the county.
- The level of educational attainment for the population aged 25 years and over is much lower for the neighborhood. Just 25.7% have a bachelor's degree or higher, compared with 40.2% for the city and 49.1% for the county.
- Similar to the population, the civilian labor force – consisting of 1,087 persons – accounts for just 0.2% of the labor force for the city as a whole.
- The neighborhood unemployment rate at 7.8% was just slightly higher than that of the city but a full 120 basis points higher than the unemployment rate of the county.
- As would be expected, given the lower level of educational attainment in the neighborhood notably lower percentages of employed residents are engaged in Management, business, science, and arts occupations and in Sales and office occupations, in other words, occupations that are generally described as “white collar.” Correspondingly higher percentages are engaged in the kinds of occupations that are generally described as service or “blue collar.”



Census Tract 5046.02

- Income metrics are much lower for the neighborhood than they are for the city or county. For example, the median household income is 23% lower than the median income of the county and 14% lower than that of the city. The mean household income is 33% below the county and 23% that of the city. Finally, the per capita income of neighborhood residents is 28% less than the county and 19% lower than the city.
- The poverty rate in the neighborhood is about the same as the city and a bit higher than the county.
- The neighborhood housing supply consists of 730 units. A slightly lower percentage is in single-unit structures, and a significantly higher percentage is in "other types" of housing, which generally refers to mobile homes and similar kinds of housing. Much of the "other types" is probably in the portion of the census tract that is in Sunnyvale. The neighborhood home ownership rate is approximately the same as the homes ownership rates of both the county and the city, although the vacancy rate is 3x to 4x higher.
- The estimated median home value in the neighborhood was 32% below the median home value in the county and 23% below the median home value in the city.

Demographic & Economic Profile – Census Tract 5046.02

<u>GEOGRAPHY</u>	<u>SANTA CLARA COUNTY</u>	<u>SAN JOSÉ</u>	<u>ALVISO 5046.02</u>
Population	1,885,056	1,009,363	1,957
Change since 2010	5.8%	6.7%	-8.7%
Median age (years)	36.8	36.1	35
Total households	626,579	317,317	635
Average household size	2.95	3.13	3.07
Educational Attainment - Population 25 years and over	1,284,765	679,878	1,414
Percent high school graduate or higher	87.1%	82.9%	83.2%
Percent bachelor's degree or higher	49.1%	40.2%	25.7%
Civilian labor force	1,004,526	540,045	1,087
Civilian employed population 16 years and over	938,545	500,238	1,002
Unemployment Rate	6.60%	7.40%	7.80%
Employment By Occupation			
Management, business, science, and arts	51.40%	43.70%	39.10%
Service	15.10%	17.90%	21.10%
Sales and office	19.10%	20.90%	15.40%
Natural resources, construction, and maintenance	6.40%	7.50%	10.30%
Production, transportation, and material moving	8.00%	9.90%	14.20%
Income			
Median household income	\$101,173	\$90,303	\$77,734
Mean household income	\$134,762	\$116,520	\$90,255
Per capita income	\$46,034	\$37,845	\$30,800
Poverty rate	9.3%	10.9%	10.4%
Total housing units	651,905	328,185	730
1-unit, detached/attached	63.4%	64.4%	58.8%
2+ units	33.6%	32.2%	24.0%
Other types	3.0%	3.4%	17.3%
Vacant housing units	3.9%	3.3%	13.0%
Owner-occupied	56.5%	57.1%	58.6%
Renter-occupied	43.5%	42.9%	41.4%
Median home value	\$752,400	\$658,000	\$508,300

Source: U.S. Census Bureau, American Community Survey 2012-2016 5-year estimates

SUBJECT PHOTOGRAPHS

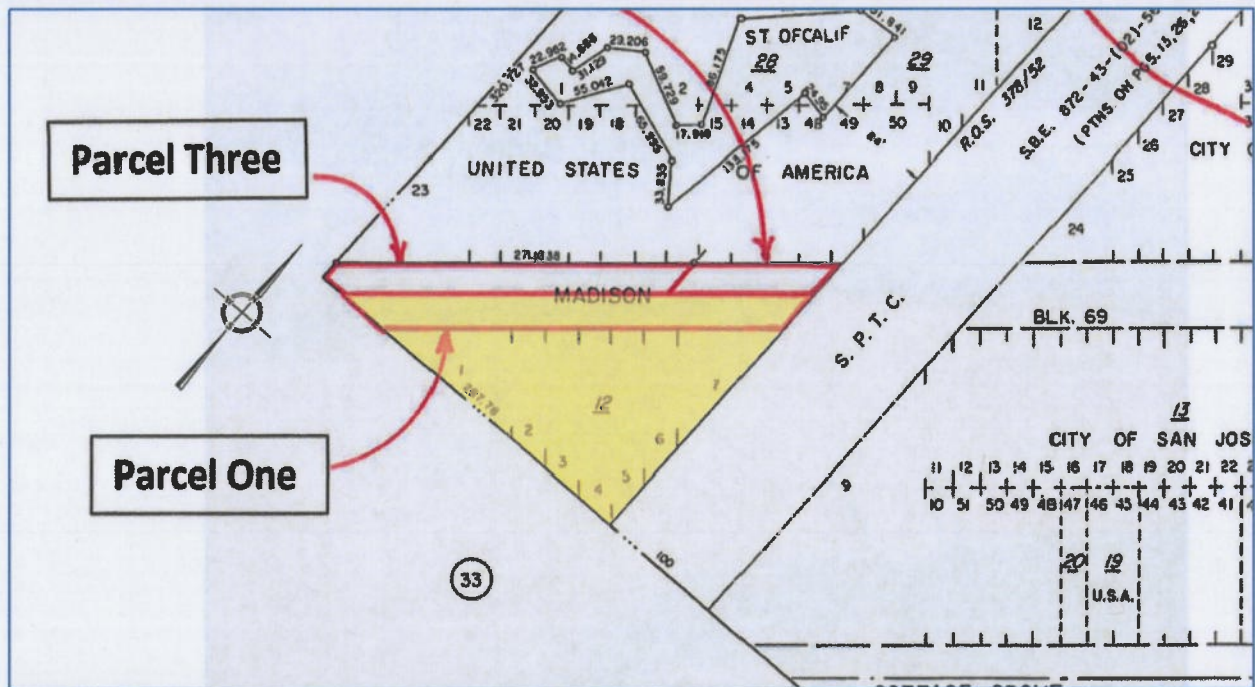


Ground level view from levee road over approximate location of subject property



Aerial photo of subject (red dot) - Corelogic

PROPERTY DESCRIPTION – LAND



Assessor Map Excerpt Showing Subject

Subject shaded yellow; note that appraised property includes adjacent southeasterly half of Madison Street

Basic Site Data

Current Use	Vacant land
Size/Shape	Triangular-shaped assessor's parcel and portion of adjacent paper street having a combined size of 22,050 square feet / 0.5062 acre, comprised of the following: Assessor's parcel: 15,218 square feet / 0.3494 acre Portion of adjacent street: 6,832 square feet / 0.1568 acre
Access/Exposure	No public street access or exposure.
FEMA Flood Zone	Zone AE (EL 12 Feet). The land was entirely underwater at the time of inspection.
Public Utilities	None available. Outside the Urban Growth Boundary and Urban Service Area.

Size/Shape/Dimensions

The subject property has the shape of a right triangle. It has a gross land area of 22,028 square feet / 0.5057 acre. It is comprised of the assessor's parcel containing 15,218 square feet / 0.3494 acre and a portion of Madison Street, the adjacent paper street, containing 6,810 square feet / 0.1563 acre.

The size of the assessor's parcel is from the county's online GIS, while the total property size is based on measurements using the county's online GIS.

Frontage/Access/Exposure

The subject property has no known means of access other than from the adjacent railroad right-of-way and from a levee road. There is no public street access or exposure.

Flood Zone

The subject is in Zone AE (EL 12). The surface of the land is below sea level and the property was completely inundated at the time of inspection. Reportedly, it is under water 24x7, or nearly so. The flood zone is defined as follows:

Zone AE and A1-30. Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. Base Flood Elevations (BFEs) are shown. Mandatory flood insurance purchase requirements and floodplain management standards apply.

The subject is depicted on Community Panel 06085C0061H, which has an effective date of May 18, 2009. A flood map (FIRMette) is included as an addendum.

Topography/Drainage

As noted, the surface of the land is below sea level. It is believed to be generally level, but the surface was under water at the time of inspection.

Seismic Hazards

The entire region experiences occasional earthquakes. The Alquist-Priolo Earthquake Fault Zoning Act²² requires the State Geologist to establish regulatory zones (Earthquake Fault Zones) around surface traces of active faults and to issue maps that delineate the zones. For a property located in an Earthquake Fault Zone, development is subject to special regulations and it may not be permitted at all. The Act also requires seller disclosure at the time of sale if a property is in an Earthquake Fault Zone. According to published maps, the subject property is not in an Earthquake Fault Zone. However, it is less than one mile west of the Silver Creek fault and in an area that is vulnerable to liquefaction during a major seismic event.

Public Utilities

No utilities are available. The property is outside the boundaries of the Urban Service Area and the Urban Growth Boundary.

Soil Conditions/Geotechnical

No soils or geotechnical reports were provided for use in the appraisal. The appraisal assumes that soil and geotechnical conditions are adequate for likely vacant land uses.

Toxic/Hazardous Materials

Toxic or hazardous materials may include such substances as petroleum based products; paints and solvents; lead; cyanide; DDT; printing inks; acids; pesticides; ammonium compounds; PCBs and other chemical products present in metals; minerals; chemicals; hydrocarbons; and biological or radioactive materials present in the soil, building improvements, storage tanks, or elsewhere on the property. This list is not exhaustive. The appraisal assumes that no toxic or hazardous substances are present that would adversely impact the use or value of the property.

Wetlands

Jurisdictional wetlands designation can adversely affect the use and value of land. The process that leads to such a determination is complex. It involves federal agencies and it may also involve multiple agencies at the state, regional, and local levels. The three most relevant factors are soils, vegetation and hydrology. No information was provided to indicate that any portion of the subject land is affected by a jurisdictional wetlands designation and the appraisal assumes that it is not. However, it is noted that the property is located in the New Chicago Marsh and at the time of inspection it was completely inundated. The appraisal assumes that the wetlands characteristics of the property would not adversely impact its suitability for likely vacant land uses.

Archeological Sites

The presence of archeological sites can adversely affect the use and value of land. No information was provided to indicate that there are any archeological sites present on the property and the appraisal assumes that there are none.

²² <http://www.conservation.ca.gov/cgs/rghm/ap/Pages/disclose.aspx>

Land Improvements

No land improvements are known to be present on the property. It is essentially raw land.

ZONING AND PLANNING

Jurisdiction

The City of San Jose is the principal jurisdictional authority for zoning and planning. However, the subject is within the permit jurisdiction of the San Francisco Bay Conservation and Development Commission (BCDC). Furthermore, depending upon what use is proposed, permits may be required from other state and/or federal agencies.

Zoning District

The subject is in the A Agricultural zoning district²³. The zoning ordinance provides the following purpose statement for this zoning district:

The purpose of the A Agricultural District is to provide for areas where agricultural uses are desirable. The regulations contained in this district are intended to provide for a wide range of agricultural uses as well as implementing the goals and policies of the general plan.

Allowable Uses

The list of permitted uses in the A Agricultural zoning district is fairly short. Most are agricultural or rural residential in character. The following table presents a list of the uses that are permitted as a right, that are conditionally permitted, or that are permitted with specific regulations pertaining to the particular use. The table also lists a number of uses that specifically are not allowed.

Permitted Uses	Animal breeding (except fish, frogs, rabbits, poultry and hogs) Animal breeding (fish, frogs, rabbits, poultry and hogs) Any use or improvement for the conservation of water, reclamation and erosion control Certified Farmers' Market - Small Dairies Grazing Livestock ranch, excluding hogs Pasture Planting, cultivating, growing, harvesting and drying of crops Child Day Care Center located on an existing school site or as an incident to an on-site Church/Religious Assembly use involving no building additions or changes to the site Trails and paths, including equestrian, pedestrian and bicycle Wireless Communication Antenna, Building Mounted Home Occupations
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²³ San Jose Municipal Code Chapter 20.20 – Open Space and Agricultural Zoning Districts.

Conditional Uses	Solar Photovoltaic Power system
	Livestock ranch, hogs
	Tree farms and forestlands
	Wholesale sale of any animals, articles, wares, goods, merchandise, or commodities produced on-site in the conduct of any Permitted or Conditional Use
	Equestrian and riding club
	Community television antenna systems
	Utility Facilities, excluding corporation yards, storage or repair yards and warehouses
	Wireless Communication Antenna
	One-family Dwelling
	Temporary farm labor camp necessary to the gathering of crops grown on the site
Specific Use Regulations	[Electric generation] Facilities that do exceed noise or air standards
	Certified Farmers' Market
	Wireless Communication Antenna, Slimline Monopole
Not Permitted	[Electric generation] Facilities that do not exceed noise or air standards
	Botanical conservatories, nature garden, nature study areas, and similar uses not within greenhouses or structures
	Extraction of chemicals from water by natural evaporation
	Extraction of minerals from the ground, including quarrying
	Filling or removal of earth, including grading
	Natural Resource Preservation/Reservation
	Wildlife refuge
	Educational, charitable, and philanthropic activities that provide environmental and nature related services/education and are dedicated to the protection and preservation of the environment and/or rural and landscape preservation
	Golf course
	Marinas and other uses and facilities incidental to water recreation
	Shooting range

Site Development Standards

The basic development standards for buildable land in the A Agriculture zoning district are summarized as follows:

Minimum...	
Lot Area ^a	20 acres
Maximum...	
FAR	0.80-to-1
Height ^b	35 feet, or as established in Municipal Code – Chapter 20.85.

Setbacks from abutting...

Streets & highways	50 feet
Property zoned or used for residential purposes *	300 feet
Property zoned or used for other than residential purposes	50 feet

Other

Parking Varies by use. See Municipal Code – Chapter 20.90.

Notes:

- * Minimum does not apply to a lot or parcel created before February 19, 2001.
- † Exception to 40 feet for chimneys, weather vanes, or similar architectural embellishments. Other conditions apply.
- * Exceptions available for additions or new structures on parcels that already have substantial existing development. Other conditions apply.

General Plan

The general plan land use is Open Space, Parklands and Habitat – OSPH. The general plan provides the following description for this designation:

These lands can be publicly- or privately-owned areas that are intended for low intensity uses. Lands in this designation are typically devoted to open space, parks, recreation areas, trails, habitat buffers, nature preserves and other permanent open space areas. This designation is applied within the Urban Growth Boundary to lands that are owned by non-profit or public agencies that intend their permanent use as open space, including lands adjacent to various creeks throughout the City. This designation is also applied outside of the Urban Growth Boundary to the bay lands located within Alviso.

New development on lands within this designation should be limited to minimize potential environmental and visual impacts and, for properties located outside of the Greenline/Urban Growth Boundary, should avoid use of non-native, irrigated vegetation or development of new structures that would alter the environmental and visual quality of native habitat areas. Development of public facilities such as restrooms, playgrounds, educational/visitors' centers, or parking areas can be an inherent part of City or County park properties and are appropriate for Open Space, Parklands and Habitat properties both within and outside of the Greenline/Urban Growth Boundary, but in the latter case should be sensitively located so as to minimize potential environmental and visual impacts. Within

the Greenline/Urban Growth Boundary, community centers, public golf courses, and other amenities open to the public would also be allowed within publicly-owned properties in this designation.

Privately-owned lands in this designation are to be used for low intensity, open space activities. Appropriate uses for privately-owned lands in this category include cemeteries, salt ponds, and private buffer lands such as riparian setbacks. Where appropriate and where it has not otherwise been identified for use as open space (through a zoning, for instance), privately owned land in this designation may be considered for low-intensity agricultural uses provided that such uses do not involve the addition of buildings or other structures or use of irrigation on significant portions of the site.

Examples of appropriate uses for privately-owned OSPH land are cemeteries, salt ponds, private buffer lands and low-intensity agricultural uses. It is unlikely that construction of buildings would be allowed, even if the physical characteristics of the land supported it.

OWNERSHIP AND TITLE

Ownership/Vesting/Sales History

A preliminary title report (PTR) dated May 11, 2018, was provided for use in the appraisal. I note that the title report applies only to the adjacent portion of Madison Street, and not to the assessor's parcel that comprises the bulk of the appraisal parcel per se. The PTR shows that title to the fee is vested as follows:

The Santos/Alviso Partnership, L.P., a California limited partnership, who acquired title as Santos/Alviso Partnership, L.P., a California limited partnership.

No sales have occurred during the five-year period preceding the effective date of the appraisal. As of the date of the report, the property is not known to be listed for sale or under contract to be sold.

Easements/Encroachments/Other Restrictions

Easements, encroachments and other restrictions on use are generally listed in the title report as exceptions. Those summarized below were considered in the appraisal. Otherwise, nothing was noted during the inspection that would indicate the presence of any adverse easements or encroachments and the appraisal assumes that there are none.

Title Exceptions...

- #5 (a) Any adverse claim based upon the assertion that said land or any part thereof is now or at any time has been included within a navigable river, slough or other navigable body of water .
(b) Rights and easements for commerce, navigation and fishery.
- #6 Any rights in favor of the public which may exist on said land if said land or portions thereof are or were at any time used by the public.
- #7 Any right, title or interest of the State of California in and to those portions that may lie within tide or submerged lands or within navigable sloughs now or in the past.
- #8 Any right, title or interest of the United States of America in and to Parcels One, Two, Three and Four by virtue of its ownership of land abutting the streets.
- #9 Rights of the public, County and/or City, in and to that portion of said land lying within the lines of Madison Street, Randolph Street, Adams Street, Monroe Street, Washington Street, Lake Street, Essex Street, Pacific Avenue, Percunus Court, and the unnamed street encompassed within Block 105 shown on the Map of New Chicago.
- #10 Any private easements or lesser rights in, to, or over Madison Street, Randolph Street, Adams Street, Monroe Street, Washington Street, Lake Street, Essex Street, Pacific Avenue, Percunus Court, and the unnamed street encompassed within Block 105 that would not be affected by proceedings vacating said avenues and streets; including but not limited to private easements of ingress and egress in favor of a) the United States of America, b) The Santos/Alviso Partnership, L.P., a California limited partnership, c) all of the owners of the lots of the subdivision purchased by reference to the subdivision map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa

PROPERTY TAXES

Taxation of real property in California is governed by Proposition 13, an initiative approved by the voters in 1978. Proposition 13 rolled back the assessed values of all real property that was subject to assessment by the county assessor to 1976 levels. It also limited subsequent increases in assessed value to the lesser of two percent or the statewide CPI, whichever is lower. The *ad valorem* tax rate was capped at one percent of assessed value, plus a small provision for bonded indebtedness approved by a supermajority of the voters. When a property sells it is reassessed at full cash value²⁴, and the new assessed value sets the base for future increases. The tax and assessment information for the subject property from the title report is presented below. A copy of the most recent tax bill was not provided for use in the appraisal.

Assessed Values and Taxes

Tax Year	2018-2019
Tax Rate Area	017-120
APN	015-25-012
Assessed Values	
Land	\$2,163
Improvements	n/a
Total	\$2,163
Ad Valorem Rate	1.18726%
Total Taxes	\$123 (includes direct charges & assessments)

All amounts rounded to whole dollars.

²⁴ More or less equivalent to market value.

HIGHEST AND BEST USE

Highest and best use is the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value²⁵.

The four stages of the highest and best use analysis can be summarized as follows:

1. Physically possible: What uses are physically possible?
2. Legally permissible: What uses are permitted by public and private restrictions?
3. Financially feasible: What uses that pass the tests of physical possibility and legal permissibility will produce a net return to the property owner?
4. Maximally productive: Which financially feasible use – or uses – will yield the highest net return or present worth for the property owner?

Legal permissibility and physical possibility are threshold tests. A use must be legally permitted and physically possible before questions of financial feasibility and relative productivity can even be considered. A use that does not pass the threshold tests cannot be a highest and best use.

The highest and best of vacant land is the use that yields the highest present land value, after payments are made for labor, capital and coordination. The analysis assumes that the land is vacant, or that it can be made vacant by demolishing any existing improvements.

A use not supported by a property's physical characteristics cannot be a highest and best use. The subject consists of vacant land below sea level that is subject to tidal action and inundated all or most of the time. It lacks public street access and public utilities are unavailable at the site or nearby. It is outside the Urban Growth Boundary and outside the Urban Service Boundary, so it is unlikely that utilities will ever be available in the foreseeable future. The Agricultural zoning allows for a relatively limited number of uses, most of which can be characterized as agricultural or rural residential. The OSPH general plan land use designation is even more restrictive.

With the exception of the adjacent railroad right-of-way, most of the surrounding parcels are owned by the federal government, the state, or the City of San José, and they are earmarked for open space use. The most recent market activity of note involving properties in the same New Chicago paper subdivision occurred in the early-1990s, when Peninsula Open Space Trust (POST) was an active buyer of paper lots to clear title to the land. POST subsequently conveyed the lots to the federal government in a no-cost transfer for open space use.

There is no development scenario that is reasonably probable. That being the case, the only financially feasible option is to hold the land vacant. There is a demonstrated market in the Bay Area for unbuildable lots. Examples include sales of San Francisco tidelands lots in India Basin and in the vicinity of Candlestick Point. There has also been recent market activity involving larger tidelands parcels, sloughs, and tidal marsh, along the shore of the bay in San Mateo County. Finally, there is an active market for unbuildable coastal lots in several paper subdivisions on the coastal bluffs of Half Moon Bay. A high percentage of unbuildable lot transactions are tax auction sales. However, there have been scattered private transactions, and government agencies have also been active buyers. The primary motivating factor for private buyers is speculation, and to some extent this is borne out as

²⁵ *The Dictionary of Real Estate Appraisal*, Op. Cit.

the prices of unbuildable parcels have tended to track trends in land prices in general. Government agencies buy primarily to protect open space or for environmental mitigation.

The maximally productive use that is physically possible, legally supported and financially feasible, is speculative hold in the expectation that the value of the property will rise over time. The probable buyer is a government agency purchasing for inclusion in the surrounding open space.

METHODOLOGY

Appraisal of a Partial Taking

This assignment involves the appraisal of a partial taking. The total value of the taking will equal the value of the part taken, plus net damages to the remainder parcel after the taking, if any. The figure below summarizes the basic elements of value, while the text that follows describes the general methodology.

	1. Larger parcel value (whole)	
less:	2. Value of part taken (as part of whole)	
equals:	3. Remainder value before taking	(#1 - #2)
	4. Remainder value after taking	
equals:	5. Damages to remainder	(#3 - #4)
less:	6. Benefits to remainder	
	7. Net damages to remainder	(#5 - #6)
	8. Total value	(#2 + #7)

Item 1. Larger Parcel Value

The first step in the appraisal of the partial taking involves estimating the value of the subject property (larger parcel) before the taking has occurred. This will reflect the value of the unencumbered fee, subject to any existing easements and other restrictions on use. In the case of a leased fee, the fee simple interest is appraised as though unencumbered by leases.

The subject property is generally defined only as the specific property under appraisal. It is usually a single legal parcel. However, in some cases the concept of the larger parcel may require that the definition of the subject property be expanded to encompass other parcels. The conditions that usually must be satisfied are (1) contiguity, (2) common ownership or control, and (3) unified use.

For example, consider an office building, with parking for the office tenants located on an adjacent parcel of land that is under the same ownership. The subject property would consist of both the improved property and the parking lot, since all three conditions are satisfied. That is, the two parcels are (1) contiguous, (2) under common ownership, and (3) comprise a unified use. In the analysis that follows, the terms "subject property" and "larger parcel" may be used interchangeably.

Item 2. Value of Part Taken

The value of the part taken is estimated based on its value as a part of the whole. The value will reflect the contributory value of the land and improvements directly affected by the taking. The part taken may consist of a fee interest or an easement. This is also referred to as the take.

Item 3. Remainder Value Before the Taking

The remainder value before the taking is equal to the value of the larger parcel (Item #1), less the value of the part taken (Item #2).

Item 4. Remainder Value After the Taking

In this step, the remainder is appraised again, assuming the taking has occurred and the public project constructed as proposed. The value effect of any benefits associated with the public project that occasioned the taking is disregarded.

Item 5. Damages to the Remainder

The loss in value of the remainder in the after condition is referred to as severance damages. It is calculated by subtracting the remainder value after the taking (Item #4) from the remainder value before the taking (Item #3).

Item 6. Benefits to the Remainder

The value of benefits is estimated by appraising the remainder before and after the taking has occurred, taking into account the value effect of the public project, and assuming that it has been constructed as proposed. Under California law, the value of benefits may be used to offset damages, but not to offset the value of the part taken.

Item 7. Net Damages to the Remainder

Net damages are equal to severance damages (Item #5) less benefits (Item #6).

Item 8. Total Value of the Acquisition

The total value is the sum of values of the part taken (Item #2) and net damages (Item #7).

Fee Interest

In cases where building improvements are not directly affected, the value of a fee taking is generally based on land value. That is, if the land value rate applicable to the larger parcel is \$10/SqFt, then the value of the fee take will usually be based on the same rate. Other considerations may be warranted if the take also involves land or building improvements.

Easement Interest

Estimating the value of an easement presents a special challenge. There is no active market for the sale and purchase of easements. Most easements are granted free of charge as a condition of development, for other reasons perceived to be mutually beneficial by the parties involved, or as a result of a taking by a public agency. Generally, only the last example involves the payment of explicit consideration, and because a taking agency has the power of condemnation, the implicit element of duress means that public agency transactions usually do not meet the willing buyer/willing seller test to be regarded as market value transactions. As a result, they usually are not admissible as evidence of market value in a trial setting.

Because there is no relevant market for the sale and purchase of easements, the definition of market value used in this assignment allows for the use of any reasonable method to estimate value. In the majority of takings that involve an easement, if building improvements are not directly affected, then the value of the part taken is usually estimated as a percentage of the value of the underlying fee land, subject to any existing easements, encumbrances and other restrictions on use. The percentage may range from as little as 0% for a *de minimis* – nominal impact – easement, to as much as 100% for an easement that is more-or-less equivalent to a fee taking.

To illustrate, consider the case of an underground easement within a narrow strip of land at the edge of a property, located in a yard or setback that would be unbuildable in any case. It would be a low impact easement with a value near nominal, or 0%, of the value of the fee. On the other hand, an easement for street use could amount to a full taking of the affected land, in the sense that the only right remaining to the owner of the fee would be the right of reversion if the street is ever abandoned or vacated, which is usually an extremely remote possibility. The street easement would be high impact, and its value would approach 100% of full fee. To facilitate the discussion, this appraisal may use the term *diminution factor*²⁶ to refer to the impact of the easement on the fee, expressed in percentage terms. That is, a *diminution factor* of 50% means that the easement diminishes the value of the underlying fee by 50%.

The following formula illustrates the basic procedure used to calculate the value of an easement:

$$\begin{array}{r} \text{Fee Value Rate} \\ \times \text{Easement Diminution Factor} \\ \times \text{Size of Proposed Easement} \\ \hline \text{Value of Proposed Easement.} \end{array}$$

For example, assume a fee value rate of \$10/SqFt, a diminution factor of 25%, and an easement size of 1,000 SqFt. Under this set of assumptions, the easement value would be calculated as follows:

$$\begin{array}{r} \$10/\text{SqFt} \\ \times 25\% \\ \times 1,000 \text{ SqFt} \\ \hline \$2,500 \end{array}$$

Temporary Construction Easement

The appraisal also develops an opinion of value for a temporary construction easement (TCE). A TCE is generally viewed as rental of the land for the duration of the easement. The elements of value include: (1) the value of the underlying land; (2) the size of the easement; (3) a rate of return; and (4) the duration of the easement. The size and duration of the TCE have been provided by the client. The value of the land and the rate of return will be derived from the market.

²⁶ My term for the percentage measure of the impact of an easement on the underlying fee.

Approaches to Value

Sales Comparison Approach

The sales comparison approach provides an indication of a property's value by comparing it with similar properties that have sold recently, that are listed for sale, or that are under contract for sale. It is based on the principle of substitution, which holds that a prudent investor will not pay more for a property than it would cost to acquire an equally desirable alternative. This is the most commonly used of the three approaches to value. Given an adequate number of recent and reliable transactions, the sales comparison approach can be used to appraise virtually any type of property. It is often the only approach used in the appraisal of vacant land and it is generally the favored approach in judicial settings.

Cost Approach

The premise of the cost approach is that a prudent buyer will not pay more for a property than it would cost to create a reasonable substitute without undue delay. Like the sales comparison approach, it is based on the principle of substitution. Cost and market value are viewed as being most closely related when the improvements are new, or nearly new. The approach is especially persuasive when the land value is well supported and the improvements are new. On the other hand, it may be of limited usefulness when the improvements are older, largely because it can be so difficult to accurately estimate accrued depreciation. The cost approach is particularly relevant when appraising special purpose or limited market properties.

Income Capitalization Approach

The income capitalization approach – usually referred to simply as the income approach – is based on the principle of anticipation. It is a set of methods and techniques that can be used to convert the expectation of future benefits into an indication of value. The benefits consist of an income stream and a reversion. Various capitalization models may be used, depending upon (1) the property type and (2) on assumptions about the quantity, quality, pattern, and durability of the income stream. The income approach is particularly useful for appraising properties that are bought primarily for their income potential, such as offices or apartment buildings.

Application to This Appraisal

The subject property is vacant land. The sales comparison approach is generally recognized as the most appropriate approach for the valuation of land, or land assumed vacant. Because vacant land is not generally bought for income production, the income approach does not usually apply. Also, because vacant land is unimproved, by definition, the cost approach does not usually apply. The appraisal will use the sales comparison approach to develop an indication of value for the subject property as vacant land. It will not use the income approach or the cost approach.

LAND VALUE

Introduction

The appraisal used the sales comparison approach to develop an indication of value for the subject as vacant land. The unit of comparison most commonly used for the property type is the price per acre. However, because the subject is relatively small and the sizes of the proposed acquisition are shown in square feet on the appraisal plats, for consistency the appraisal has used the price per square foot as the unit of comparison. Comparable sale candidates were identified using the criteria summarized below. Those selected for use as comparables²⁷ are believed to be reasonably representative of the market.

Survey Criteria

- Inundated tidelands or tidal marsh.
 - All the comparable sales satisfy this criteria. They vary in the percentage of total land area that consists of upland. Some are completely inundated with no upland area at all, while others do have some upland area that is not subject to tidal action.
- San Francisco Peninsula or South Bay location.
 - All the comparables except one satisfy this criterion. The exception is located on the Carquinez Strait shoreline in Benicia (Solano County).
- Recent date of sale.
 - Most of the tidelands and tidal marshes in San Mateo and Santa Clara Counties if owned by federal, state and local government agencies. As a result, there are very few transactions. The sales span the years 2008 through 2018 and are believed to be the best available that can be considered relative recent given the relative lack of sales activity.

A market data map and abbreviated summary table are presented on the following page. A more detailed summary table and an adjustment grid appear at the end of this section of the appraisal. Plat maps and/or photos are included as addenda. Unless otherwise noted, all transactions conveyed the fee interest on financial terms that were cash to the seller or equivalent, and the selling prices were not influenced by non-market conditions or motivations.

²⁷ Also referred to simply as “sales” or “comps.”



Comparable Sale Discussion

Land Sale #1. Pond A-8 Weir, Alviso.

This transaction involves the purchase by Santa Clara Valley Water District (SCVWD) of land owned by Cargill Inc. At the time of sale, it was already being used as the site of a weir for Pond A-8, a former salt pond. The property contains 15.9 acres, and although much of it is "usable" uplands, it is entirely in the flood plain. It is situated between the Guadalupe River Channel on one side and Alviso Slough on the other. It is reachable from shore over a dirt road in easement, but there is no public street access and the surrounding uses are protected open space, mostly in public ownership. It is zoned OS Open Space.

SCVWD paid \$509,000, the appraised value, in a transaction that recorded in September 2008. This sale indicates a unit price of \$0.73 per square foot.

Land Sale #2. ITT Antenna Field, Palo Alto Baylands.

This property consists of 36.55 acres consisting mostly of diked tidal marsh cut by sloughs. It adjoins protected open space and a landscaped landfill now used as open space. It is zoned PF Public Facilities District with a "D Site and Design Review" overlay. It is also earmarked for open space use in the city's Baylands Master Plan. The property is the former site of an antenna field dating to 1921 that had ceased operation at the time of sale. The antenna field was part of a larger radiotelegraph transmitting station that encompassed 200 acres of marshland.

In 1977, the City of Palo Alto acquired 152 acres of the marshland from International Telephone and Telegraph (ITT), the owner and operator of the antenna field at the time. The package included donation of 69 acres and the sale of 83 acres for \$1.3 million. The City contributed \$1.0 million and SCVWD contributed \$300,000, in return for which SCVWD obtained a non-exclusive flood control easement over ± 5.29 acres. ITT reserved an exclusive easement over the landlocked antenna field and a non-exclusive road easement over a paved road 50 feet wide that provided access to the antenna field and buildings. The road easement effectively bisects the property. Both parties viewed the easement as equivalent to a full fee interest in the property.

The usable land is separated from the marshland by levees and a fence. Improvements at the time of sale included five buildings and twenty-two antennas. Most of the antennas are on wood poles with copper wire, and several are metal – including a 60 foot tower. It was improved with a 7,225 square foot transmitting building that was built in 1921, a 2,520 square foot warehouse, two machine shops and a garage containing 2,304 square feet, and two utility buildings containing a total of 294 square feet. The gross area of the buildings is 12,343 square feet. The City plans to restore the property to marshland and incorporate it into the open space. The transmitting building, which was deemed qualified for historic landmark designated, would be retained and renovated, but the other improvements will be demolished.

This transaction recorded in July 2016. Title to the seller's easement interest was conveyed by quitclaim deed for a sale price of \$250,000. The seller approached the City in 2014 with an offer to sell back the easement rights for \$370,000. The City negotiated the price down to \$250,000. This sale indicates a unit price of \$0.16 per square foot.

The City will incur additional costs to demolish the antennas and most of the buildings. In 1992, when it first contemplated buying back the easement from ITT, \$42,000 was allocated for

demolition. Applying a 3.0% per annum inflator yields a 2016 demolition cost estimate of \$85,377. This will be rounded to \$85,000, and added to the sale price later in this section as a transactional adjustment.

Land Sale #3. Beach Park Boulevard, Foster City.

The next sale property is on the bay side of Beach Park Blvd in Foster City. It consists of 64.94 acres total, of which ± 18 acres is usable uplands with public access and nearby utilities. The balance is submerged. The sale closed in July 2009 with no entitlements. In early 2014, an application was submitted to the city for a mixed use project that would consist of 273 apartment units and 27,500 square feet of commercial space on the upland portion, and a 214 boat slip marina on the submerged land.

This marina project followed five other proposals since 1973 to develop a marina in Foster City, including two in which the city was involved either as a principal or a joint venture partner. All the projects failed for various reasons, although financial feasibility appears to have been a factor. Unzoned at the time of sale, the city and the Estero Municipal Improvement District, and at least eleven other regional and federal agencies, would be involved in the environmental review and permitting process. At the city level, the project would require a full EIR, a general plan amendment to allow housing at the site, a general development plan/rezoning, a tentative map to subdivide the property, a specific development plan/use permit, and a development agreement. Opposition emerged at the first public hearing when the developer sought to introduce the project.

The 2009 sale price was \$2.22 million and the indicated unit price is \$0.78 per square foot.

Land Sale #4. Bush Lane, Hayward.

The next sale property is adjacent to Hayward Regional Open Space. It consists of 32.46 acres of diked tidal marsh. It has easement access from the terminus of Johnson Rd, but no utilities. The buyer is East Bay Regional Park District (EBRPD) and the City of Hayward is the seller. The buyer was motivated by the opportunity to expand the adjacent open space. The expansion would allow the property to be managed in conjunction with the adjoining wetlands parcel to the east that EBRPD would receive, together with a stipend, for partial mitigation of the Calpine Russell City Energy Center project. The property is zoned Industrial and the general plan designation is Open Space – Baylands.

This property is part of an EBRD acquisition package that included fee and easement interests in other properties. EBRPD paid \$1,515,332 for the package, and allocated \$710,000 of the total sale price to this property. The allocation was based on an appraisal. Close-of-escrow was in December 2011. The indicated unit price is \$0.50 per square foot.

Land Sale #5. Point San Bruno, South San Francisco.

This comparable property is comprised of submerged land in shallow water just offshore of Point San Bruno, in South San Francisco. It contains 108.75 acres, of which a small strip – estimated at one acre – is dry upland. The adjacent shoreside use is the large R&D campus of Genentech, which is covered by a Master Plan. A segment of the San Francisco Bay Trail traverses the upland in a longitudinal alignment in easement. The property is zoned Open Space and it is also in the Special Environmental Studies and Overlay district.

This comparable has a lengthy recent listing history. It was listed on the MLS beginning in June 2009 for \$3.9 million asking. After one month, the listing price was reduced to \$2.5 million. Beginning in September 2009, the price was ratcheted down until it reached its final listing price of \$899,000 in December 2009. It was on the market for one year at the final asking price and the listing expired without a sale in December 2010. Total time on market was 539 days. The listing agent reported some interest, but no offers at that time. The seller bought the property in a tax-default auction for \$9,400 in 1998. The record owner at the time of the tax auction was Cabot, Cabot & Forbes, the original developer of the shoreside industrial park.

This sale closed escrow in February 2015 for \$800,000, with the seller providing financing of \$400,000. It was not listed on the MLS at the time of sale, but the agent from the earlier listing handled the sale. The listing agent does not remember the details of the seller financing but believes it was for 5 to 10 years at an interest rate between 5% and 6%. Neither party to the transaction is considered particularly knowledgeable about the limitations of the property type. The indicated unit price for this comparable is \$0.17 per square foot.

After the sale, the buyer encumbered the property with a series of ground leases to other entities under his control. The leases are not considered arm's-length transactions. The first lease commenced in July 2015 for a term of 33 years. It was amended to extend the term to 99 years, and then followed by several other dubious leases and assignments, all for terms of 99 years.

Land Sale #6. Candlestick Point Water Lots, San Francisco.

In this comparable the buyer purchased 36 non-contiguous lots containing 4.920 acres of land in shallow water, in groupings east and south of Candlestick Point. The lots are in a paper subdivision that dates from the 1800s. At that time, it was expected that the bay would be filled to create buildable land. The buyer paid a total of \$65,130, and the sale recorded as 36 separate transactions. The buyer acquired the lots at an auction of tax-defaulted properties.

This comparable indicates unit prices that range broadly from \$0.10 to \$1.10 per square foot on a per lot basis, with an average unit price of \$0.30 per square foot. The high degree of unit price variability appears to correspond to the number of competing bidders for a given lot. For most lots, there was just one bidder. The only lot of significant size contained 1.148 acres and it also sold for the lowest unit price. All the other lots were 5,000 square feet in size or smaller.

Land Sale #7. Vacant Lot Between 640 and 676 West I Street, Benicia.

This property is a vacant lot containing 0.4304 acre is on the south side of West I Street in Benicia. It has frontage on a public street and utilities are available in the street. The adjoining properties on either side are improved with single family homes. A little over half of the land area consists of tidelands and some beach, with the balance of the land consisting of usable uplands. Despite its public street access and the availability of utilities, the property is not buildable. The buyer purchased it on speculation that the regulations will change and the property will become buildable at some future time.

This sale closed escrow in May 2018 for a price of \$30,000, an indicated unit price of \$1.60 per square foot. It was listed on the MLS for just 6 days before going into contract. It was previously listed in 2015 for 175 days at an asking price of \$125,000.

Analysis

Transactional Adjustments

Quantitative price adjustments can be broadly characterized as 1) transactional adjustments or 2) property adjustments. Transactional adjustments relate to the transaction rather than the characteristics of a property. They adjust for cash equivalency and market conditions. Appraisal texts recommend that transactional adjustments be applied sequentially in the following order:

- Property rights conveyed;
- Financing terms;
- Conditions of sale;
- Expenditures made immediately after purchase; and
- Market conditions (time).

Property Rights Conveyed

Sale #2 involved the conveyance of an easement. An easement is generally regarded as an inferior interest in property. Although an adjustment was considered for property rights, both parties to the transaction viewed the easement, which was exclusive and long term, as more-or-less equivalent to the full fee, so no adjustment is indicated.

Financing Terms

Except for Sale #5, the comparables were cash transactions. The seller provided 50% financing to the buyer in Sale #5. No other source of financing would be available for such a speculative purchase. If the buyer ultimately defaults on the loan, the seller will still pocket a minimum of \$400,000 cash, plus he will get the property back. This sale has received a 25% downward price adjustment for financing.

Conditions of Sale

Sale #6 involves a collection of water lots purchased at an online tax sale auction. There are no implied warranties and no recourse for the buyer in tax sale transactions, and buyers generally have less information than they would have for more typical transactions. As a result, because they are generally viewed as riskier they often sell for below-market prices. Sale #6 has received a 25% upward adjustment for this condition of sale.

Expenditures Made Immediately After Purchase

The price of Sale #2 has received an \$85,000, or \$0.05 per square foot, upward adjustment for anticipated costs to demolish buildings and other improvements.

Market Conditions

The market conditions adjustment is often referred to as the “time” adjustment. This is a misnomer, as price changes over time are a function of changing market conditions and not a function of time *per se*. In a rising market, the prices of older sales are adjusted up; in a falling market, they are adjusted down. Ideally, this adjustment can be derived directly from the market. Preferred methods include 1) analyzing the sale and resale of a single property; or 2) analyzing paired sales involving very similar properties that sold on different dates.



Both methods are useful when appraising very similar properties in the same market area, with single family homes in a new subdivision being a good example. However, both techniques are virtually impossible to apply to properties like the subject, given the low absolute number of sales and the fact that the physical characteristics can differ substantially from one property to the next.

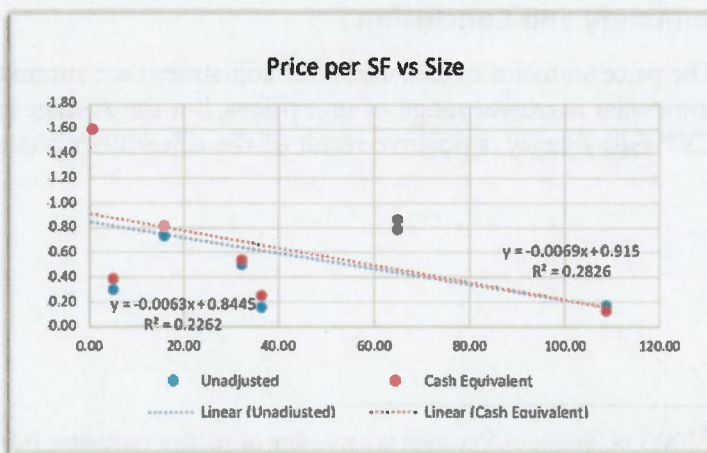
A regression of price vs. time shows (see chart, above) prices flat to slightly rising since the earliest sale date in 2008, although R² values of 0.01 or less suggest that, for the property type, there is little correlation between date of sale and price. If the most recent sale is omitted, the trend line actually slopes sharply down. The sale prices have been adjusted up at a nominal rate of +1% per annum for market conditions.

Property Adjustments

Property adjustments account for property-specific differences such as location, physical characteristics, economic or use characteristics, or non-realty components of value. Unlike transactional adjustments, they are not applied sequentially and they do not follow any particular order. Property adjustments have been made for the following elements of value:

Size

Other than the individual water lots the comprise the total acreage of Sale #6, all the sale properties are larger than the subject, and most are significantly larger. As with the market conditions adjustment, the lack of activity makes it virtually impossible to reliably derive adjustments from the market. A regression of price vs. size suggests that the unit prices does correlate with size. However, the R² values indicate that the relationship is



relatively weak. The prices of all the comparables except Sale #7 have received upward adjustments of 1% for each five acre size difference relative to the subject property. For example, if the subject property contained five acres and the comparable sale property contained ten acres, the price of the comparable sale property would be adjusted +1%.

Access

Sales #2 and #7 have public street access and Sale #4 has easement access from a public street. The prices of these sales have been adjusted down for superior access, with Sale #4 receiving a smaller adjustment than the other properties.

Public Utilities.

The benefit of public utility availability is very theoretical for properties like the subject. However, if by some chance – however improbable – development ever does become a feasible option, then the availability of utilities would be a definite plus. Sale #2 has public utilities in place on site while Sale #7 has utilities available in the street at the frontage. Both comparables have received downward price adjustments for public utility availability, a superior characteristic.

Upland

The final adjustment is for the proportion of upland. Based on interviews conducted for previous appraisals, market participants assign a higher value to upland than they do land that is inundated, even if the upland has little practical utility. The subject has no upland. The prices of Sales #1, #2, #3 and #7 have been adjusted down for their upland component, a superior characteristic. The adjustments are based on the following schedule. For example, if the comparable property consists of 50% or more upland it would receive a 25% downward adjustment.

Upland %	Adjustment
≥50%	-25%
≥40%	-20%
≥30%	-15%
≥20%	-10%
≥10%	-5%

Summary and Conclusion

The price statistics before and after adjustment are summarized below. The adjustments result in a somewhat narrower range of unit prices, but the average and median values are about the same. The CV²⁸ falls sharply, a positive result of the adjustment process.

²⁸ The Coefficient of Variation is a measure of relative variability. It is the ratio of the standard deviation to the mean. A low value indicates a tighter fit of the unit prices, whereas a higher value indicates that the unit prices are more variable.

Price Statistics

Price per SF	Low	High	Average	Median	CV
Unadjusted	\$0.16	\$1.60	\$0.61	\$0.50	0.83
Cash Equivalent	\$0.13	\$1.60	\$0.65	\$0.54	0.76
Fully Adjusted	\$0.16	\$0.96	\$0.53	\$0.55	0.57

Despite their general similarities, the subject is very different from the comparables and the individual comparable sale properties are substantially different from one another. Sale #7 is most similar to the subject in terms of size and it is also the most recent sale. It indicates an adjusted price of \$0.96 per square foot. However, it is far superior to the subject for the following reasons: 1) it has a high percentage of upland; 2) it has public street frontage and access; and 3) utilities are available in the street. Sale #6 indicates an adjusted price of \$0.39 per square foot. It is very similar to the subject in that it is comprised of inundated lots in a paper subdivision, with no access and no utility availability. On the other hand, the buyer purchased the lots at a tax sale auction.

Five of the comparable sales bracket the range \$0.16 to \$0.59 per square foot, and three others bracket the still narrower range \$0.39 to \$0.59 per square foot. Disregarding the outliers, the value rate is concluded at \$0.50 per square foot, which is just slightly less than the average and median values.

The value rate applies to the paper lot, but it does not apply to the portion of the subject land in the street. Streets are generally viewed as having no intrinsic value *per se*. This is true even for subdivisions that consist of buildable lots on dry land. Instead, the value of a street is implicit in the increment of value it imparts to the land it serves. For example, the value of a subdivision will be based on the number of lots it yields and not on the gross acreage of the overall project site, inclusive of the land taken up by streets. Developers do not assign any value to land occupied by streets in a subdivision. In fact, the land occupied by streets is a subtraction from the gross acreage of a project site. Based on this reasoning, the value of the subject land in the street is nominal.

The value of the subject property is concluded at \$7,609. The calculation of value is shown below.

Component	Size SF	x	Value Rate/SF	=	Indicated Value
Paper lot	15,218		\$0.50		\$7,609
<u>Land in street</u>	<u>6,832</u>		<u>Nominal</u>		<u>Nominal</u>
Total value	22,050				\$7,609

Comparable Sale Summary – Tide Lands & Tidal Marsh Parcels

Sale	Property	SqFt G Acres G	Price Upland	Date Deed No	Zoning Flood Zone	\$ SqFt \$ Acre	Grantor Grantee	Verification
1	Pond A-B Weir San José APN 015-35-040,-047,-048	692,604 15.900	\$509,000 Est 50%	9/30/08 20001451	OS AE (EL 12")	\$0.73 \$32,013	Cargill Inc. Santo Clara Valley Water District	Kirsten Struve, CSI, 408-975- 2583, Various dates 9/2007. Deed, city documents.
2	Palo Alto Baylands (Ptn) Palo Alto APN 008-05-001,-004	1,592,118 36.550	\$250,000 Est 10%-15%	7/28/16 23384188	PF(D) AE (ELEV 11")	\$0.16 \$6,840	Globe Wireless Inc City of Palo Alto	Deed, official documents, staff report, sale agreement.
3	Beach Park Blvd Foster City APN 096-150-230,096-170- 180	2,828,804 64.940	\$2,220,000 Est 30%	12/24/09 166682	Unzoned VE (ELEV 10") AE (ELEV 2)	\$0.78 \$34,185	Teng H Chao Foster City Marina Center LLC	Corelogic, deed, assessor.
4	Bush Lane Hayward APN 438-0080-013-07	1,413,958 32.460	\$710,000 Negligible	12/16/11 367384	1 / Baylands - OS AE (EL 10")	\$0.50 \$21,873	City of Hayward East Bay Regional Park District	EBRPD minutes, deed. Hayward CC minutes, staff report.
5	Point San Bruno South San Francisco APN 015-200-190	4,737,150 108.750	\$800,000 Negligible	2/27/15 17861	OS - Open Space VE (EL 10")	\$0.17 \$7,356	Samuel S Tak SFX LLC	David Chung, L/A, 650-302- 6027, 12/3/14 & 9/19/18.
6	Candlestick Point San Francisco APN Multiple	214,309 4.920	\$65,130 None	6/9/15 Multiple	Unzoned n/a	\$0.30 \$13,238	SF County Tax Collector Chuan Zhu	Tax sale report, deeds.
7	Bet 640/676 West I Street Benicia APN 0089-022-040	18,750 0.430	\$30,000 Est 55%	5/23/18 34835	R5 (0-7 dual) AE (EL 10")	\$1.60 \$69,696	D E Olson Tr et ux David Trumbull	Summer Stubblefield, L/A, 9/17/18, (707) 319-5983
Subj	New Chicago Marsh San Jose APN 015-25-012+	22,050 0.506	None	9/12/18	A / OSPH AE (BE 10")		Santos/Alviso Partnership LP	

Remarks

- 1 Public agency purchase for WCPC buffer. No public street access or utility availability.
 - 2 Public agency purchase to expand open space. Sale conveyed exclusive easement to owner of fee. Easement access & SCVWD flood control easement encumbers 5.25 acres.
 - 3 Speculative purchase. Now proposed for mixed use project and marina.
 - 4 Public agency purchase to expand open space.
 - 5 Offered as long-term development prospect. Mostly submerged land adjacent to Genentech campus. Seller 1st \$400k.
 - 6 Buyer purchased 36 submerged lots east & south of candlestick point at a tax auction with multiple bids for 21 parcels. Unit price represents the average.
 - 7 Unbuildable lot zoned for single-family use. Adjacent lots improved with houses. Bought on speculation that regulations may change & may be able to build house eventually.
- Subj Inundated land in diked tidal marsh. Consists of 15,218 SF paper lot and 6,832 SF of land in paper street.

Partial Easement Acquisitions
Property of the Santos/Alviso Partnership
Santa Clara County APN 015-25-012 and Portion of Adjacent Street
RESU File Numbers: 2044-13 and 2044-14

Adjustment Grid

	Subject	1	2	3	4	5	6	7
Location	New Chicago Marsh	Pond A-8 Weir	Palo Alto Baylands (Ptn)	Beach Park Blvd	Bush Lane	Point San Bruno	Candlestick Point	Bet 640/676 West I Street
City	San Jose	San José	Palo Alto	Foster City	Hayward	South San Francisco	San Francisco	Benicia
Acres	0.51	15.90	36.55	64.94	32.46	108.75	4.92	0.43
Square Feet		692,604	1,592,118	2,828,804	1,413,958	4,737,150	214,309	18,750
Upland	None	Est 50%	Est 10%-15%	Est 30%	Negligible	Negligible	None	Est 55%
Access	No	Easement - poor	Public street	No	Easement - poor	No	No	Public street
Public Utilities	No	No	On site	No	No	No	No	In street
Sale Price		\$509,000	\$250,000	\$2,220,000	\$710,000	\$800,000	\$65,130	\$30,000
Price / Square Foot		\$0.73	\$0.16	\$0.78	\$0.50	\$0.17	\$0.30	\$1.60
Property Rights Conveyed	Fee simple	Fee simple	Exclusive easement	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
Dollar Adjustment								
Percent Adjustment								
Adjusted Price / Square Foot		\$0.73	\$0.16	\$0.78	\$0.50	\$0.17	\$0.30	\$1.60
Financing Terms	Cash	Cash	Cash	Cash	Cash	Seller 1st \$400k	Cash	Cash
Dollar Adjustment						(\$0.04)		
Percent Adjustment						-25%		
Adjusted Price / Square Foot		\$0.73	\$0.16	\$0.78	\$0.50	\$0.13	\$0.30	\$1.60
Conditions of Sale	None	None	None	None	None	None	Tax sale	None
Dollar Adjustment			\$0.04				\$0.08	
Percent Adjustment			25%				25%	
Adjusted Price / Square Foot		\$0.73	\$0.20	\$0.78	\$0.50	\$0.13	\$0.38	\$1.60
Expenditures Immediately After Purchase								
Dollar Adjustment			\$0.05					
Percent Adjustment			26%					
Adjusted Price / Square Foot		\$0.73	\$0.25	\$0.78	\$0.50	\$0.13	\$0.38	\$1.60
Market Conditions / Time								
Appraisal Date / Sale Date	Sep 2018	09/30/08	07/28/16	12/24/09	12/16/11	02/27/15	06/09/15	05/23/18
Adjustment / Percent per Anr	1.00%							
Adjustment / Percent		10%	2%	9%	7%	4%	3%	
Adjusted Price / Square Foot		\$0.81	\$0.25	\$0.86	\$0.54	\$0.13	\$0.39	\$1.60
Other Adjustments								
Size		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Comparable
Percent Adjustment		3%	7%	13%	6%	22%	1%	
Access		Superior	Superior	Comparable	Superior	Comparable	Comparable	Superior
Percent Adjustment		-5%	-10%		-5%			-10%
Public Utilities		Comparable	Superior	Comparable	Comparable	Comparable	Comparable	Superior
Percent Adjustment			-10%					-5%
Upland		Superior	Superior	Superior	Comparable	Comparable	Comparable	Superior
Percent Adjustment		-25%	-5%	-15%				-25%
Adjustment 5		Comparable	Comparable	Comparable	Comparable	Comparable	Comparable	Comparable
Percent Adjustment								
Other Adjustments / Net Percentage		-27.0%	-18.0%	-2.0%	1.0%	22.0%	1.0%	-40.0%
Other Adjustments / Net Dollars		-\$0.22	-\$0.05	-\$0.02	\$0.01	\$0.03	\$0.00	-\$0.64
Adjusted Price / Square Foot		\$0.59	\$0.21	\$0.84	\$0.55	\$0.16	\$0.39	\$0.96

PROJECT DESCRIPTION

Overview²⁹

The area between Alviso Slough and Coyote Creek has considerable risk for tidal flooding due to its low-lying terrain that is protected by non-engineered dikes. The flood risk will increase over the coming decades due to sea level rise. In addition to the flood risk, the past creation of commercial salt harvesting ponds along southern San Francisco Bay has resulted in the loss of most of the area's tidal salt marsh habitat.

The proposed project will provide tidal flood protection to the community of Alviso and to infrastructure between Alviso Slough and Coyote Creek. The flood protection levee will allow approximately 2,900 acres of former salt ponds to be restored to tidal marsh by breaching levees to San Francisco Bay. The new levees will be used as trails and will have connections to the Bay Trail network, with viewing platforms, interpretive signs, and benches.

The Client requires a 178 square foot permanent easement and a 3,841 square foot temporary construction easement that will have a duration of four years to accommodate construction of the levee.

²⁹ The project description is based on, and partially excerpted from, the SCVWD Board Agenda Memorandum, Agenda Date 3/22/2016, entitled *South San Francisco Bay Shoreline Phase I Study - Resolution Certifying the Final Environmental Impact Report and Adopting Findings of Fact, Statement of Overriding Considerations, and Mitigation Monitoring and Reporting Program; and Approving the Project.*

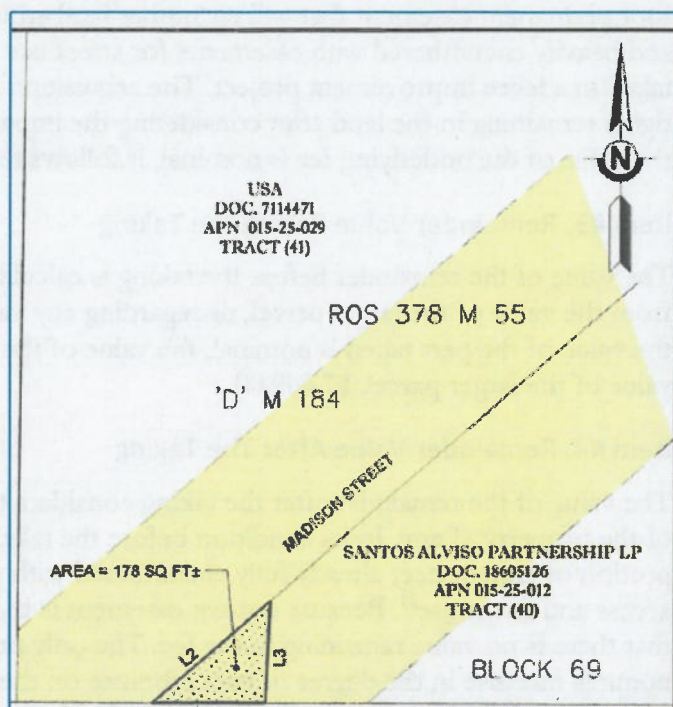
VALUE OF PROPOSED ACQUISITION

Introduction

The acquisition consists of a 178 square foot permanent easement and a 3,841 square foot temporary construction easement (TCE). The permanent easement will encumber inundated land in Madison Street, a paper street in a paper subdivision (shaded yellow in excerpt from plat, right).

The TCE will encumber 3,841 square feet of land, of which $\pm 1,938$ square feet is at the southwesterly corner of the paper lot and $\pm 1,903$ square feet is in Madison Street.

An excerpt from the plat (right) depicts the permanent easement. The base value rate applicable to the paper lot, from the preceding section of the appraisal, is \$0.50 per square foot. A nominal value was concluded for the land in the street, reflecting the impact of the numerous existing public and private rights and easements for access and street use³⁰. Even if it were dry land, it would not be usable for anything other than a street.



Excerpt from Plat - Permanent Easement

Item #1. Larger Parcel Value (Value Of The Whole)

As noted, the larger parcel contains 22,050 square feet in total. Of that, one component is a 15,218 square foot paper lot that has been appraised at \$7,609.00, based on a value rate of \$0.50 per square foot. The other component is 6,832 square feet of land in a paper street that has been appraised at nominal value. Not only is the street inundated and unusable because of its physical characteristics; the PTR indicates that it is heavily encumbered with typical street easements and rights for public and private use. In other words, unlike the paper lot, it would not have utility for any use other than a street, even if it were dry land. The value calculation is shown below.

	<u>Size SF</u>	<u>Rate \$/SF</u>	<u>Value</u>
Paper lot	15,218	\$0.50	\$7,609.00
<u>Land in street</u>	<u>6,832</u>	<u>Nominal</u>	<u>Nominal</u>
Totals	22,050		\$7,609.00

³⁰ See exceptions #9 and #10 in the preliminary title report.

Item 2. Value of the Part Taken as Part of the Whole

The value of the part taken is based on its value as part of the whole. The part taken is a 178 square foot permanent easement that will encumber land entirely in the paper street. The land is inundated and heavily encumbered with easements for street use. SCVWD proposes to incorporate the part taken in a levee improvement project. The acquisition represents what is effectively a full take of any rights remaining in the land after considering the impact of existing rights and easements. Because the value of the underlying fee is nominal, it follows that the value of the part taken is also nominal.

Item #3. Remainder Value Before the Taking

The value of the remainder before the taking is calculated by subtracting the value of the part taken from the value of the larger parcel, disregarding any value impacts that result from the take. Because the value of the part taken is nominal, the value of the remainder before the taking is the same as the value of the larger parcel, \$7,609.00.

Item #4. Remainder Value After The Taking

The value of the remainder after the taking considers the impact of the take on the utility and value of the property, if any. In its condition before the take, the remainder consists of a paper lot and a portion of paper street already fully encumbered with public and private rights and easements for access and street use³¹. Because a street easement is the functional equivalent of a full take, it follows that there is no value remaining in the fee. The only practical impact of the permanent easement is a nominal increase in the degree of encumbrance on the street. The paper lot will not be directly affected by the taking. The land will be inundated after construction of the public project, just as it was before the taking. There will be no change in highest and best use. The value of the remainder after the taking is concluded at \$7,609.00, the same as the value of the larger parcel.

Item #5. Damages To The Remainder

Damages are calculated by subtracting the value of the remainder after the taking from the value of the remainder before the taking. The value of damages is concluded at zero dollars (\$0).

Remainder value before the taking	\$7,609.00
less: Remainder value after the taking	<u>\$7,609.00</u>
Damages to the remainder	\$ 0.00

Item #6. Benefits To The Remainder

Benefits may accrue to the remainder if it experiences an increase in value as a result of the public project. Benefits can be used to offset damages, but they cannot be used to offset the value of the part taken. Because the value of damages was concluded at zero dollars (\$0) the value of benefits is moot.

³¹ Ibid.

Item #7. Net Damages To The Remainder Parcel

Net damages to the remainder are equal to the value of damages less the value of benefits. Because both were concluded at zero dollars (\$0), net damages are also zero dollars (\$0).

Item #8. Total Value Of The Acquisition

The total value is equal to the value of the part taken plus net damages to the remainder. The total value of the acquisition is zero dollars (\$0), or nominal.

Value of part taken	\$ 0.00
<u>+ Net damages</u>	<u>\$ 0.00</u>
Total value of acquisition	\$ 0.00

The value summation for the permanent easement is presented on the following page.

Value Summation - Permanent Easement

Item	Description					Amount
1.	Larger parcel value (whole)					\$7,609.00
		<u>Size SF</u>	<u>Rate \$/SF</u>	<u>Value</u>		
	Paper lot	15,218	\$0.50	\$7,609.00		
	<u>Land in street</u>	<u>6,832</u>	<u>Nominal</u>	<u>Nominal</u>		
	Totals	22,050		\$7,609.00		
2.	Value of part taken (as part of whole)					Nominal
		<u>Size SF</u>	<u>Rate \$/SF</u>	<u>Value</u>	<u>Exist Dim%</u>	<u>Adjusted Value</u>
	Total Size of Take	178				
	Area A. Land in paper lot	0	\$0.50	\$0.00	0%	\$0
	Area B. Land in street	178	\$0.00	\$0.00	100%	Nominal
3.	Remainder parcel value before taking (#1 - #2)					\$7,609.00
4.	Remainder parcel value after taking					\$7,609.00
5.	Damages to remainder parcel (#3 - #4)					\$0.00
6.	Benefits to remainder parcel					\$0.00
7.	Net damages to remainder parcel (#5 - #6)					\$0.00
8.	Total value (#2 + #7)					Nominal

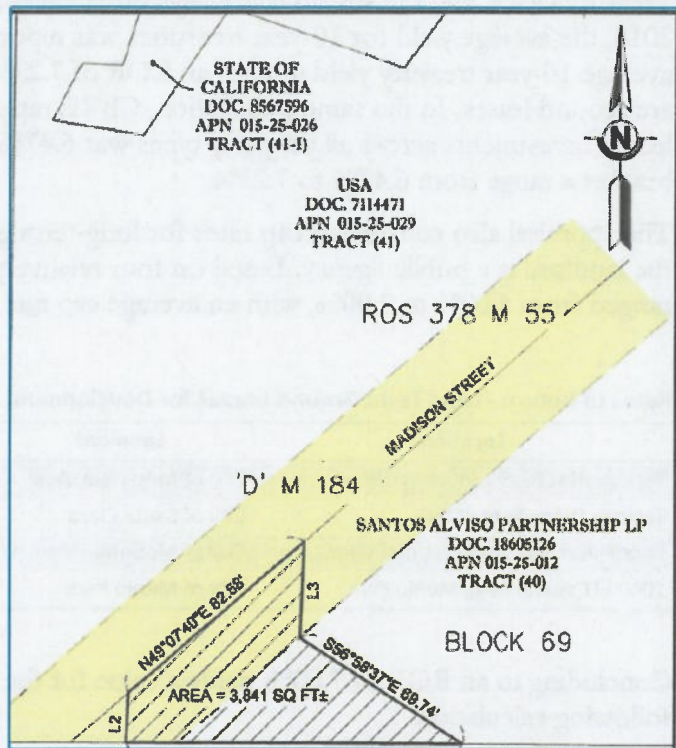
Temporary Construction Easement

SCVWD also proposes to acquire a temporary construction easement for four years (see plat excerpt, right). The TCE will encumber 3,841 square feet in total, comprising 1,903 square feet of land in the paper street (yellow) and 1,938 square feet of land in the paper lot³².

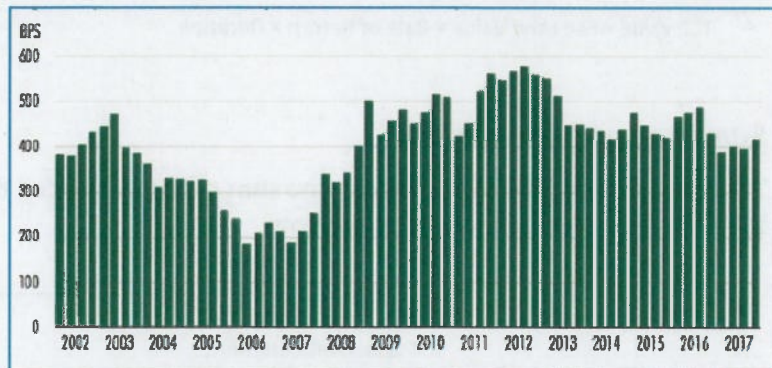
A TCE is generally viewed as rental of the encumbered land for the duration of the easement. The components of value include: (1) the value of the underlying fee land; (2) the easement size; (3) an appropriate rate of return (ROR); and (4) the duration of the easement. Easement size and duration were provided by the client. The value of the underlying fee land is from a preceding section of the appraisal. In this section, an appropriate ROR will be derived from the market.

The value of the land in the paper street has already been concluded as nominal, so the value of the portion of TCE in the paper street would also logically be nominal. As for the portion of the TCE that encumbers land in the paper lot, it will be appraised using the same \$0.50 per square foot value rate that applies to the paper lot itself. Multiplying the 1,938 square foot size of the paper lot portion of the TCE × the \$0.50 per square foot value rate yields a value for the underlying fee land of \$969.00. The total value of the fee land underlying the TCE is \$969.00. It is the sum of values for the portion of land in the paper street which was concluded at nominal, plus the portion of land in the paper lot which was concluded at \$969.00.

The next step involves deriving a rate of return (ROR). Several sources have been used to accomplish this. CBRE, a commercial real estate brokerage firm, periodically publishes its U.S. Net Lease Market Trends Report. The April 2018 issue reports that 2017Q4 cap rates for net leased



Excerpt from Plat - Temporary Easement



Basis Point Spread – Net-Lease Cap Rates and 10-Year Treasuries

³² The square footage split between street and lot is based on scaled measurements using the plat provided for the appraisal.

investments – many of which involve ground leases – averaged 417 basis points over 10-year U.S. Treasury yields, and the spread was fairly consistent for the entire year 2017. As of September 20, 2018, the average yield for 10-year treasuries was reported at 3.06%³³. Adding 400 basis points to the average 10-year treasury yield implies an ROR of 7.23% for net leased investments, many of which are ground leases. In the same publication, CBRE reported that the 2017 average cap rate for net leased investments across all property types was 6.47%. In other words, net leased investments bracket a range from 6.47% to 7.23%.

The appraisal also considered cap rates for long-term ground leases for development. In most cases, the landlord is a public agency. Based on four relatively recent transactions, ground lease cap rates ranged from 5.00% to 7.00%, with an average cap rate of 6.25% and a median of 6.50%.

Rates of Return - Long Term Ground Leases for Development

Location	Landlord	Tenant	Date	Size Ac	Cap Rate
750 Moffett Blvd, Mountain View	City of Mountain View	Broadreach	2014	6.69	5.0%
Tasman Drive, Santa Clara	City of Santa Clara	Related Santa Clara LLC	2015	7.50	6.5%
Charleston East Site, Mountain View	City of Mountain View	Google Inc	2011	9.40	7.0%
1000 El Camino Real, Menlo Park	City of Menlo Park	MOPC Investors LLC	2015	1.50	6.5%

Concluding to an ROR of 7.00% yields a value for the TCE of \$207.90, as summarized by the following calculation:

Valuation Summary - TCE

Fee Land Value				TCE Value ¹		
Component	Size SF	Value Rate	Fee Value	Annual ROR	Duration/Yrs	Value ⁴
Paper lot	1,938	\$0.50	\$969.00	7.00%	4	\$271.32
Land in street	1,903	Nominal	Nominal	7.00%	4	Nominal
Total	3,841		\$969.00			\$271.32

¹ TCE value = Fee Land Value × Rate of Return × Duration.

Summary and Conclusion

The total value of the acquisition is the sum of the values for the permanent easement and the TCE, \$271.32. The calculation is shown below.

Description	Value
Permanent easement	\$0.00
<u>TCE</u>	<u>\$271.32</u>
Total	\$271.32

³³ Schwab.com.

RECONCILIATION

The summary of values follows:

<u>Summary of Values</u>			
<u>Item</u>	<u>Paper lot</u>	<u>Land in street</u>	<u>Totals</u>
Larger parcel	\$7,609.00	Nominal	\$7,609.00
Proposed acquisition			
Permanent easement	n/a	Nominal	\$0.00
<u>Temporary easement</u>	<u>\$271.32</u>	<u>Nominal</u>	<u>\$271.32</u>
Total acquisition	\$271.32	\$0.00	\$271.32

The major criteria used in developing the final conclusion of value is the quantity, quality and accuracy of data. The Client proposes to acquire easement interests in the subject land for a levee improvement project. The subject is comprised of a paper lot and a portion of a paper street. The lot and the street are inundated before the take, and they will also be inundated after the take. The highest and best use is speculative hold both before and after the take.

The proposed take includes a permanent easement that will encumber a portion of the street and a temporary construction easement that will encumber a portion of the street and a portion of the lot. The underlying value of the fee land in the street was concluded as nominal, recognizing the effects of the numerous existing private and public rights and easements for access and street use, as disclosed in the title report.

The value was developed using the sales comparison approach. Because it is was the only approach used, no reconciliation of approaches is required. However, this section also considers the quantity, quality and accuracy of data used in the appraisal. Taking into account the limitations of the property type, the quantity, quality and accuracy of data are all considered to be reasonably good.

The total value of the take is the sum of values of the permanent easement and the temporary easement, concluded at \$271.32, as shown above.

EXPOSURE TIME

The definition of value used in this appraisal does not require an opinion for exposure time.

Summary of Values			
Item	Proposed easement	Permanent easement	Temporary easement
Larger parcel	\$7,408,000	N/A	N/A
Proposed easement	N/A	\$277,325	\$277,325
Permanent easement	N/A	\$277,325	\$277,325
Temporary easement	N/A	\$277,325	\$277,325
Total acquisition	\$7,408,000	\$554,650	\$554,650

The major criteria used in developing the final conclusion of value is the quantity, quality and accuracy of data. The Client proposes to acquire easement interests in the subject land for a love improvement project. The subject is comprised of a portion of a parcel for and a portion of a parcel street. The lot and the street are inundated before the take, and they will also be inundated after the take. The highest and best use is speculative hold both before and after the take.

The proposed take includes a permanent easement that will encumber a portion of the street and a temporary construction easement that will encumber a portion of the street and a portion of the lot. The underlying value of the lot in the street was concluded as nominal, recognizing the effects of the numerous existing private and public rights and easements for street and street use, as disclosed in this report.

The value was developed using the sales comparison approach. Because it was the only approach used, no reconciliation of approaches is required. However, this section also considers the quantity, quality and accuracy of data used in the approach. Taking into account the limitations of the property type, the quantity, quality and accuracy of data are all considered to be reasonably good.

The total value of the take is the sum of values of the permanent easement and the temporary easement, concluded as \$554,650, as shown above.

ADDENDA

- 1 Title Report
- 2 Plats/Exhibits
 - RESU File Number 2044-13
 - RESU File Number 2044-14
- 3 Flood Zone FIRMette
- 4 Comparable Land Sales – Plat Maps/Photos
- 5 Glossary
- 6 Appraiser's Qualifications



OLD REPUBLIC
TITLE COMPANY

8060 Santa Teresa Blvd, Suite 100
Gilroy, CA 95020
(408) 847-1505 Fax: (408) 848-3507

PRELIMINARY REPORT

SANTA CLARA VALLEY WATER DISTRICT
5750 Almaden Expressway
San Jose, CA 95118

Attention: Josephine Garcia-Paunil

Our Order Number 0621008979-RR

Customer Reference Phantom Streets

When Replying Please Contact:

Randy Romriell
(408) 847-1505

Property Address:

New Chicago Marsh San Jose, CA 95002

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit I attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit I. Copies of the Policy forms should be read. They are available from the office which issued this report.

Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit I of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of May 11, 2018, at 7:30 AM

OLD REPUBLIC TITLE COMPANY
For Exceptions Shown or Referred to, See Attached

Page 1 of 10 Pages

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0621008979-RR

The form of policy of title insurance contemplated by this report is:

CLTA Standard Coverage Policy -1990. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred to by this Report is:

Fee

Title to said estate or interest at the date hereof is vested in:

The Santos/Alviso Partnership, L.P., a California limited partnership, who acquired title as Santos/Alviso Partnership, L.P., a California limited partnership, as to Parcels One and Two;

Pamela A. Valera, an undivided one-half interest, and Alexandra B. Roderick, an undivided one-half interest, as tenants in common, as to Parcel Three;

Maxine S. Souza individually, Heirs or Devisees of Vernon B. Sutcliffe and Claudine M. Williamson, share and share alike, as to Parcel Four;

United States of America, acting by and through the United States Department of the Interior, Fish and Wildlife Service, as to Parcels Five and Six

The land referred to in this Report is situated in the County of Santa Clara, City of San Jose, State of California, and is described as follows:

PARCEL ONE:

That portion of Madison Street that would be apportioned by law to Lots 1 through 7 inclusive in Block 69 and which would pass by a conveyance describing said Lots, as said Street, Lots and Blocks are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on [April 11, 1890, in Book D of Maps pages 184 and 185](#).

APN: Adjacent to and North of 015-25-012

PARCEL TWO:

That portion of Randolph Street that would be apportioned by law to Lot 12 in Block 70 and which would pass by a conveyance describing said Lot, as Randolph Street and Lot 12 in Block 70 are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on [April 11, 1890, in Book D of Maps pages 184 and 185](#).

APN: Adjacent to and North of 015-25-005

PARCEL THREE:

That portion of Madison Street, Randolph Street, Adams Street, Essex Street, and Monroe Street, which is the street between Block 72 and Block 73, that would be apportioned by law to the land described as being Lots 1 through 11 inclusive, Lots 13 through 23 inclusive, and Lots 48, 49, and 50 in Block 70, Lots 1 through 30 inclusive, in Block 71, Lots 1 through 18 inclusive in Block 72, excepting the 84 foot strip along the right of way of the Southern Pacific Railroad as described in the Quit Claim Deed from the City of Alviso, a municipal corporation to Frank K. Laurent, recorded [February 5, 1968 in Book 8016 of Official Records, Page 399 under](#)

Recorder's Serial Number 3363835 and which would pass by a conveyance describing said land, as said Streets, Lots and Blocks are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on April 11, 1890, in Book D of Maps pages 184 and 185.

APN: Adjacent to 015-25-025, 015-25-026, 015-25-027, 015-25-029, 015-26-021, 015-26-022, 015-26-023

PARCEL FOUR:

That portion of Monroe Street, which is the street between Block 74 and Block 75, Adams Street, and Essex Street that would be apportioned by law to Lots 14 through 18 inclusive in Block 75 and which would pass by a conveyance describing said Lots, Streets and Blocks are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on April 11, 1890, in Book D of Maps pages 184 and 185.

APN: Adjacent to 015-26-025

PARCEL FIVE:

That portion of Madison Street, Randolph Street, Adams Street, and Essex Street that would be apportioned by law to the land described as being all those portions of Blocks 71 and 72; Lots 1 through 11 inclusive, 13 through 23 inclusive, and 48 through 50 in Block 70, lying within the bounds of an 84 foot strip of land along the right of way of the Southern Pacific Railroad, as said strip of land was excepted in the Quit Claim Deed from the City of Alviso, a municipal corporation to Frank K. Laurent, recorded February 5, 1968 in Book 8016 of Official Records, Page 399 under Recorder's Serial Number 3363835 and which would pass by a conveyance describing said land, as said Streets, Lots and Blocks are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on April 11, 1890, in Book D of Maps pages 184 and 185.

APN: Adjacent to 015-25-027, 015-25-029, 015-26-007

PARCEL SIX:

That portion of Monroe Street, which is the street between Blocks 72 and 75 and Blocks 73 and 74, Washington Street, Lake Street, Essex Street, Pacific Avenue, Percunus Court, being the street encompassed within Block 105, and the unnamed street encompassed within Block 105 that would be apportioned by law to Lots 1 and 2 in Block 73, Lots 1 through 31 inclusive and Lots 33 through 44 inclusive in Block 74, Lots 1, 13, 19 through 24 inclusive, 41, and 42 in Block 75, Lots 1 and 2 in Block 87, Lots 1 through 20 inclusive in Block 103, Lots 1 through 36 inclusive in Block 104, Lots 1 through 20 inclusive in Block 105, and Lots 1 through 43 inclusive in Block 106 and which would pass by a conveyance describing said Lots, Street and Blocks are shown on that certain Map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on April 11, 1890, in Book D of Maps pages 184 and 185.

APN: Adjacent to 015-26-001, 015-26-015, 015-26-025, 015-26-027, 015-27-012, 015-27-014, 015-28-007

Note: It is anticipated that the use this legal description will not be in violation of the Subdivision Map Act by reason of common ownership of contiguous land or otherwise with the approval of City of San Jose.

OLD REPUBLIC TITLE COMPANY
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Any use of this legal description prior to such approval or without satisfactory evidence of compliance with or non-violation of the Act, shall be deemed to be without the consent of Old Republic Title and/or its underwriters.

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2018 - 2019, a lien, but not yet due or payable.

2. Taxes and assessments, general and special, for the fiscal year 2017 - 2018, as follows:

Assessor's Parcel No	:	015-25-012	
Code No.	:	017-120	
1st Installment	:	\$61.51	Marked Paid
2nd Installment	:	\$61.51	Marked Paid
Land Value	:	\$2,163.00	

Said matters affect Parcel One

3. Taxes and assessments, general and special, for the fiscal year 2017 - 2018, as follows:

Assessor's Parcel No	:	015-25-005	
Code No.	:	017-120	
1st Installment	:	\$52.05	Marked Paid
2nd Installment	:	\$52.05	Marked Paid
Land Value	:	\$569.00	

Said matters affect Parcel Two

4. 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.
5. (a) Any adverse claim based upon the assertion that said land or any part thereof is now or at any time has been included within a navigable river, slough or other navigable body of water.
(b) Rights and easements for commerce, navigation and fishery.

6. Any rights in favor of the public which may exist on said land if said land or portions thereof are or were at any time used by the public.
7. Any right, title or interest of the State of California in and to those portions that may lie within tide or submerged lands or within navigable sloughs now or in the past.
8. Any right, title or interest of the United States of America in and to Parcels One, Two, Three and Four by virtue of its ownership of land abutting the streets.
9. Rights of the public, County and/or City, in and to that portion of said land lying within the lines of Madison Street, Randolph Street, Adams Street, Monroe Street, Washington Street, Lake Street, Essex Street, Pacific Avenue, Percunus Court, and the unnamed street encompassed within Block 105 shown on the Map of New Chicago.
10. Any private easements or lesser rights in, to, or over Madison Street, Randolph Street, Adams Street, Monroe Street, Washington Street, Lake Street, Essex Street, Pacific Avenue, Percunus Court, and the unnamed street encompassed within Block 105 that would not be affected by proceedings vacating said avenues and streets; including but not limited to private easements of ingress and egress in favor of a) the United States of America, b) The Santos/Alviso Partnership, L.P., a California limited partnership, c) all of the owners of the lots of the subdivision purchased by reference to the subdivision map entitled "Map of New Chicago", which Map was filed in the office of the Recorder of the County of Santa Clara, State of California on **April 11, 1890, in Book D of Maps pages 184 and 185**, and those rights and claims specified in **Streets and Highways Code Sections 8352 and 8353**.
11. Any facts, rights, interests or claims which may exist or arise by reason of matters set forth and/or disclosed by the map entitled "Record of Survey" filed **August 27, 1976 in Book 378 of Maps, Pages 1 thru 57**.
12. NOTE: A certified copy of a Certificate Of Limited Partnership – Form LP-1 filed in the office of the Secretary of State for The Santos/Alviso Partnership, L.P. was dated September 2, 2005, recorded **September 30, 2005 in Official Records under Recorder's Serial Number 18605065**, disclosing all the general partners as then being:

Santos Managment Co, LLC

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0621008979-RR

NOTE: Limited Partnership Division
Office of the Secretary of State
P.O. Box 704
Sacramento, CA 95803
(916) 324-6769

Reports that The Santos/Alviso Partnership, L.P., a California limited partnership is active as of May 21, 2018.

13. Prior to the issuance of any policy of title insurance, the Company requires the following with respect to Santos Management Co, Inc., a California Limited Liability Company:
1. A copy of any management or operating agreements and any amendments thereto, together with a current list of all members of said LLC.
 2. A certified copy of its Articles of Organization (LLC-1), any Certificate of Correction (LLC-11), Certificate of Amendment (LLC-2), or Restatement of Articles of Organization (LLC-10).
 3. Recording a Certified copy of said LLC-1 and any "amendments thereto".

The Secretary of State of California reports that Santos Management Co, LLC, a California limited liability company is active as of May 21, 2018.

14. The requirement that satisfactory evidence be furnished to this Company of compliance with applicable statutes, ordinances and charters governing the ownership and disposition of the herein described land.

15. NOTE: Information in possession of this Company indicates the possibility of a division of land ownership. If such division is in fact contemplated, the transaction would appear to fall within the purview of the Subdivision Map Act (66410 et seq. Government Code). As a prerequisite to the Company's participation in land division transactions, compliance with one of the following provisions of the Subdivision Map Act will be required:
- a. The recording of a subdivision map in compliance with statutes or related local ordinances; or
 - b. The recording of a parcel map in compliance with statutes or related local ordinances; or
 - c. The recording of a Certificate of Compliance, as provided by statute; or
 - d. The recording of a waiver as provided by Government Code Section 66428; or
 - e. Submission of other satisfactory evidence of compliance with or non-violation of the Act.

----- Informational Notes -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.1.
- B. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:
- | | |
|------------|---|
| Instrument | |
| Entitled | : Grant Deed |
| By/From | : Tony A. Santos, Trustee of The Tony A. Santos Separate Trust Established under the Santos 2005 Irrevocable Trust, to an undivided 17.33 interest; Tony A. Santos, Trustee of The Richard P. Santos Separate Trust Established under the Santos 2005 Irrevocable Trust, to an undivided 17.33 interest; Tony A. Santos, Trustee of The Toni L. Robinson Separate Trust Established under the Santos 2005 Irrevocable Trust, to an undivided 17.34 interest |
| To | : Santos/Alviso Partnership, L.P., a California limited partnership, 52% of an undivided interest |
| Recorded | : September 30, 2005 in Official Records under Recorder's Serial Number 18605123 |

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Grant Deed executed by Dorothy Mae Santos, Trustee of the Santos Survivor's Trust created under the Santos Family Revocable Trust dated June 3, 1993 as to an undivided 38% interest, Dorothy Mae Santos, Trustee of the Santos Non-Marital Trust created under the Santos Family Revocable Trust dated June 3, 1993 as to an undivided 10% interest to Santos/Alviso Partnership, L.P., a California limited partnership recorded [September 30, 2005 in Official Records under Recorder's Serial Number 18605126](#).

Said matters affect Parcels One and Two

- C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument Entitled	:	Judgment of Final Distribution on Waiver of Accounting and Request for Attorney's Fees and Extraordinary Fees
By/From	:	In re the Matter of the Estate of Frank Krieza Laurent, Deceased
To	:	Pamela A. Valera, an undivided one-half interest, and Alexandra B. Roderick, an undivided one-half interest, as tenants in common
Recorded	:	July 21, 1975 in Book B512 of Official Records, Page 534 under Recorder's Serial Number 5052552

Said matters affect Parcel Three

- D. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument Entitled	:	Order and Decree of Approval of Report of Executrix, and of Final Distribution and for Payment of Extraordinary Fees
By/From	:	In the Matter of the Estate of Verne Marion Sutcliffe, also known as Verne M. Sutcliffe, Deceased
To	:	Maxine S. Souza individually, Vernon B. Sutcliffe and Claudine M. Williamson, share and share alike
Recorded	:	September 11, 1975 in Book B607 of Official Records, Page 159 under Recorder's Serial Number 5097147

Said matters affect Parcel Four

OLD REPUBLIC TITLE COMPANY
ORDER NO. 0621008979-RR

E. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument
Entitled : Conveyance of Real Property
By/From : City of San Jose, a municipal corporation of the State of California
To : United States of America, acting by and through the United States Department of the Interior, Fish and Wildlife Service
Recorded : March 3, 1981 in Book F936 of Official Records, Page 126 under Recorder's Serial Number 6993972

Said matters affect Parcel Five and a portion of Parcel Six

F. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument
Entitled : Warranty Deed
By/From : Pamela A. Valera, as to an undivided one-half interest, and Alexandra B. Roderick, as to an undivided one-half interest, as tenants in common
To : United States of America
Recorded : July 17, 1981 in Book G219 of Official Records, Page 516 under Recorder's Serial Number 7114471

Warranty Deed executed by Alphons Frey as Attorney in Fact for Louis-David Rossier and Alice Rossier to United States of America recorded September 3, 1981 in Book G316 of Official Records, Page 571 under Recorder's Serial Number 7156674.

Warranty Deed executed by Fred Huxham, a married man, as his separate property and Alice D. Huxham, a widow, in joint tenancy to United States of America recorded December 23, 1981 in Book G516 of Official Records, Page 697 under Recorder's Serial Number 7243417.

Warranty Deed executed by Maxine S. Souza, Vernon B. Sutcliffe and Claudine M. Williamson to United States of America recorded January 11, 1982 in Book G546 of Official Records, Page 29 under Recorder's Serial Number 7255779.

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Warranty Deed executed by The California Province of the Society of Jesus, a California non-profit corporation to United States of America recorded **June 14, 1982 in Book G840 of Official Records, Page 387 under Recorder's Serial Number 7388313.**

Warranty Deed executed by Henry M. Seeberg and Phillip M. Seeberg, in joint tenancy to United States of America, recorded **November 8, 1982 in Book H130 of Official Records, Page 684 under Recorder's Serial Number 7512213.**

Warranty Deed executed by Diana Angelina Mini, sole heir of William B. Mini, deceased, an heir of Rosa Mini, deceased et al. to United States of America recorded **May 23, 1983 in Book H572 of Official Records, Page 565 under Recorder's Serial Number 7690906.**

Said matters affect the remainder of Parcel Six

EH/eh

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY - 1990
EXCLUSIONS FROM COVERAGE**

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

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:

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 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.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

FACTS
**WHAT DOES OLD REPUBLIC TITLE
DO WITH YOUR PERSONAL INFORMATION?**

Why?	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.
What?	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> • Social Security number and employment information • Mortgage rates and payments and account balances • Checking account information and wire transfer instructions <p>When you are <i>no longer</i> our customer, we continue to share your information as described in this notice.</p>
How?	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Old Republic Title chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Old Republic Title share?	Can you limit this sharing?
For our everyday business purposes — such as to process your transactions, maintain your account(s), or respond to court orders and legal investigations, or report to credit bureaus	Yes	No
For our marketing purposes — to offer our products and services to you	No	We don't share
For joint marketing with other financial companies	No	We don't share
For our affiliates' everyday business purposes — information about your transactions and experiences	Yes	No
For our affiliates' everyday business purposes — information about your creditworthiness	No	We don't share
For our affiliates to market to you	No	We don't share
For non-affiliates to market to you	No	We don't share

Questions

Go to www.oldrepublictitle.com (Contact Us)

Who we are	
Who is providing this notice?	Companies with an Old Republic Title name and other affiliates. Please see below for a list of affiliates.

What we do	
How does Old Republic Title protect my personal information?	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings. For more information, visit http://www.OldRepublicTitle.com/newnational/Contact/privacy .
How does Old Republic Title collect my personal information?	<p>We collect your personal information, for example, when you:</p> <ul style="list-style-type: none"> • Give us your contact information or show your driver's license • Show your government-issued ID or provide your mortgage information • Make a wire transfer <p>We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.</p>
Why can't I limit all sharing?	<p>Federal law gives you the right to limit only:</p> <ul style="list-style-type: none"> • Sharing for affiliates' everyday business purposes - information about your creditworthiness • Affiliates from using your information to market to you • Sharing for non-affiliates to market to you <p>State laws and individual companies may give you additional rights to limit sharing. See the "Other important information" section below for your rights under state law.</p>

Definitions	
Affiliates	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> • Our affiliates include companies with an Old Republic Title name, and financial companies such as Attorneys' Title Fund Services, LLC, Lex Terrae National Title Services, Inc., Mississippi Valley Title Services Company, and The Title Company of North Carolina.
Non-affiliates	<p>Companies not related by common ownership or control. They can be financial and non-financial companies.</p> <ul style="list-style-type: none"> • Old Republic Title does not share with non-affiliates so they can market to you
Joint marketing	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> • Old Republic Title doesn't jointly market.

Other Important Information

Oregon residents only: We are providing you this notice under state law. We may share your personal information (described on page one) obtained from you or others with non-affiliate service providers with whom we contract, such as notaries and delivery services, in order to process your transactions. You may see what personal information we have collected about you in connection with your transaction (other than personal information related to a claim or legal proceeding). To see your information, please click on "Contact Us" at www.oldrepublictitle.com and submit your written request to the Legal Department. You may see and copy the information at our office or ask us to mail you a copy for a reasonable fee. If you think any information is wrong, you may submit a written request online to correct or delete it. We will let you know what actions we take. If you do not agree with our actions, you may send us a statement.

Affiliates Who May be Delivering This Notice

American First Abstract, LLC	American First Title & Trust Company	American Guaranty Title Insurance Company	Attorneys' Title Fund Services, LLC	Compass Abstract, Inc.
eRecording Partners Network, LLC	Genesis Abstract, LLC	Kansas City Management Group, LLC	L.T. Service Corp.	Lenders Inspection Company
Lex Terrae National Title Services, Inc.	Lex Terrae, Ltd.	Mara Escrow Company	Mississippi Valley Title Services Company	National Title Agent's Services Company
Old Republic Branch Information Services, Inc.	Old Republic Diversified Services, Inc.	Old Republic Exchange Company	Old Republic National Title Insurance Company	Old Republic Title and Escrow of Hawaii, Ltd.
Old Republic Title Co.	Old Republic Title Company of Conroe	Old Republic Title Company of Indiana	Old Republic Title Company of Nevada	Old Republic Title Company of Oklahoma
Old Republic Title Company of Oregon	Old Republic Title Company of St. Louis	Old Republic Title Company of Tennessee	Old Republic Title Information Concepts	Old Republic Title Insurance Agency, Inc.
Old Republic Title, Ltd.	Republic Abstract & Settlement, LLC	Sentry Abstract Company	The Title Company of North Carolina	Title Services, LLC
Trident Land Transfer Company, LLC				

Parcel Three

Parcel Three

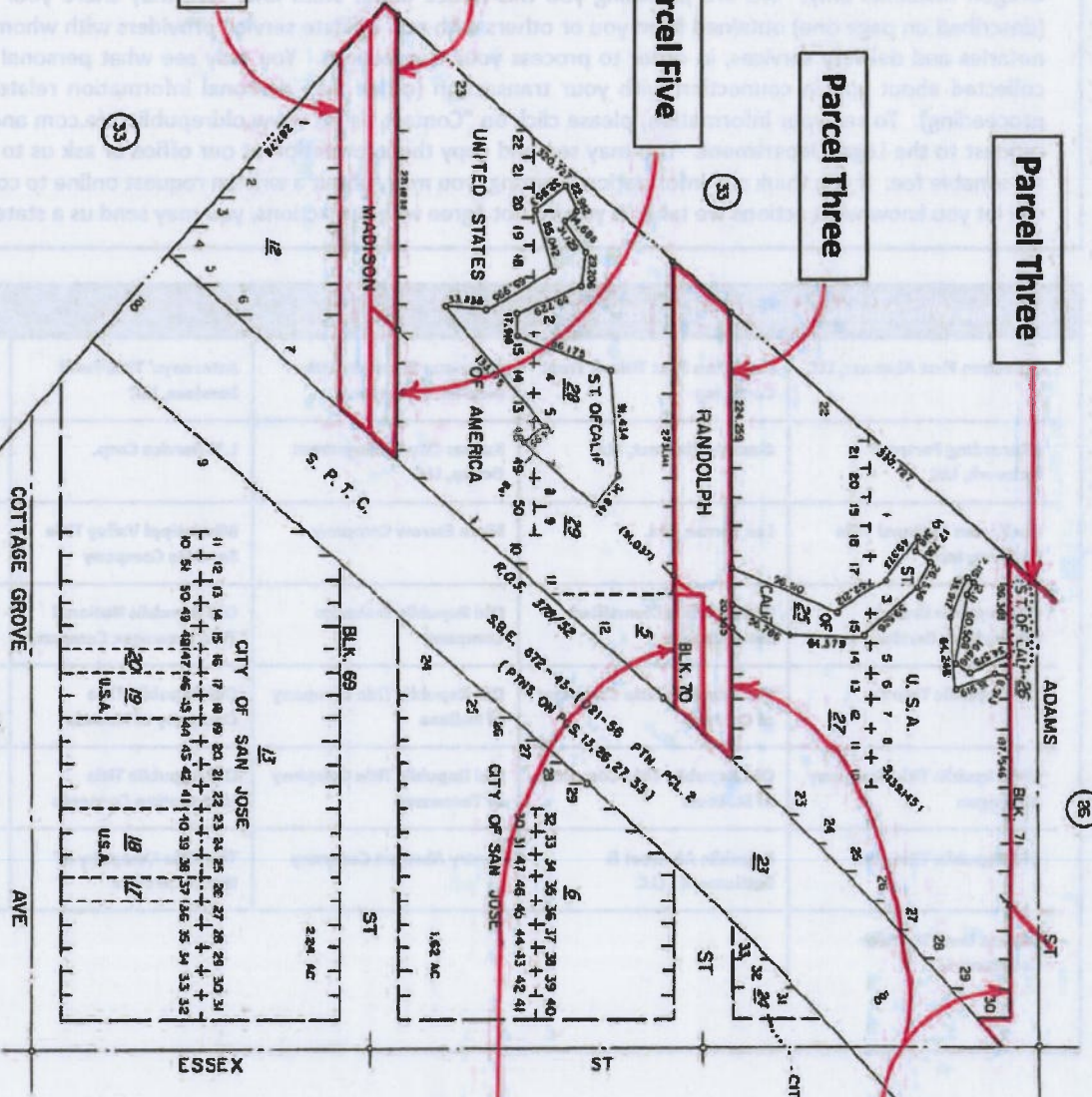
Parcel Five

Parcel Three

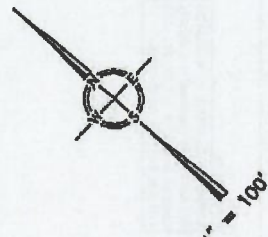
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Parcel Two

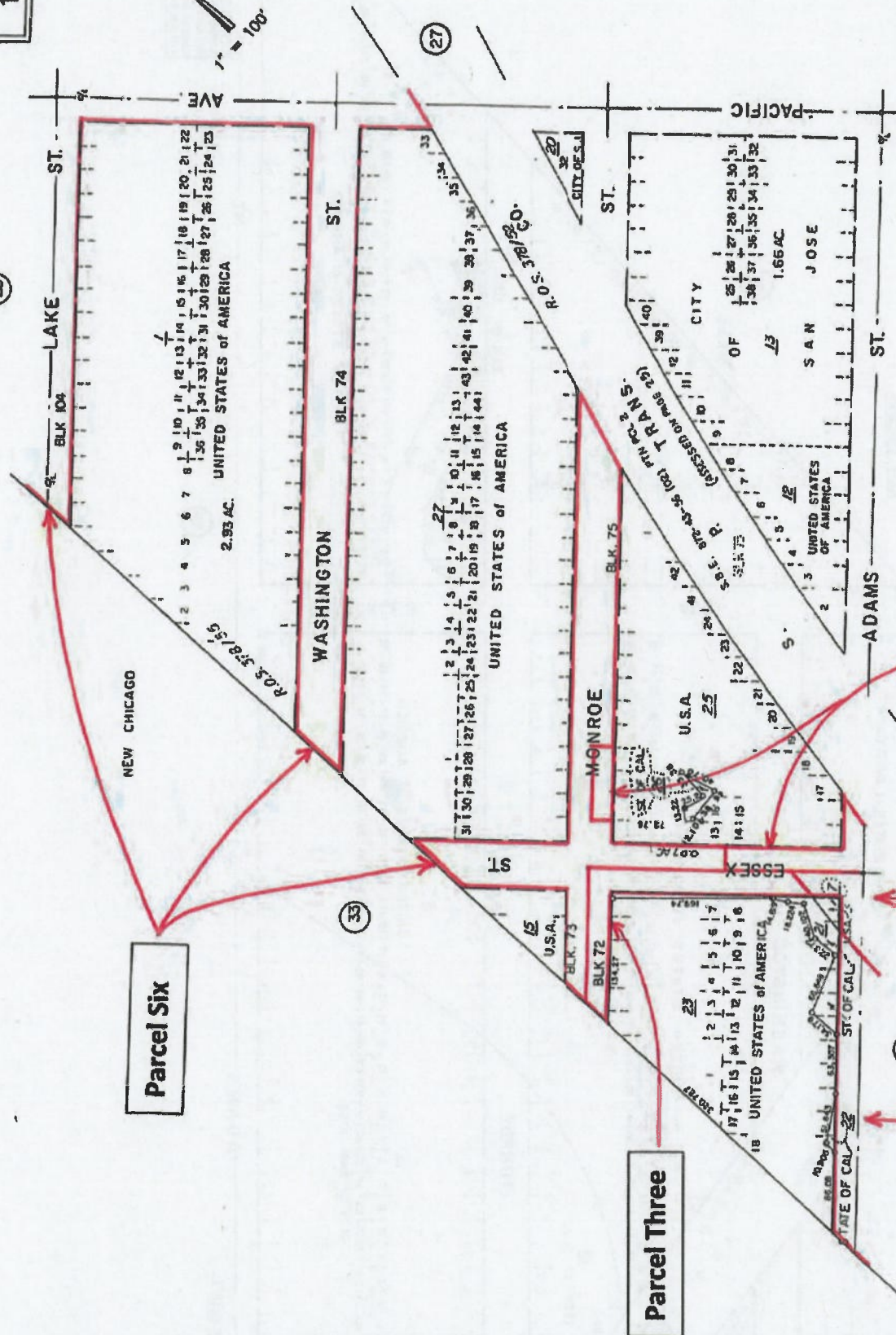
Parcel Five



2017 SEP 28 PM 041
LAWRENCE E. STONE - ASSESSOR
Detailed map for assessment purposes only.
Compiled under R. & T. Code, Sec. 527.
Effective Roll Year 2017-2018



MAP DEC 2017 2017
LAWRENCE E. STONE - ASSESSOR
Cadastral map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2017-2018



Parcel Six

Parcel Three

Parcel Three

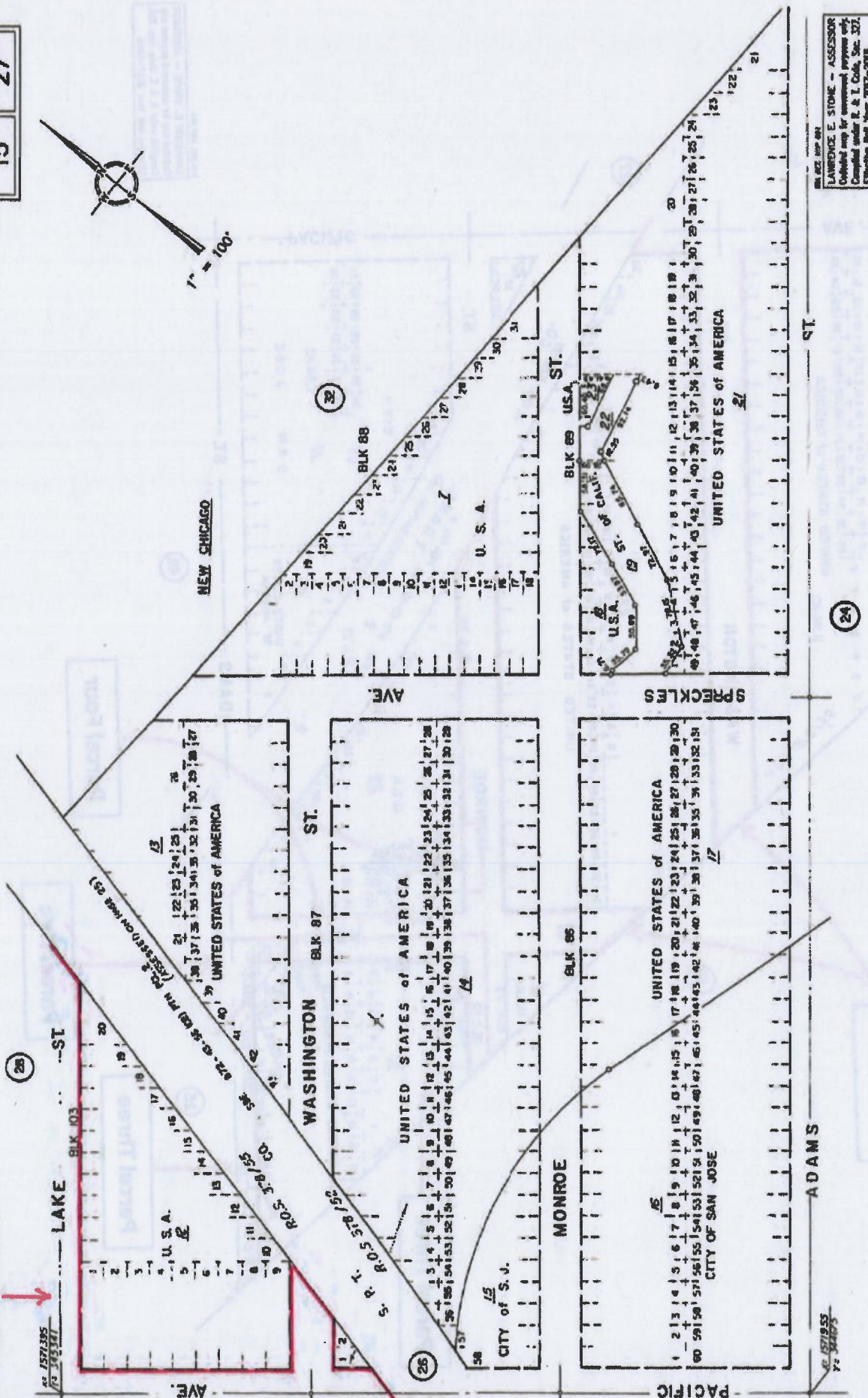
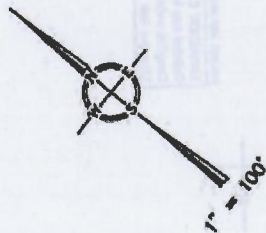
Parcel Four

Parcel Five

Parcel Six

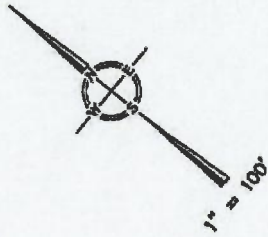
OFFICE OF COUNTY ASSESSOR — SANTA CLARA COUNTY, CALIFORNIA

BOOK 15 PAGE 27

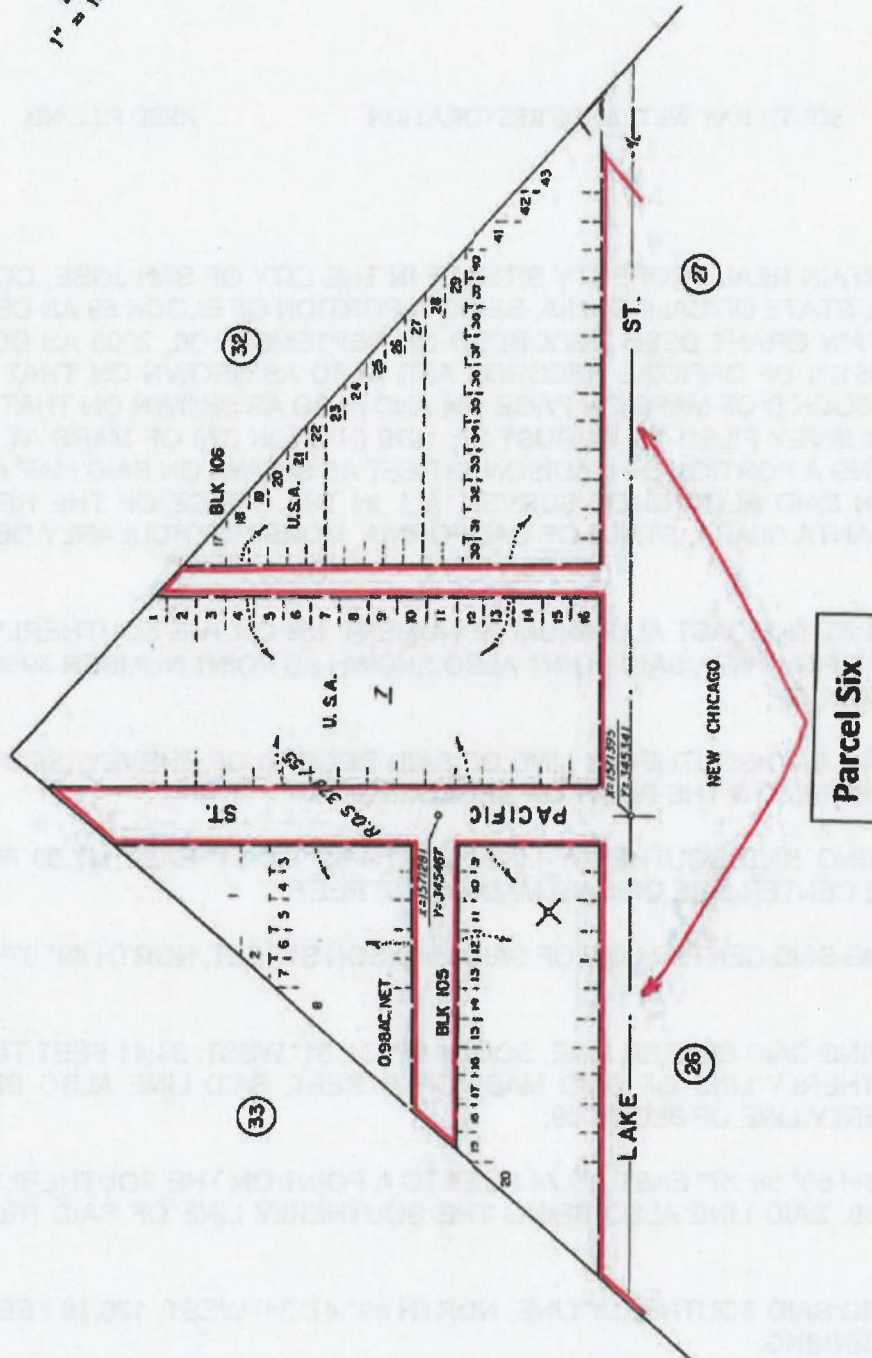


LAURENCE E. STONE - ASSESSOR
 Official map for assessment purposes only
 Compiled under R. & T. Code, Sec. 327
 Effective Roll Year 2017-2018

Description: Santa Clara, CA Assessor Map 15.27 Page: 1 of 1
 Order: 90 Comment:



ENR 012 MAP 007
LAWRENCE E. STONE — ASSESSOR
Designed map for assessment purposes only.
Compiled under R. & T. Code, Sec. 327.
Effective Roll Year 2017-2018



SANTA CLARA VALLEY WATER DISTRICT
SAN JOSE, CA 95118

PROJECT: SOUTH BAY WETLANDS RESTORATION

RESU FILE NO.: 2044-13

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF SAN JOSE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING A PORTION OF BLOCK 69 AS DESCRIBED IN THAT CERTAIN GRANT DEED RECORDED ON SEPTEMBER 30, 2005 AS DOCUMENT NUMBER 18605126 OF OFFICIAL RECORDS AND ALSO AS SHOWN ON THAT CERTAIN MAP FILED IN BOOK D OF MAPS ON PAGE 184 AND ALSO AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED ON AUGUST 27, 1976 IN BOOK 378 OF MAPS AT PAGE 55, AND ALSO BEING A PORTION OF MADISON STREET AS SHOWN ON SAID MAP AND ALSO AS SHOWN ON SAID RECORD OF SURVEY, ALL IN THE OFFICE OF THE RECORDER, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CAST ALUMINUM MONUMENT 138 ON THE SOUTHERLY LINE OF SAID RECORD OF SURVEY, SAID POINT ALSO SHOWN AS POINT NUMBER 3955 ON SAID RECORD OF SURVEY;

THENCE ALONG SAID SOUTHERLY LINE OF SAID RECORD OF SURVEY, SOUTH 89° 47' 34" EAST, 43.58 FEET TO THE POINT OF BEGINNING;

THENCE LEAVING SAID SOUTHERLY LINE, NORTH 02° 31' 31" EAST, 17.93 FEET TO A POINT ON THE CENTER LINE OF SAID MADISON STREET;

THENCE ALONG SAID CENTER LINE OF SAID MADISON STREET, NORTH 49° 07' 40" EAST, 82.58 FEET;

THENCE LEAVING SAID CENTER LINE, SOUTH 02° 31' 31" WEST, 34.41 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID MADISON STREET, SAID LINE ALSO BEING THE NORTHWESTERLY LINE OF BLOCK 69;

THENCE SOUTH 56° 58' 37" EAST, 69.74 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID BLOCK 69, SAID LINE ALSO BEING THE SOUTHERLY LINE OF SAID RECORD OF SURVEY;

THENCE ALONG SAID SOUTHERLY LINE, NORTH 89° 47' 34" WEST, 120.19 FEET TO THE POINT OF BEGINNING.

CONTAINING 3,841 SQUARE FEET OF LAND, MORE OR LESS.

BASIS OF BEARINGS:

BEARINGS ARE BASED ON AND IDENTICAL TO SAID RECORD OF SURVEY FILED ON AUGUST 27, 1976 IN BOOK 378 OF MAPS AT PAGE 1 THROUGH 57 IN THE OFFICE OF THE RECORDER, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA.

SURVEYOR'S STATEMENT:

THE DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE LAND SURVEYOR'S ACT.

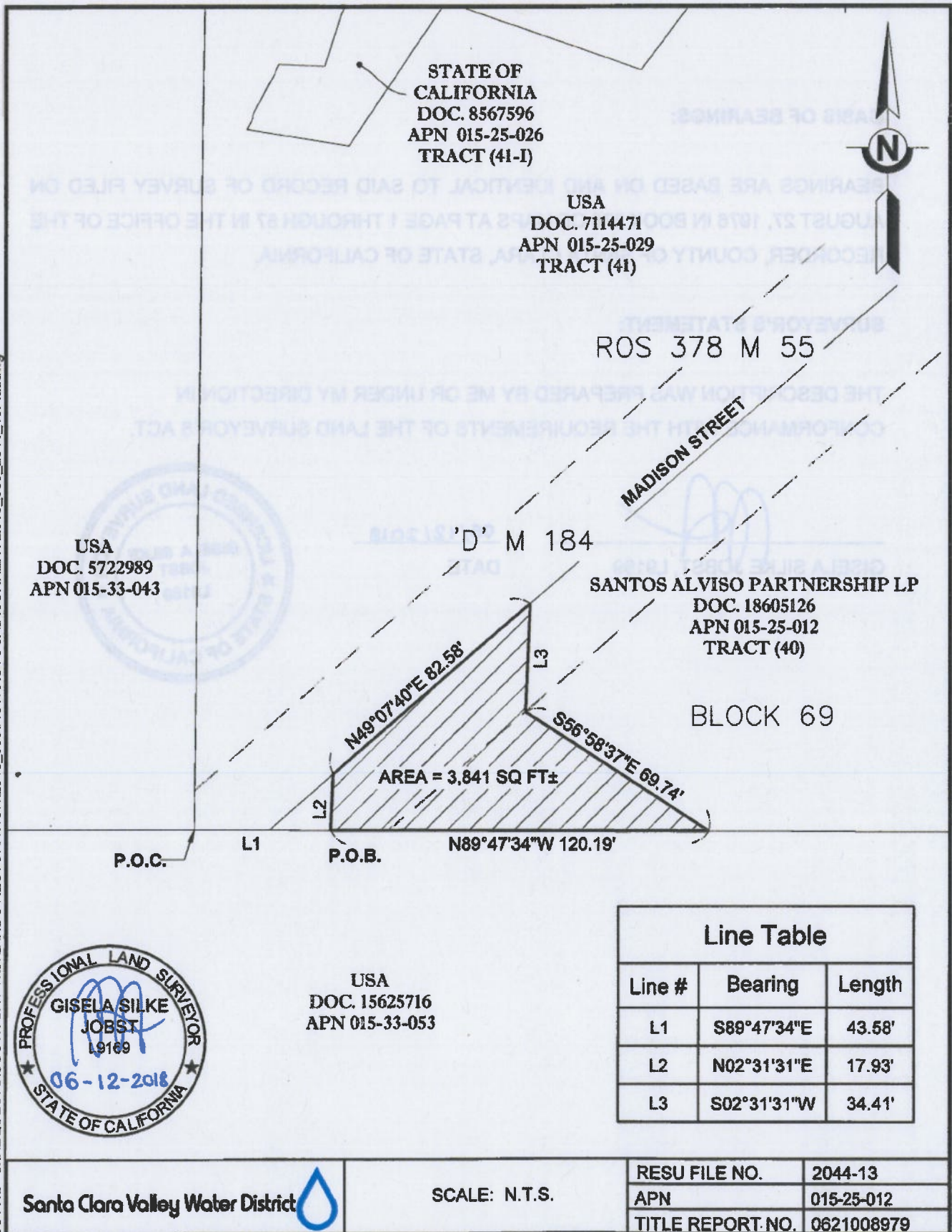


GISELA SILKE JOBST, L9169

06/12/2018
DATE



SCVWD S:\REQUESTS\SOUTH BAY WETLANDS RESTORATION\2018_089\IOWA\AUTOCAD\CURRENT\2018_089_2044_13Plat.dwg



SHEET 1 OF 1

SANTA CLARA VALLEY WATER DISTRICT

SAN JOSE, CA 95118

PROJECT: SOUTH BAY WETLANDS RESTORATION

RESU FILE NO.: 2044-14

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF SAN JOSE, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, BEING A PORTION OF MADISON STREET AS SHOWN ON THAT CERTAIN MAP FILED IN BOOK D OF MAPS ON PAGE 184 AND ALSO AS SHOWN ON THAT CERTAIN RECORD OF SURVEY FILED ON AUGUST 27, 1976 IN BOOK 378 OF MAPS AT PAGE 55, ALL IN THE OFFICE OF THE RECORDER, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE CAST ALUMINUM MONUMENT 138 ON THE SOUTHERLY LINE OF SAID RECORD OF SURVEY, SAID POINT ALSO SHOWN AS POINT NUMBER 3955 ON SAID RECORD OF SURVEY;

THENCE ALONG SAID SOUTHERLY LINE OF SAID RECORD OF SURVEY, SOUTH 89° 47' 34" EAST, 23.76 FEET TO THE **POINT OF BEGINNING**, SAID POINT ALSO BEING A POINT ON THE CENTER LINE OF SAID MADISON STREET;

THENCE ALONG SAID CENTER LINE OF SAID MADISON STREET, NORTH 49° 07' 40" EAST, 27.26 FEET;

THENCE LEAVING SAID CENTER LINE, SOUTH 02° 31' 31" WEST, 17.93 FEET TO A POINT ON THE SOUTHERLY LINE OF SAID RECORD OF SURVEY;

THENCE ALONG SAID SOUTHERLY LINE, NORTH 89° 47' 34" WEST, 19.82 FEET TO THE **POINT OF BEGINNING**.

CONTAINING 178 SQUARE FEET OF LAND, MORE OR LESS.

BASIS OF BEARINGS:

BEARINGS ARE BASED ON AND IDENTICAL TO SAID RECORD OF SURVEY FILED ON AUGUST 27, 1976 IN BOOK 378 OF MAPS AT PAGE 1 THROUGH 57 IN THE OFFICE OF THE RECORDER, COUNTY OF SANTA CLARA, STATE OF CALIFORNIA.

SURVEYOR'S STATEMENT:

THE DESCRIPTION WAS PREPARED BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE LAND SURVEYOR'S ACT.



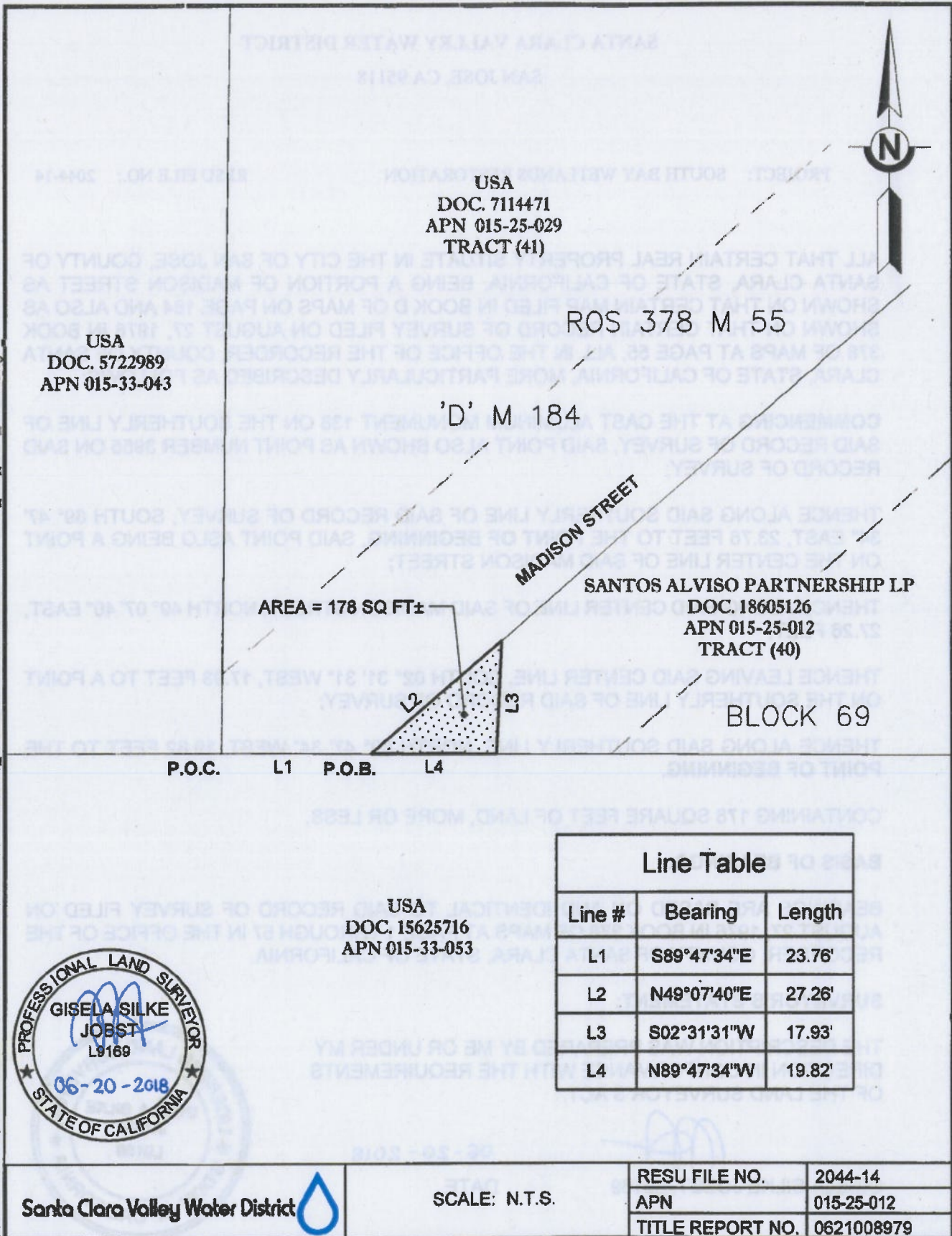
GISELA SILKE JOBST, L9169

06-20-2018

DATE



SCVWD S:\REQUESTS\SOUTH BAY WETLANDS RESTORATION\2018_089\ROWAUTOCAD\CURRENT\2018_089_2044_14.plt.dwg



Name: FPLE BLOCK 69

North: 1983479.2215' East: 6132364.3326'

Segment #1 : Line

Course: N49° 07' 40"E Length: 27.26'

North: 1983497.0598' East: 6132384.9458'

Segment #2 : Line

Course: S02° 31' 31"W Length: 17.93'

North: 1983479.1472' East: 6132384.1558'

Segment #3 : Line

Course: N89° 47' 34"W Length: 19.82'

North: 1983479.2189' East: 6132364.3359'

Perimeter: 65.01' Area: 177.53 Sq. Ft.

Error Closure: 0.0043 Course: S51° 30' 38"E

Error North: -0.00266 East: 0.00335

Precision 1: 15118.60

National Flood Hazard Layer FIRMette



Legend

SEE FIRM REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS

	Without Base Flood Elevation (BFE) Zone A V, APF
	With BFE or Depth Zone AE, AO, AH, X, AR, Regulator Floodway

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X

Future Conditions 1% Annual Chance Flood Hazard Zone X

Area with Reduced Flood Risk due to Levees, See Notes, Zone X

OTHER AREAS OF FLOOD HAZARD

Area of Minimal Flood Hazard Zone X

Effective IDMHs

OTHER AREAS

GENERAL STRUCTURES

Channel, Culvert, or Storm Sewer Levees, Dike, or Floodwall

Cross Sections with 1% Annual Chance Water Surface Elevation

Coastal Transsect

Base Flood Elevation Line (BFE)

Limit of Study

Jurisdiction Boundary

Coastal Transsect Baseline

Profile Baseline

Hydrographic Feature

OTHER FEATURES

Digital Data Available

No Digital Data Available

Unmapped

MAP PANELS

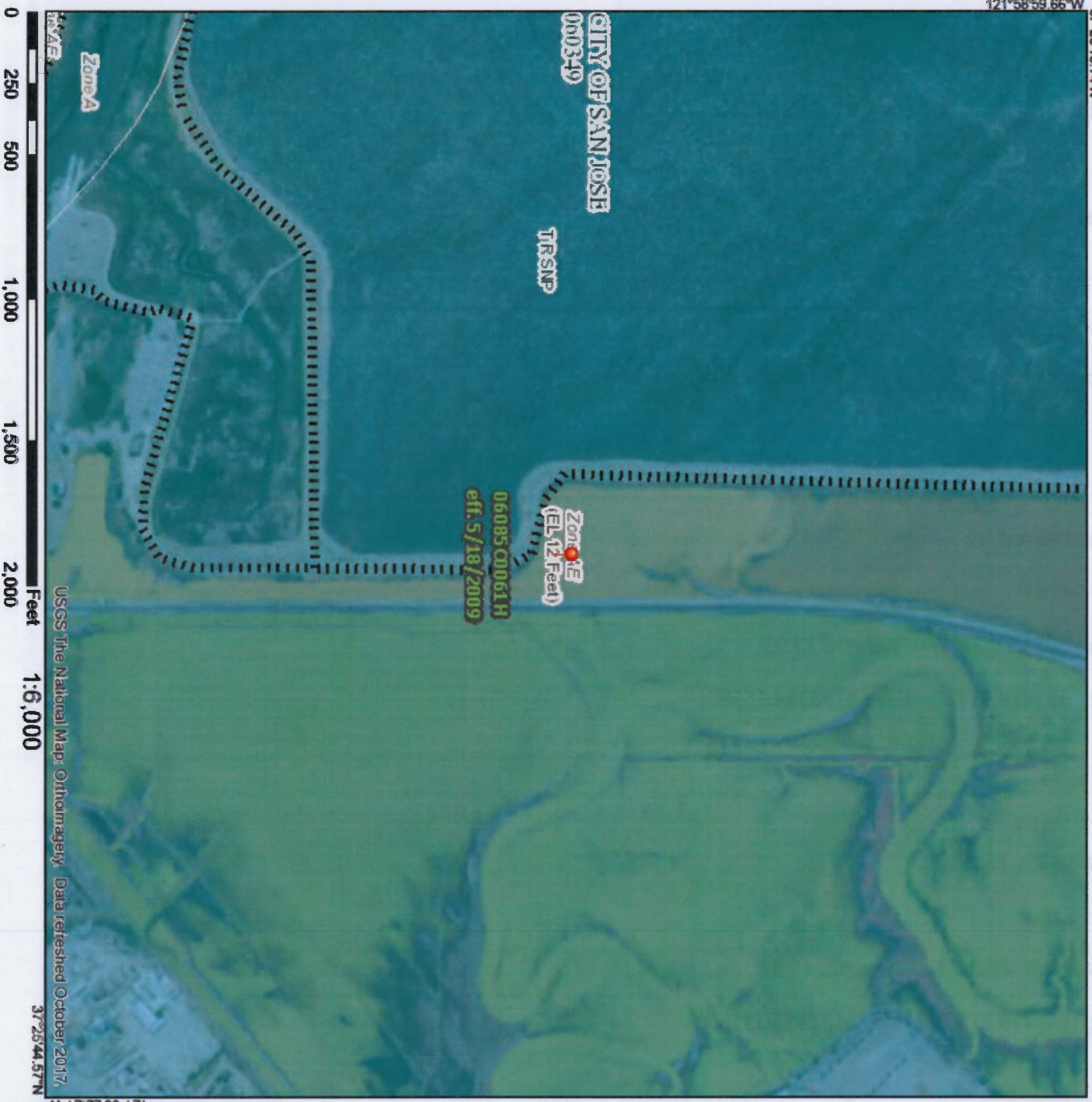


The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

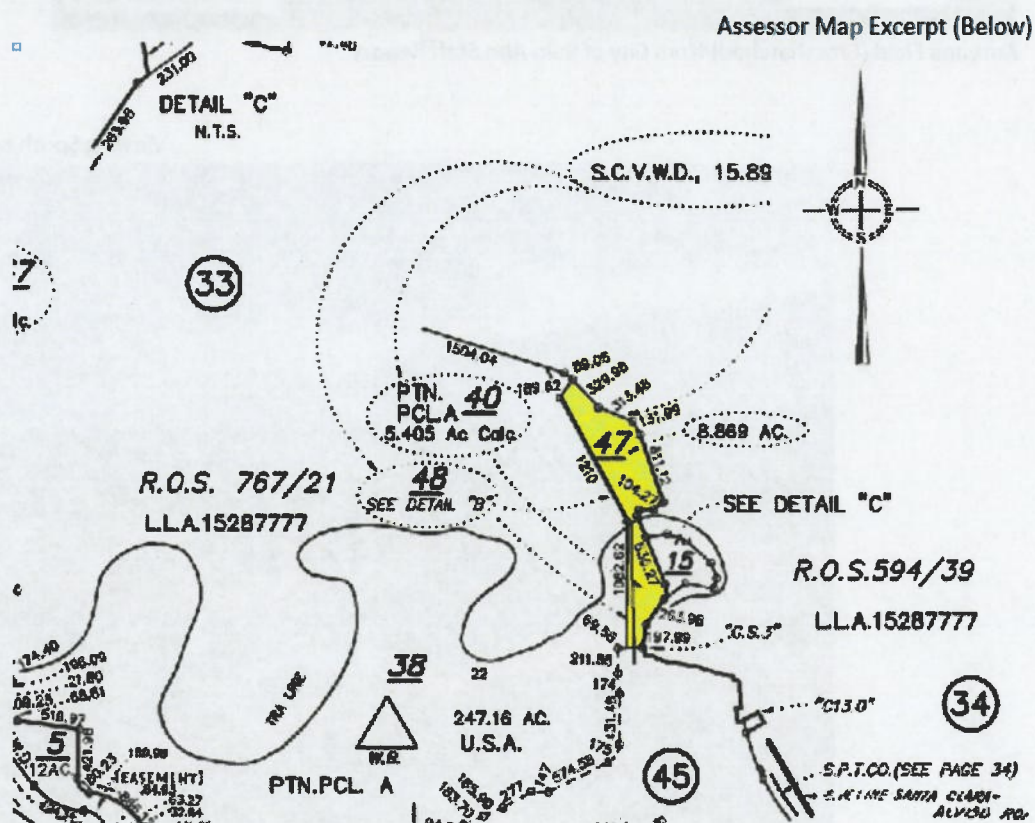
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 9/8/2018 at 8:09:26 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

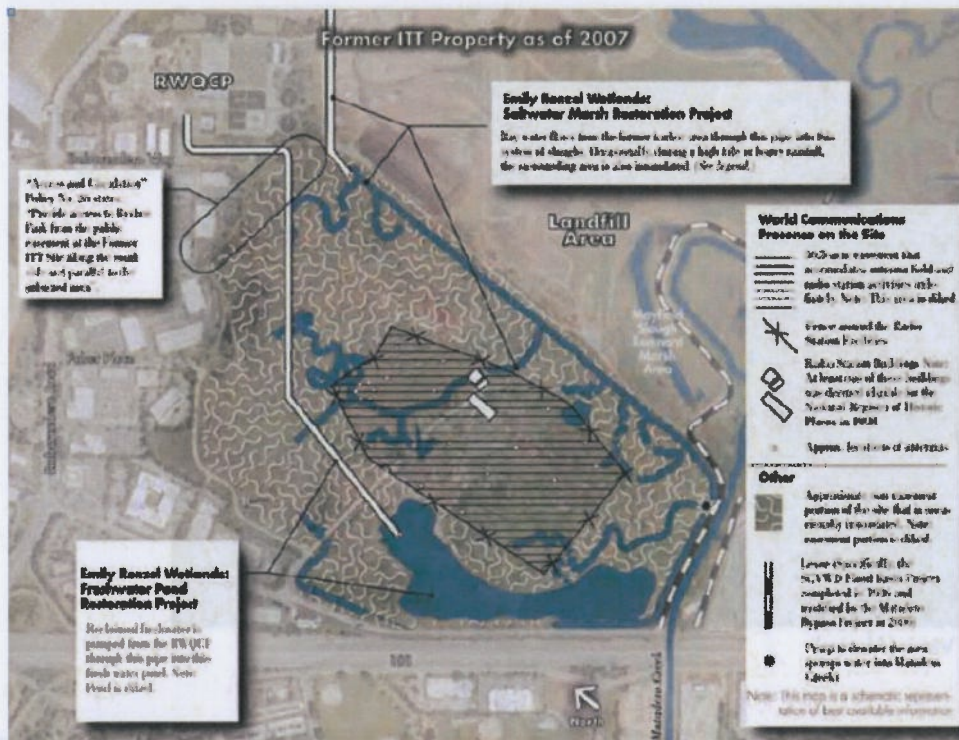
This map image is valid if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.





Pond A-8 Weir. Aerial View (Above)





Antenna Field (Crosshatched) from City of Palo Alto Staff Report

Viewing South over Sale Property





Beach Park Blvd, Foster City. Aerial View from San Mateo County GIS



Johnson Road, Hayward. Aerial View from City of Hayward GIS (Above)

Google Street View (Below)

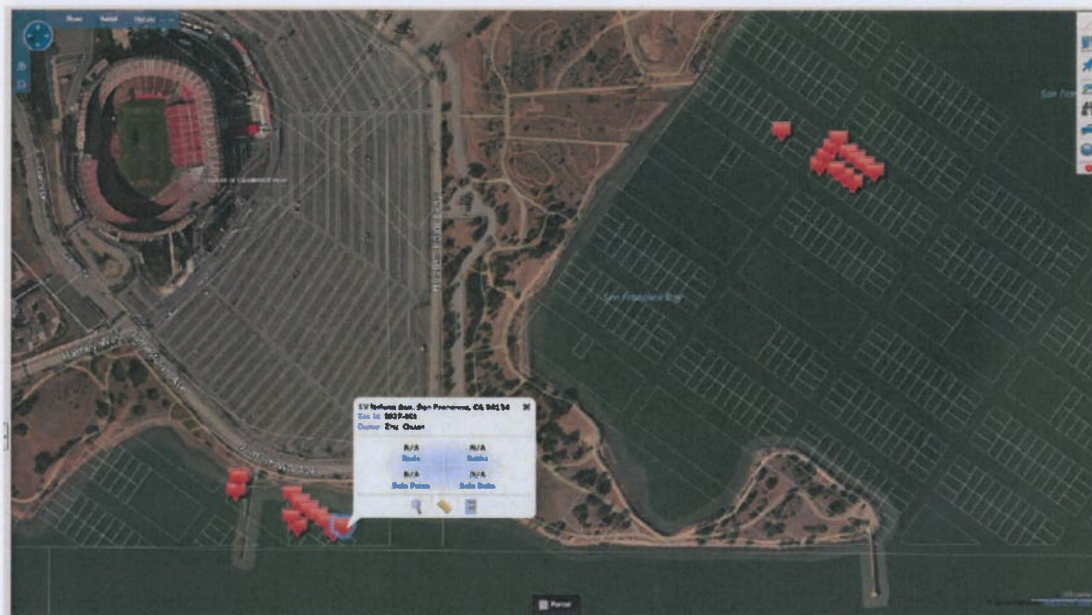




San Bruno Point. Aerial View from San Mateo County GIS (Above)

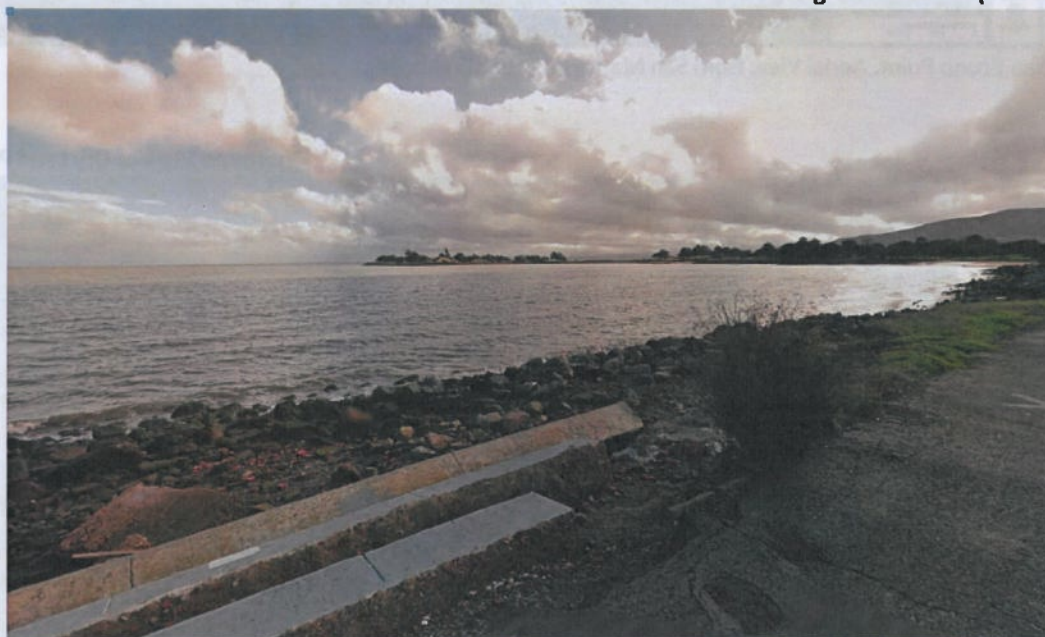
Shoreside View of Dry Land Portion (Below)





Candlestick Point Tax Sale Parcels

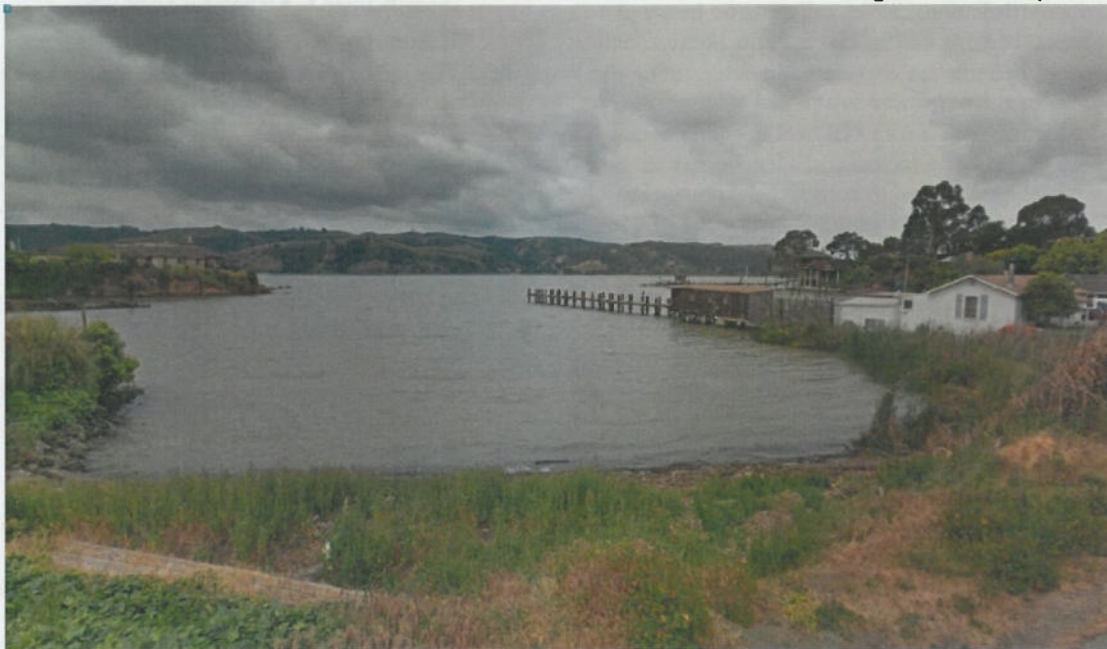
Google Street View (Below)





West I Street, Benicia. Solano County GIS

Google Street View (Below)



Glossary

Ad valorem tax

A tax levied in proportion to the value of the thing(s) being taxed; generally refers only to property taxes, although technically the term is applicable to income taxes, ad valorem tariffs, special property taxes, etc. Exclusive of exemptions, use value assessment provisions, and the like, the property tax is an ad valorem tax.

As is market value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Assessed value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.

Benefits

In eminent domain valuation, the advantageous factors that arise from a public improvement for which private property has been taken. The law in some jurisdictions makes a distinction between general benefits and special benefits because only special benefits are considered in determining the value of the remainder in a partial acquisition. The distinction between special benefits and general benefits is both a factual and a legal question, so appraisers may need to consult legal counsel to resolve questions about the classification of benefits.

[Overall] Capitalization rate (R_o)

An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value. May also be referred to simply as the *cap rate*, or the *going-in cap rate*.

Cash equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Conditions, covenants & restrictions (CC&Rs)

A list of expressed assurances and limitations on land use; often found in contracts between a land subdivider and a lot purchaser. CC&Rs should be specified in the conveyance.

Contract rent

The actual rental income specified in a lease.

Damages

In condemnation, the loss in value to the remainder in a partial taking of property.

Direct capitalization

A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.

Discount rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*.

Discounted cash flow analysis (DCF)

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Easement

The right to use another's land for a stated purpose.

Effective rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs).

Environmental Contamination

Adverse environmental conditions resulting from the release of hazardous substances into the air, surface water, groundwater, or soil. Generally, the concentrations of these substances would exceed regulatory limits established by the appropriate federal, state, and/or local agencies.

Equity capitalization rate (R_E)

An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the *cash on cash rate*, *cash flow rate*, or *equity dividend rate*.

Excess land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.

Glossary

Exposure time

1. The time a property remains on the market. 2. The estimated length of time 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 on an analysis of past events assuming a competitive and open market.

Extraordinary assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions².

Fair market value

A term that is, in concept, similar to market value in general usage; used mainly in condemnation, litigation, income tax, and property tax situations. When an appraisal assignment involves developing an opinion of fair market value, the appropriate, requisite, and precise definition of the term depends on the use of the appraisal and the applicable jurisdiction.

Fee simple estate

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

Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)

A federal law enacted in the wake of the savings and loan crisis of the 1980s. FIRREA established the Resolution Trust Corporation (RTC) to close hundreds of insolvent thrifts and provided funds to pay out insurance to their depositors. It also moved thrift regulatory authority from the Federal Home Loan Bank Board to the Office of Thrift Supervision (OTS) (within the U.S. Department of the Treasury) to regulate thrifts. In addition, the Act established the Appraisal Subcommittee (ASC) within the Examination Council of the Federal Financial Institutions Examination Council, and it established new regulations for real estate appraisals. Also known as 12 CFR 34 (per OCC) and Regulation Y.

Floor area ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

Going concern value

The value of a business enterprise that is expected to continue to operate into the future. The intangible

elements of Going Concern Value result from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place.

Going-out capitalization rate (R_N)

The capitalization rate applied to the expected net income for the year immediately following the end of the projection period to derive the prospective resale price or value of a property. Also called a *terminal, residual or reversionary capitalization rate*.

Gross building area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.

Gross leasable area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.

Gross lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called *full-service lease*.

Gross living area (GLA)

Total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.)

Highest and best use

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 productivity.

Highest and best use of land or a site as though vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Highest and best use of property as improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to

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contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Hypothetical condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis².

Industrial gross lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance, and real estate taxes, as specified in the lease. There are significant regional and local differences in the use of this term.

Insurable value

A type of value for insurance purposes.

Investment value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.

Larger parcel

In governmental land acquisitions, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.

Lease

A contract in which the rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased fee interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Leasehold interest

The tenant's possessory interest created by a lease.

Liquidation value

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

AKA "Quick Sale" Value

Market conditions

An element of comparison in the sales comparison approach; comparable properties can be adjusted for differences in the points in the real estate cycle at which the transactions occur. Sometimes called a *time adjustment* because the differences in dates of sale are often compared, although that usage can be misleading.

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).

Market value

A type of value, stated as an opinion, that presumes the transfer of a property (i.e. a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal².

Marketing time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is

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always presumed to precede the effective date of an appraisal.

Modified gross lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*.

Mortgage capitalization rate (R_M)

The capitalization rate for debt; the ratio of the annual debt service to the principal amount of the mortgage loan. The mortgage capitalization rate (R_M) is equivalent to the periodic (monthly, quarterly, annually) mortgage constant times the number of payments per year on a given loan on the day the loan is initiated.

Net lease

A lease in which the landlord passes on all expenses to the tenant.

Net net net lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN*, *triple net lease*, or *fully net lease*.

Occupancy rate

1. The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied. 2. The ratio of occupied space to total rentable space in a building.

Partial taking

The taking of part of any real property interest for public use under the power of eminent domain; requires the payment of compensation.

Prospective opinion of value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Remainder

In eminent domain condemnation, that portion of a larger parcel remaining in the ownership of the property owner after a partial taking.

Rent

An amount paid for the use of land, improvements, or a capital good.

Rentable area

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

Retrospective value opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation.

Right-of-Way

A right to pass over land in some particular path; a strip of land used for transportation such as streets and roads, railways, utility lines, and for other private or public transportation uses.

Riparian Land

1. Land that includes part of the bed of a watercourse or lake. 2. Land that borders on a public watercourse or public lake whose bed is owned by the public.

Shell rent

The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called *vanilla finish* in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes, mechanical systems, interior electricity, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses.

Surplus land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Usable area

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1. For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called *net building area* or *net floor area*. 2. The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.

Vacancy rate

1. The relationship between the amount of vacant space and total space in a building or market; expressed as a percentage.
2. The relationship between the rent estimated for vacant building space and the total rent estimated for all the space in the building.

Value in use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value

in use may or may not be equal to market value but is different conceptually.

Value indication

An opinion of value derived through application of the appraisal process.

Wetlands

Areas that are frequently inundated or saturated by surface or groundwater and support vegetation typically adapted for life in saturated soil conditions; generally include swamps, marshes, bogs, and similar areas, but classification may differ in various jurisdictions. Section 404 of the Clean Water Act defines wetlands as "those areas that are inundated or saturated by surface or groundwater at a frequency and duration sufficient to support, and that under normal circumstances do support, a prevalence of vegetation typically adapted for life in saturated soil conditions."

Sources

1. *Black's Law Dictionary*, 8th edition (St. Paul: West Publishing Company), 2004.
2. *Uniform Standards of Professional Appraisal Practice*, 2018- 2019 ed. (Washington: The Appraisal Foundation), 2017.
3. *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: The Appraisal Institute, 2010).

Appraiser's Qualifications

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J Kaeuper & Company

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Professional Licenses and Affiliations

MAI (Member of the Appraisal Institute #10540.
Certified General Real Estate Appraiser (California)
#AG006247.
Real Estate Broker (California) #00597723.
International Right-of-Way Association.

Real Estate Experience

J. Kaeuper & Company (Principal), Appraiser, since
May 1993.
Pacific Gas & Electric Co., Property Appraiser, July
1989 until April 1993.
Arthur Gimmy International, San Francisco. Appraiser
December 1987 through June 1989.
J. Kaeuper & Co. (formerly Kaeuper, Lustic & Co.),
Principal, 1982 to 1987. Real estate broker.
Real Estate Agent & Broker, 1978-81.

Education

MBA, San Francisco State University, 1985.
BA, Miami University (Ohio), 1972.
Student, Miami University Luxembourg (Europe),
1971-72.
Student, Goethe Institute Munich (Germany), Winter
1973.

Appraisal Institute Courses & Examinations

Standards of Professional Practice
Advanced Income Capitalization
Case Studies
Report Writing & Valuation Analysis
Appraisal Principles
Appraisal Procedures
Basic Income Capitalization
The Appraiser as an Expert Witness
Eminent Domain and Condemnation
Valuation of Detrimental Conditions

Appraisal Institute Seminars and Workshops

Appraisal Practices for Litigation
Commercial Construction Overview
Real Estate Damage Economics
Subdivision Analysis

Rates and Ratios: Making Sense of GIMs, OARs and
CDF

Analyzing Distressed Real Estate

Affordable Housing

Comparative Analysis

Feasibility, Market Value, Investment Timing: Option
Value

Marshall & Swift Cost Training

Site Use and Valuation Analysis

Appraisal Review - Income Properties

The Uniform Commercial/Industrial Appraisal Report

Understanding Limited Appraisals

The Appraiser's Complete Review

Vineyard Valuation II, III & V

Inspecting Commercial Properties

Forecasting Revenue

Analyzing Operating Expenses

Subdivision Valuation

Annual Spring Litigation Conference (multiple)

Business Practices and Ethics

GIS - The Executive Overview

Business Practices and Ethics

Data Verification Methods

What Commercial Clients Would Like Appraisers to
Know

Apartment Appraisal Concepts & Applications

The Discounted Cash Flow Model: Concepts, Issues
and Applications

Small Hotel/Motel Valuation

Real Estate Finance Statistics and Valuation Modeling

Appraisal Regulations of the Federal Banking Agencies

Federal and California Statutory and Regulatory Laws

Periodic USPAP Update

Introduction to Green Buildings: Principles &
Concepts

International Right-of-Way Association Seminars, Workshops and Conferences

Wetlands Valuation Issues

Corridor Valuation

Partial Acquisitions - Legal Issues and Update

tel 415.512.7034
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<http://www.jkcompany.net>

Commercial Real Estate Appraisers and Consultants

Appraiser's Qualifications

John R. Kaeuper, MAI

Contaminated Properties

How to Plan and Execute a Successful Right-of-Way Project

National Conference 1995 - Railroad Day

Eminent Domain and Mock Trial

College-level Real Estate Courses

Real Estate Law

Real Estate Appraisal

Real Estate Principles

Real Estate Finance

Real Estate Ethics

Real Estate Practice

Commercial Real Estate Lease Law

Other

CLE Condemnation Seminar for California Attorneys

The Technical Inspection of Real Estate

UC Berkeley Annual Real Estate & Economics Symposium (Multiple Times)

Continuing education for brokers license.

Qualified as Expert Witness

Superior Court

Alameda County

San Francisco County

Santa Clara County

Contra Costa County

San Mateo County

Stanislaus County

Municipal Court

Arbitration & Mediation Proceedings

California Public Utilities Commission

Property Types Appraised

Vacant Land and Acreage

Industrial

Commercial

Residential

Agricultural

Timberland

Open Space

Wetlands

Improved Properties

Office - CBD & Suburban

Warehouse

R&D

Light Industrial

Heavy Industrial

Retail

Apartment

Hotel

Mixed Use

Various Special Purpose Properties

Right-of-Way and Easements

Conservation Easements

Riparian Easements

Canals

Electric Transmission Lines

Electric Distribution Lines

Gas Pipelines

Petroleum Pipelines

Water Pipelines

Sewer Pipelines

Railroad Properties

Partial Acquisitions

Air Rights

Underground Rights

Active Railroad R/W

Inactive Railroad R/W

Multi-Parcel Feasibility Studies

Telecommunications Facilities

Other

Partial Interests

Utility Properties

Port Properties (San Francisco & Oakland)

Contaminated Properties

Environmentally Sensitive Properties

Construction Defects

Land Leases

Appraised in 38 California Counties