

APPRAISAL REPORT

LAND VALUE STUDY

SUCCESSOR AGENCY PROPERTY
PROPOSED GOLF COURSE SITE
BKK LANDFILL PROPERTY
APN: 8735-002-906, 909, 910
WEST COVINA, CALIFORNIA



LIDGARD
AND ASSOCIATES
INCORPORATED

APPRAISAL REPORT

Prepared for

CITY OF WEST COVINA
1444 West Garvey Avenue south
West Covina, California 91790

Date of Report

December 2, 2016

**LAND VALUE STUDY
SUCCESSOR AGENCY PROPERTY
PROPOSED GOLF COURSE SITE
BKK LANDFILL PROPERTY
APN: 8735-002-906, 909, 910
WEST COVINA, CALIFORNIA**

Effective Date
of Appraisal

November 18, 2016

Prepared by

Scott A. Lidgard, MAI, CCIM
LIDGARD AND ASSOCIATES, INC.
2592 North Santiago Boulevard
Orange, California 92867-1862

Report Reference No. 7902

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS



December 2, 2016

City of West Covina
1444 West Garvey Avenue south
West Covina, California 91790

Attention: Gerardo Rojas
Economic Development Project Coordinator

Subject: Land Value Study
Successor Agency Property
Proposed Golf Course Site
BKK Landfill Property
APN: 8735-002-906, 909, 910
West Covina, California

*2592 North Santiago Boulevard
Orange, California 92867-1862
(714) 633-8441 or (562) 988-2926
scott@lidgardinc.com*

In accordance with your request and authorization, I have completed an appraisal study of the above-referenced property on behalf of the client indicated above.

The valuation study consisted of (1) an inspection of the subject property from the adjacent right-of-way, (2) a review of public records particularly with respect to the existing zone and general plan land use designations relating to future developability, (3) the research and collection of comparable market data in the immediate and general subject market area, (4) a valuation employing the Sales Comparison Approach based on an analysis of the comparable market data, and (5) preparation of this formal narrative appraisal report in summation of the activities outlined above.

The subject property consists of a vacant land parcel located within the northeast quadrant of Amar Road and Azusa Avenue, adjacent to the Big League Dreams Sports Complex, within the City of West Covina. The site has an interior (versus corner) location, irregular land configuration, and topographical characteristics ranging from effectively level, gently rolling and sloping terrain. The land area, as set forth in the Long-Range Property Management Plan published by the West Covina Successor Agency, is 122.07± acres. or 5,317,369± square feet. The highest and best use of the subject property is open space recreation use.

City of West Covina
Attention: Gerardo Rojas
Economic Development Project Coordinator
December 2, 2016
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The purpose of this appraisal study is the estimation of the unencumbered fee simple market value of the subject property based on its highest and best use as a portion of a public golf course site. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

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

- 1. Buyer and seller are typically motivated;*
- 2. Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- 3. A reasonable time is allowed for exposure in the open market;*
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."*

The intended use of this appraisal report is to assist the City of West Covina in establishing market value of the subject property pursuant to AB-26X-1 relative to the unwinding of public redevelopment agencies. Intended users are City officials, along with consultants thereof, for the explicit purpose indicated above. This report is not intended to be distributed to, or relied upon by, third parties.

After considering the various factors which influence value, the market value of the subject property, as of November 18, 2016, is as follows:

SIX MILLION THREE HUNDRED EIGHTY THOUSAND DOLLARS
\$6,380,000.

It may be of interest to note that the subject property is presently encumbered with 2006 Series B (taxable) lease revenue bonds having an original principal balance of \$7,295,000. The bonds were initiated in connection with the adjacent Big League Dreams recreational facility project. Future sale of the subject property would require payment in full of the bond encumbrance plus accrued interest. The foregoing is reported for informational purposes only.

City of West Covina
Attention: Gerardo Rojas
Economic Development Project Coordinator

December 2, 2016
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This appraisal complies with the reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a). This report contains a moderate level of detail with respect to the market data, appraisal methodology, and reasoning supporting the analysis, opinions, and conclusions. It contains sufficient information for the purpose, intent, client and users for which it is written.

This appraisal report is submitted in triplicate; we have retained a file copy. Please do not hesitate to contact the undersigned in the event you require additional information from our file.

Very truly yours,

LIDGARD AND ASSOCIATES, INC.



Scott A. Lidgard, MAI, CCIM
Certified General Real Estate Appraiser
California Certification No. AG 004014
Renewal Date: March 13, 2018

SAL:sp

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PREFACE

EXECUTIVE SUMMARY

PURPOSE OF APPRAISAL: Estimation of the unencumbered fee simple market value of the subject property based on its highest and best use as a portion of a public golf course site.

CLIENT IDENTIFICATION: City of West Covina

PROPERTY ADDRESS: No situs address; property located in West Covina, California.

APPARENT VESTEE: City of West Covina, Successor Entity of the Redevelopment Agency of the City of West Covina.

SITE DESCRIPTION:

Land area: The subject property comprises three individually assessed land parcels. The land area, as set forth in the Long-Range Property Management Plan published by the West Covina Successor Agency, is as follows:

APN: 8735-002-906: 71.52 ac, or 3,115,411 sf

APN: 8735-002-909: 24.52 ac, or 1,068,091 sf

APN: 8735-002-910: 26.03 ac, or 1,133,867 sf

Total land area: 122.07 ac, or 5,317,369 sf

Land shape: Irregular land configuration.

Zoning: Specific Plan 15 and O-S (open space).

Soil contamination: The subject parcel consists of a portion of a larger former landfill; a soils study has not been provided for review. The subject property has been appraised as though free of soil and groundwater contaminants. Future utility of the site is limited with respect to requirements set forth by the Department of Toxic Substances Control (DTSC) and the US Environmental Protection Agency (EPA).

Present use: Vacant acreage land; the site consist of a portion of the larger BKK Landfill site.

Highest and best use: Open space recreation use.

Assessor's No.: 8375-002-906, 909, 910

EXECUTIVE SUMMARY (Continued)

EXISTING IMPROVEMENTS: There are no building or other on-site improvements located within the boundaries of the subject parcel.

DATE OF VALUE: November 18, 2016

DATE OF REPORT: December 2, 2016

VALUATION ANALYSIS:

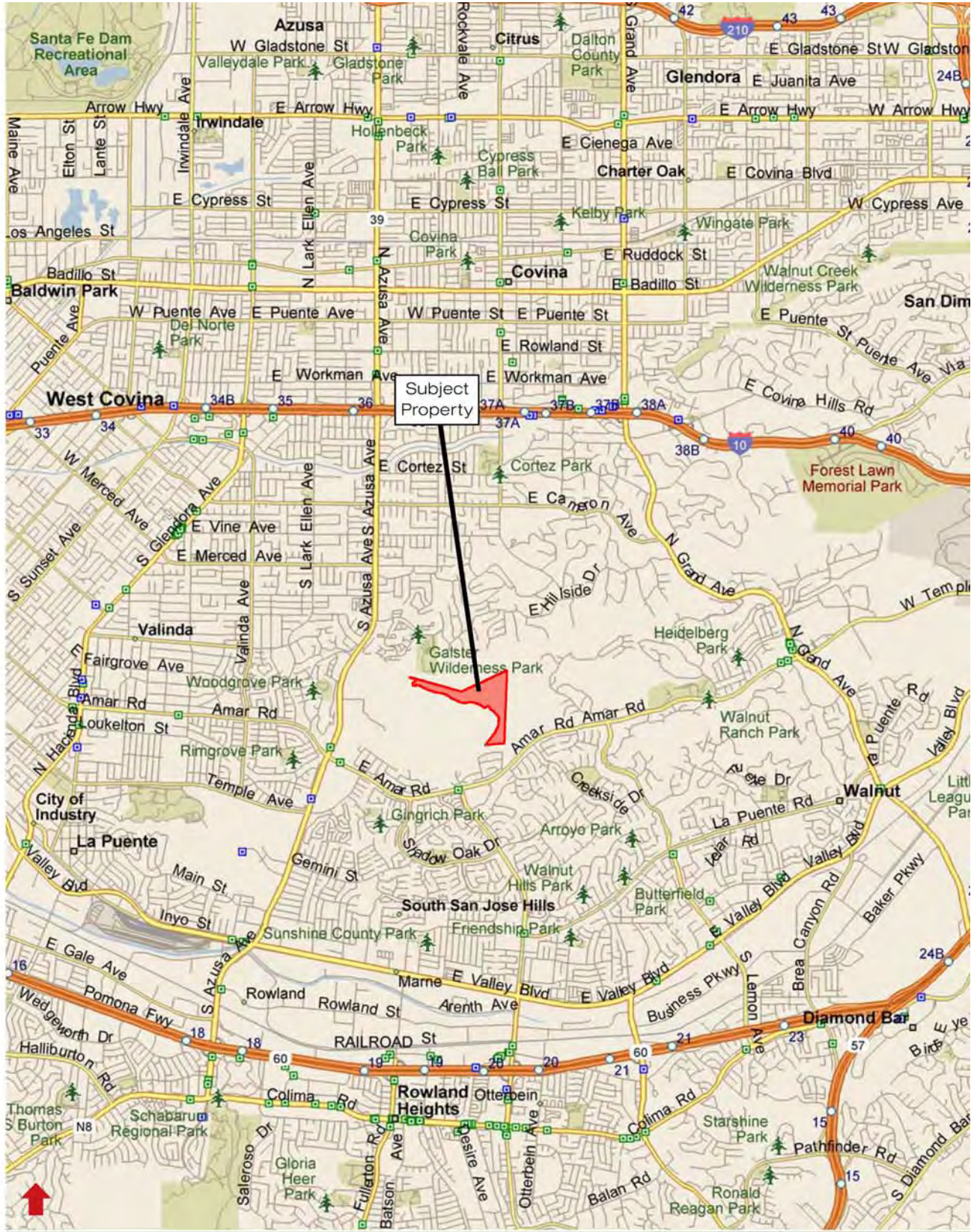
Sales Comparison
Approach: \$6,380,000.

Cost-Summation
Approach: Not applicable.

Income Capitalization
Approach: Not applicable.

RECONCILIATION: Inasmuch as the subject property consists of a vacant land parcel, the Sales Comparison Approach, as applied to land value, is the only approach considered applicable in the subject case.

FINAL ESTIMATE
OF VALUE: \$6,380,000.



LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

DATE OF VALUE

The date of value employed in this report, and all opinions and computations expressed herein, are based on November 18, 2016, said date being generally concurrent with the valuation analysis process.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to express an estimate of the unencumbered fee simple market value of the subject property, absent any liens, leases, or other encumbrances, as of the date of value set forth above. The definition of market value is set forth in the following portion of this section following the heading "Definition of Market Value".

Further, it is the purpose of this appraisal report to describe the subject property, and to render an opinion of the highest and best use based on (1) the character of existing and potential development of the property appraised, (2) the requirements of local governmental authorities affecting the subject property, (3) the reasonable demand in the open market for properties similar to the subject property, and (4) the location of the subject property considered with respect to other existing and competitive districts within the immediate subject market area.

Further, it is the purpose of this appraisal report to provide an outline of certain factual and inferential information which was compiled and analyzed in the process of completing this appraisal study.

INTENT AND USERS OF APPRAISAL

The intended use of this appraisal report is to assist the City of West Covina in establishing market value of the subject property pursuant to AB-26X-1 relative to the unwinding of public redevelopment agencies. Intended users are City officials, along with consultants thereof, for the explicit purpose indicated above. This report is not intended to be distributed to, or relied upon by, third parties.

PROPERTY RIGHTS APPRAISED

The property rights appraised herein are those of the unencumbered fee simple interest. Fee simple is defined in the 12th Edition of The Appraisal of Real Estate, as, "*Absolute ownership by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*"

CERTIFICATION

The undersigned does hereby certify, except as otherwise noted in this appraisal report, that:

I have personally inspected the subject property from the adjacent right-of-way; I have no present or contemplated future interest in the real estate which is the subject of this appraisal report. Also, I have no personal interest or bias with respect to the subject matter of this appraisal report, or the parties involved in this assignment.

My engagement in this assignment, and the amount of compensation, are not contingent upon the reporting or development of pre-determined values or direction in value that favors (1) the cause of the client, (2) the amount of the value opinion, (3) the attainment of predetermined/stipulated results, or (4) the occurrence of a subsequent event directly related to the intended use of this appraisal. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein are based, are true and correct.

This appraisal report sets forth all of the assumptions and limiting conditions (imposed by the terms of this assignment or by the undersigned), affecting my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

The analyses, opinions, and conclusions, were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and the Code of Professional Ethics. As of the date of this report, I have completed the requirements of the continuing education program of the State of California. Further, duly authorized representatives of the State, as well as the Appraisal Institute, have the right to review this report.

I have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment. Jason P. Boyer provided real property appraisal assistance to the person signing this report with respect to data collection, inspection of the property, and report preparation. No one other than the undersigned prepared the analyses, conclusions, and opinions of this appraisal study.



Scott A. Lidgard, MAI, CCIM
Certified General Real Estate Appraiser
California Certification No. AG 004014
Renewal Date: March 13, 2018

Date: December 2, 2016

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

SCOPE OF THE APPRAISAL

The appraiser, in connection with the following appraisal study, has:

1. Been retained, and has accepted the assignment, to make an objective analysis/valuation study of the subject property and to report, without bias, his estimate of fair market value. The subject property is particularly described in the following portion of this report in the section entitled Subject Property Description.
2. Toured the general area by automobile to acquaint himself with the extent, condition, and quality of nearby developments, sales and offerings in the area, density and type of development, topographical features, economic conditions, trends toward change, etc.
3. Walked within the subject property, and some of the nearby neighborhood, to acquaint himself with the current particular attributes, or shortcomings, of the subject property.
4. Completed an inspection of the subject property for the purpose of becoming familiar with certain physical characteristics.
5. Made a visual observation concerning public streets, access, drainage, and topography of the subject property.
6. Obtained information regarding public utilities and sanitary sewer available at the subject site.
7. Made, or obtained from other qualified sources, calculations on the area of land contained within the subject property. Has made, or caused to be made, plats and plot plan drawings of the subject property, and has checked such plats and plot plan drawings for accuracy and fair representation.
8. Taken photographs of the subject property, together with photographs of the immediate environs.
9. Made, or caused to be made, a search of public records for factual information regarding the recent sales of the subject property, and for recent sales of comparable properties.

SCOPE OF THE APPRAISAL (Continued)

10. Has viewed, confirmed the sale price, and obtained certain other information pertaining to each sale property contained in this report.
11. Reviewed current maps, zoning ordinances, and other material for additional background information pertaining to the subject property, and sale properties.
12. Attempted to visualize the subject property as it would be viewed by a willing and informed buyer.
13. Interviewed various persons, in both public and private life, for factual and inferential information helpful in this appraisal study.
14. Formed an opinion of the highest and best use applicable to the subject property appraised herein.
15. Formed an estimate of market value of the license rights attributable to the subject property, as of the date of value expressed herein.
16. Prepared and delivered this appraisal report in summation of all the activities outlined above.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made with the following understanding as set forth in items No. 1 through 18, inclusive:

1. That liability of Lidgard and Associates, Inc., along with the specific appraiser responsible for this report, is limited to the client only and to the fee actually received by the firm. There is no accountability, obligation or liability to any third party reader/user of this report. In the event this appraisal report is delivered to anyone other than the client for whom this report was prepared, it is the client's responsibility to make such party and/or parties aware of all limiting conditions and assumptions of this assignment and related discussions.
2. That in the event the client or any third party brings legal action against Lidgard and Associates, Inc., or the preparer of this report, and the appraiser prevails, the party initiating such legal action shall reimburse Lidgard and Associates, Inc. and/or the appraiser for any and all costs of any nature, including attorney's fees, incurred in their defense.
3. This appraisal report is intended to comply with reporting requirements set forth in the Uniform Standards of Professional Appraisal Practice, under Standard Rule 2-2(a). It contains a moderate level of detail with respect to the market data, appraisal methodology, and reasoning supporting the analysis, opinions, and conclusions. This report contains sufficient information for the intended use and users for which it was written.
4. That title to the subject property is assumed to be good and merchantable. Liens and encumbrances, if any, have not been deducted from the final estimate of value. The vesting was obtained from County Records, or other sources, and has been relied upon as being accurate. The subject property has been appraised as though under responsible ownership. The legal descriptions are assumed accurate.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

5. That the appraiser assumes there are no hidden or unapparent conditions of the subject property, subsoil, structures, or other improvements, if any, which would render them more or less valuable. Further, the appraiser assumes no responsibility for such conditions or for the engineering which might be required to discover such conditions. That mechanical and electrical systems and equipment, if any, except as otherwise may be noted in this report, are assumed to be in good working order. The property appraised is assumed to meet all governmental codes, requirements, and restrictions, unless otherwise stated.
6. That no soils report, topographical mapping, or survey of the subject property was provided to the appraiser; therefore information, if any, provided by other qualified sources pertaining to these matters is believed accurate, but no liability is assumed for such matters. Further, information, estimates and opinions furnished by others and contained in this report pertaining to the subject property and market data were obtained from sources considered reliable and are believed to be true and correct. No responsibility, however, for the accuracy of such items can be assumed by the appraiser.
7. That unless otherwise stated herein, it is assumed there are no encroachments, easements, soil toxics/contaminants, or other physical conditions adversely affecting the value of the subject property.
8. That no opinion is expressed regarding matters which are legal in nature or other matters which would require specialized investigation or knowledge ordinarily not employed by real estate appraisers, even though such matters may be mentioned in the report.
9. That no oil rights have been included in the opinion of value expressed herein. Further, that oil rights, if existing, are assumed to be at least 500 feet below the surface of the land, without the right of surface entry.

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

10. That the distribution of the total valuation in this report between land and improvements, if any, applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
11. That the valuation of the property appraised is based upon economic and financing conditions prevailing as of the date of value set forth herein. Further, the valuation assumes good, competent, and aggressive management of the subject property.
12. That the appraiser has conducted a visual inspection of the subject property and the market data properties. Should subsequent information be provided relative to changes or differences in (1) the quality of title, (2) physical condition or characteristics of the properties, and/or (3) governmental restrictions and regulations, which would increase or decrease the value of the subject property, the appraiser reserves the right to amend the final estimate of value.
13. That the appraiser, by reason of this appraisal, is not required to give testimony in court or at any governmental or quasi-governmental hearing with reference to the property appraised, unless contractual arrangements have been previously made therefor.
14. That drawings, plats, maps, and other exhibits contained in this report are for illustration purposes only and are not necessarily prepared to standard engineering or architectural scale.
15. That this report is effective only when considered in its entire form, as delivered to the client. No portion of this report will be considered binding if taken out of context.
16. That possession of this report, or a copy thereof, does not carry with it the right of publication, nor shall the contents of this report be copied or conveyed to the public through advertising, public relations, sales, news, or other media, without the written consent and approval of the appraiser, particularly with regard to the valuation of the property

ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

appraised and the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute, or designations conferred by said organizations.

17. That the form, format, and phraseology utilized in this report, except the Certification, and Terms and Definitions, shall not be provided to, copied, or used by, any other real estate appraiser, real estate economist, real estate broker, real estate salesman, property manager, valuation consultant, investment counselor, or others, without the written consent and approval of Scott A. Lidgard.
18. That this appraisal study is considered completely confidential and will not be disclosed or discussed, in whole or in part, with anyone other than the client, or persons designated by the client.

TERMS AND DEFINITIONS

Certain technical terms have been used in the following report which are defined, herein, for the benefit of those who may not be fully familiar with said terms.

MARKET VALUE (or Fair Market Value):

Market value is sometimes referred to as Fair Market Value; the latter is a legal term, and a common synonym of Market Value. Market value as defined in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) is defined as follows:

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

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

SALES COMPARISON APPROACH:

One of the three accepted methods of estimating Market Value. This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject property. Recent comparable sales are the basis for the Sales Comparison Approach.

TERMS AND DEFINITIONS (Continued)

COST-SUMMATION APPROACH:

Another accepted method of estimating Market Value. This approach consists of estimating the new construction cost of the building and yard improvements and making allowances for appropriate amount of depreciation. The depreciated reconstruction value of the improvements is then added to the Land Value estimate gained from the Sales Comparison Approach. The sum of these two figures is the value indicated by the Cost-Summation Approach.

INCOME CAPITALIZATION APPROACH:

The Income Capitalization Approach consists of capitalizing the net income of the property under study. The capitalization method studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, (3) operating expenses, and (4) reserves for replacement, and estimates the amount of money which would be paid by a prudent investor to obtain the net income. The capitalization rate is usually commensurate with the risk, and is adjusted for future depreciation or appreciation in value.

DEPRECIATION:

Used in this appraisal to indicate a lessening in value from any one or more of several causes. Depreciation is not based on age alone, but can result from a combination of age, condition or repair, functional utility, neighborhood influences, or any of several outside economic causes. Depreciation applies only to improvements. The amount of depreciation is a matter for the judgment of the appraiser.

HIGHEST AND BEST USE:

Used in this appraisal to describe that private use which will (1) yield the greatest net return on the investment, (2) be permitted or have the reasonable probability of being permitted under applicable laws and ordinances, and (3) be appropriate and feasible under a reasonable planning, zoning, and land use concept.

**SUBJECT PROPERTY
DESCRIPTION**

SUBJECT PROPERTY



Aerial view of subject property located within the northeast quadrant of Amar Road and Azusa Avenue, adjacent to the Big League Dreams Sports Complex within the City of West Covina. See additional photographs of the subject property in the Addenda Section.

APPARENT VESTEE: City of West Covina, Successor Entity of the Redevelopment Agency of the City of West Covina.

Mailing address: 14444 W. Garvey Avenue South
West Covina, California 91790

PROPERTY ADDRESS: No situs address; property located in West Covina, California.

LEGAL DESCRIPTION: Portion of Lots 14 and 15, per map recorded in Book 336, Page 93 through 100 of Maps, in the office of the County Recorder, County of Los Angeles, California.

SITE DESCRIPTION

LOCATION: The subject property is located within the northeast quadrant of Amar Road and Azusa Avenue, adjacent to the Big League Dreams Sports Complex, within the corporate limits of the City of West Covina.

MAP COORDINATES: Thomas Bros. Map Page 638, Grid J-5.

CENSUS TRACT: Property located in Government Census Tract No. 4080.06.

LAND SHAPE: Irregular land configuration; see highlighted portion of plat map on the opposite page.

DIMENSIONS: Various and numerous dimensions; reference plat map.

LAND AREA: The subject property comprises three individually assessed land parcels. The land area, as set forth in the Long-Range Property Management Plan published by the West Covina Successor Agency, is as follows:

APN: 8735-002-906: 71.52 ac, or 3,115,411 sf
APN: 8735-002-909: 24.52 ac, or 1,068,091 sf
APN: 8735-002-910: 26.03 ac, or 1,133,867 sf
Total land area: 122.07 ac, or 5,317,369 sf

TOPOGRAPHY: Topographical characteristics of the subject site include effectively level, gently rolling and sloping terrain. Relatively extensive grading will be required as part of any development.

DRAINAGE: Appears to be adequate based on the existing and surrounding developments.

SOIL STABILITY: A soils report pertaining to the subject property was not provided for review. A comprehensive soil study will be required prior to any future development of the subject parcel.

SOIL CONTAMINATION: The subject parcel consists of a portion of a larger former landfill; a soils study has not been provided for review. The subject,

SITE DESCRIPTION (Continued)

SOIL CONTAMINATION: (Continued)

property has been appraised as though free of soil and groundwater contaminants. Future utility of the site is limited with respect to requirements set forth by the Department of Toxic Substances Control (DTSC) and the US Environmental Protection Agency (EPA).

ACCESS:

The property has been considered and appraised herein as having reasonable access as part of the larger former BKK Landfill facility. The nearest dedicated public rights-of-way include Amar Road and Azusa Avenue.

RIGHTS-OF-WAY WIDTH:

Amar Road: 100± feet.
Azusa Avenue: 100-122 feet.

STREET SURFACING:

Asphalt paved traffic lanes along Amar Road and Azusa Avenue.

STREET LIGHTS:

Mounted on ornamental standards in the general area.

PUBLIC UTILITIES:

Water, gas, electric power, and telephone are generally available in the general vicinity. Upgrading of utility infrastructure will be required as part of future development.

SANITARY SEWER:

Available in the general vicinity. Upgrading of sanitary sewer will be required as part of future development.

ENCROACHMENTS:

None apparent.

EASEMENTS:

A preliminary title report pertaining to the subject property was not provided for review. Easements, if existing, are assumed to be located along property boundaries which would not interfere with a future highest and best use development. It is assumed there are no "cross-lot" or "blanket" easement encumbering the subject property.

SITE DESCRIPTION (Continued)

EARTHQUAKE FAULT: The subject property is not located within the Alquist-Priolo special earthquake fault study zone. The greater southern California area, however, is generally prone to earthquakes and other seismic disturbances. No studies have been provided for review. No responsibility is assumed for the possible impact on the subject property of seismic activity and/or earthquakes.

FLOOD HAZARD AREA: The subject property is located within Zone X, per data issued by the Federal Emergency Management Agency. Property is depicted on Flood Map Panel 06037C1695F, dated September 26, 2008.

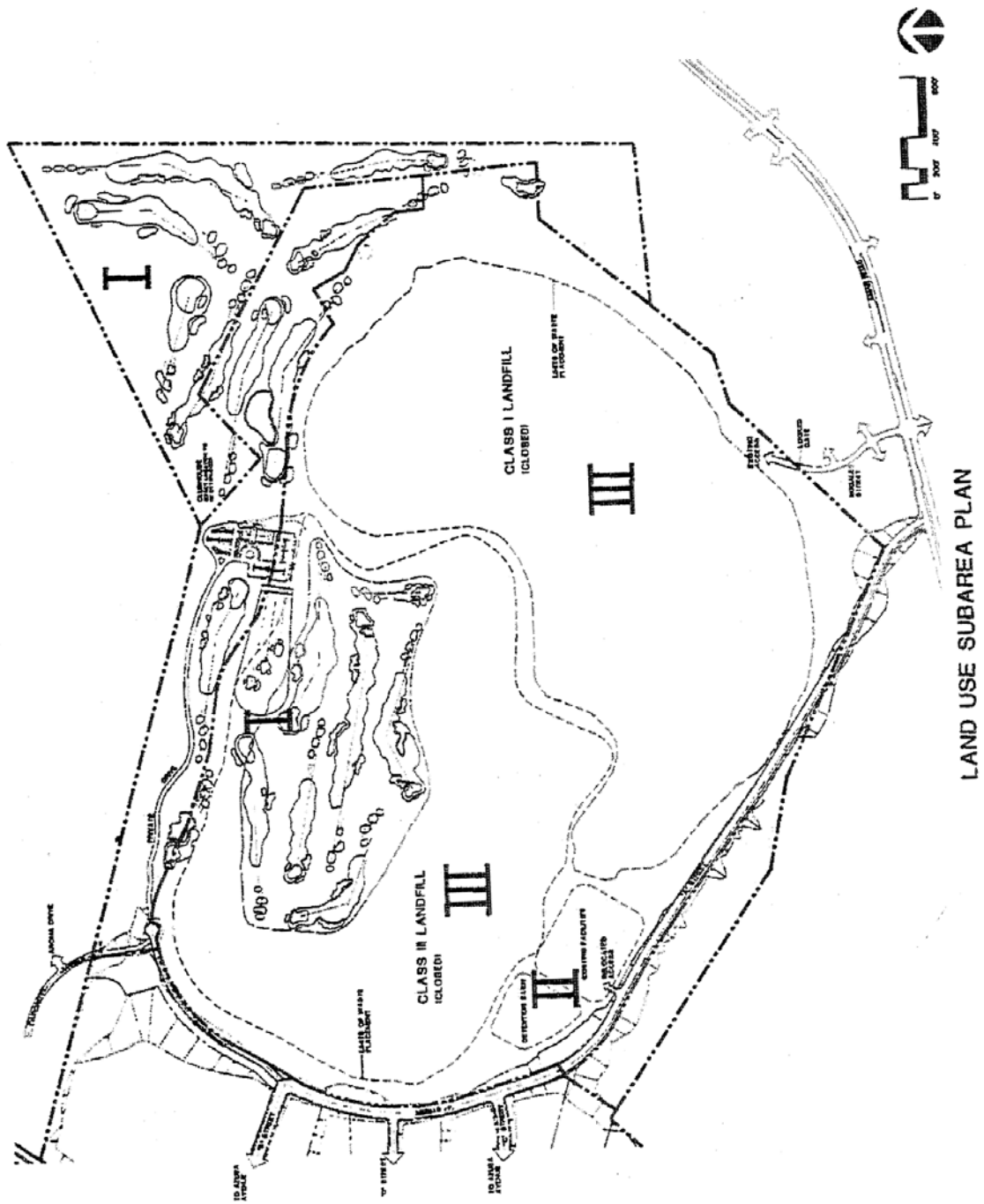
ILLEGAL USES: None apparent.

PRESENT USE: Vacant acreage land; the site consists of a portion of the larger BKK Landfill site.

ZONING: The subject property consists of a portion of the BKK Public Golf Course and Landfill site identified as Specific Plan Number 15, Case Number ZC-655B. The purpose and intent of the Specific Plan No. 15 is to (1) allow for a mix of land uses on individual properties, (2) provide for better land use control, (3) provide and maintain, in conjunction with the open space, an aesthetically pleasant environment while protecting the natural surroundings, and (4) provide recreational facilities and programs.

Specific permitted uses, subject to the issuance of a minor conditional use permit, include but are not limited to, country clubs, golf courses and driving ranges, landfill closure and post closure maintenance, plant nurseries, and recreational centers.

Future development of the site will require individual review of all uses and development due to the unique and special characteristics



LAND USE SUBAREA PLAN

SITE DESCRIPTION (Continued)

ZONING: (Continued)

of the variety of recreational uses possible and in order to foster compatibility between uses and to protect the public health, safety, and general welfare of the community. The proposed golf course use will require the issuance of a conditional use permit.

Based on the physical characteristics of the subject property, as well as a review of current development standards, the optimal utility of the subject site is as zoned.

DEVELOPMENT PLAN:

The subject parcel consists of a portion of a larger site proposed for an 18-hole public golf course comprising 180 acres of land area. Approximately one-third of the golf course (six holes and a portion of the practice range) will be situated on the subject parcel. The remaining 12 holes, clubhouse, and maintenance building will be situated on the adjacent parcel comprising the Closed Class III Landfill. The practice range will be lighted for nighttime use and designed to not impact residential uses. The clubhouse will contain a pro shop, cart barn, food and beverage service, and other amenities commonly associated with a public golf course.

Reference the proposed land use development plan set forth on the opposite page.

HIGHEST AND BEST USE:

The reader is referred to the first portion of the Valuation Analysis Section for a detailed discussion regarding the highest and best use of the subject property.

EXISTING IMPROVEMENTS

COMMENT:

There are no building or other on-site improvements located within the boundaries of the subject parcel.

ASSESSMENT DATA

ASSESSOR'S PARCEL NO.: 8735-002-906, 909, 910

ASSESSED VALUATIONS: Not applicable; property vested with public entity.

TAX CODE AREA: 10613.

TAX YEAR: 2016-2017

REAL ESTATE TAXES: Not applicable; property vested with public entity.*

* In the event the subject property is sold-transferred to a private party, the real estate taxes will be adjusted to approximately 1.15% of the sale-transfer price, plus special assessments, per Proposition 13. In the absence of a sale-transfer, the maximum allowable annual increase in the assessed valuations is 2%.

OWNERSHIP HISTORY

COMMENT: The subject property has been vested with either the former redevelopment agency or successor entity in excess of five years. Due to the date of acquisition, the purchase price is not considered relevant to the current market value.

NEIGHBORHOOD ENVIRONMENT

COMMUNITY: The City of West Covina was incorporated in 1923 and functions as a general law city under a council-manager form of government. The West Covina City Council consists of five councilpersons elected at large for four-year staggered terms; the mayor is elected among the council members for a one-year term.

The Chief Executive Officer is appointed by the Council and is responsible for carrying out policies prescribed by the Council as well

NEIGHBORHOOD ENVIRONMENT (Continued)

COMMUNITY: (Continued)

as supervising City employees through its department heads. The City Council also appoints the City Attorney, City Clerk, and Treasurer.

The City Attorney is responsible for representing and advising the City in legal matters. The City clerk conducts City elections, is the custodian of records, and presides over public hearings and vendor bidding. The City Treasurer is responsible for investing and safeguarding financial assets, and insuring the accurate reporting of the City's financial condition and transactions.

The City of West Covina is situated within the San Gabriel Valley Region of Los Angeles County, approximately 20 miles northeast of Downtown Los Angeles. Neighboring and adjoining communities include the cities of Arcadia, El Monte, South El Monte, La Puente, Baldwin Park, Irwindale, Azusa, and Monrovia.

Major nearby freeways include the Foothill (Route 210) Freeway, San Bernardino (Interstate 10) Freeway, and the San Gabriel River (Interstate 605) Freeway. The general proximity to regional landmarks are as follows:

Los Angeles Airport:	27 miles
Ontario Airport:	20 miles
Orange County Airport:	28 miles
Port of Los Angeles:	28 miles
Port of Long Beach:	26 miles
Beverly Hills:	25 miles
Pasadena:	11 miles
Dodger Stadium:	16 miles
Disneyland:	20 miles

NEIGHBORHOOD ENVIRONMENT (Continued)

COMMUNITY: (Continued)

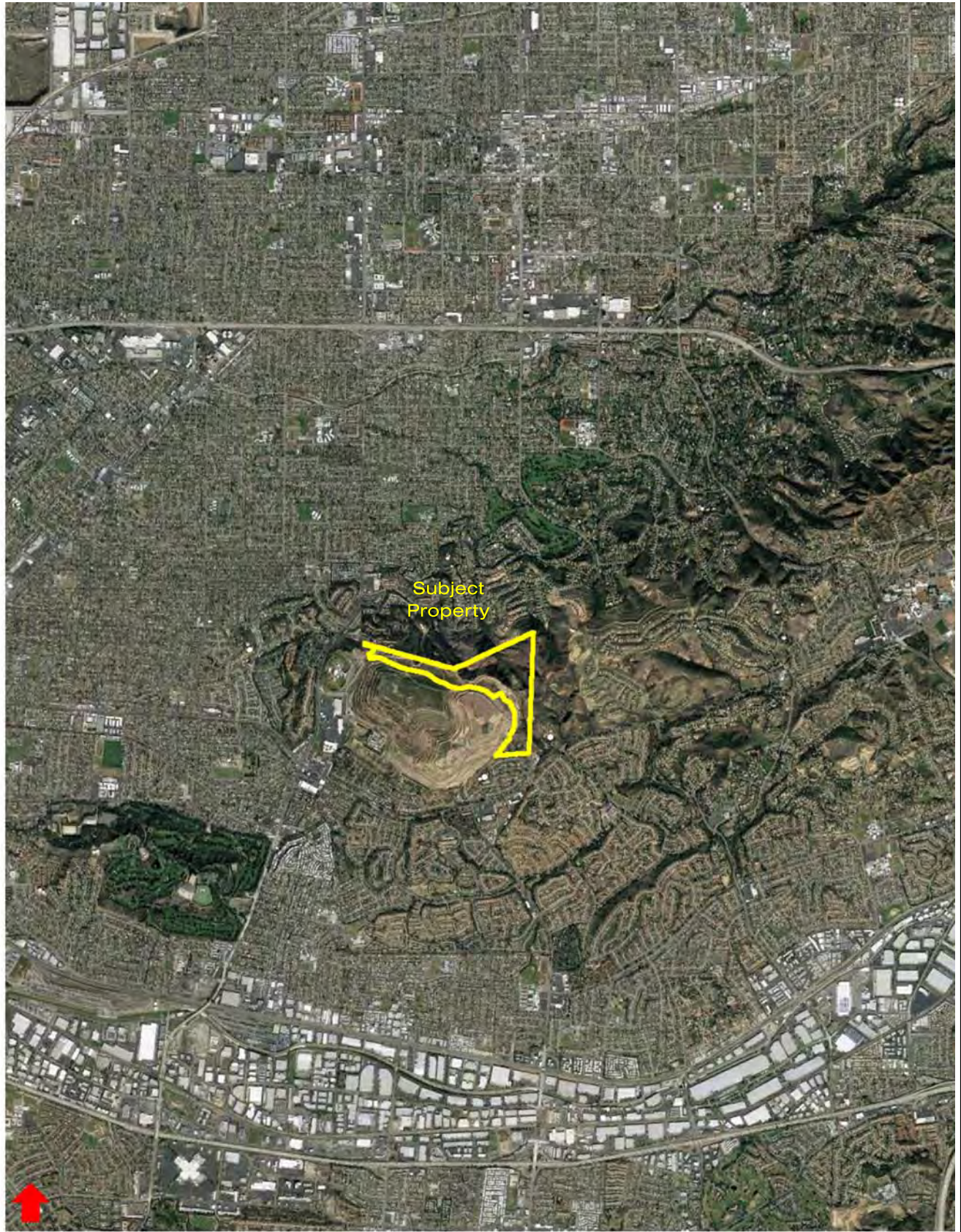
The City of West Covina encompasses 16.09 square miles and has an approximate elevation of 362 feet above mean sea level. The total population within City Limits is 106,098 persons, which is generally divided equally between males and females. The median resident age is approximately 32 years. The increase in population between 1980 and 2000 was 33.3%. The ethnic breakdown is generally as follows:

Caucasian:	38.03%
African-American:	4.82%
Asian:	26.06%
Indian/other:	31.09%

There are a total of 31,781 households within the City limits. The average family household income is \$82,228. The average household size is approximately 4.5 persons.

The employment base within the City of West Covina is somewhat limited. There are numerous employment opportunities within the greater Los Angeles and Inland Empire Region. Common male dominated industries include construction (8%), administrative/support and waste management services (5%), truck transportation (5%), accommodation and food services (5%), mail and metal product fabrication (4%), grocery and related product merchant wholesales (4%), and educational services (4%).

The most common female dominated industries include educational services (12%), healthcare (11%), finance and insurance services (7%), social assistance (6%), accommodation and food services (6%), public administration (4%), and retail apparel (4%).



Subject
Property

NEIGHBORHOOD ENVIRONMENT (Continued)

COMMUNITY: (Continued) The largest employers located within City boundaries are as follows:

- Citrus Valley Medical Center
- West Covina Unified School District
- City of West Covina
- Target Department Store
- Macy's Department Store

LOCATION: The subject property is located toward the southerly portion of the City of West Covina generally between the Pomona (State Route 60) Freeway and the San Bernardino (Interstate 10) Freeway, west of the Orange (State Route 57) Freeway. Primary vehicular access to the subject vicinity is via Amar Road, Azusa Avenue, Temple Avenue, and Nogales Street. The parcel has a relatively centralized location with average accessibility.

LAND USES: Existing land uses within the immediate vicinity include the former landfill, Big League Dreams Sports Complex, neighborhood shopping center anchored by a Home Depot and Target department store, along with single family residential subdivisions. The West Covina Civic Center and Los Angeles County Superior Courthouse are located approximately four miles northwesterly of the subject vicinity. Existing buildings are of average quality construction and one to two stories in height.

Other predominant uses in the general area include the Westfield Shopping Town Regional Mall, The Lakes office complex, County Health Building and Los Angeles County Library headquarters, South Hills Country Club, Dwight D. Eisenhower Golf Course, Industry Hills Recreation Center, Doctors Hospital of West Covina, and Plaza at West Covina shopping center.

NEIGHBORHOOD ENVIRONMENT (Continued)

PRICE RANGE: (Continued) Multiple family residential properties are within a much broader value range; smaller complexes such as duplexes and triplexes, generally range from \$500,000 to exceeding \$700,000. Larger multiple family residential complexes range in value in excess of one million dollars.

Improved commercial and industrial properties range in value from approximately \$700,000 for single tenant, typically owner-user facilities, to exceeding several million dollars including large multi-tenant commercial facilities anchored by national tenants.

AGE RANGE: Single family residential developments in the general vicinity range from 20 years to exceeding 50 years. Commercial developments have effective ages ranging from 5 years to exceeding 30 years.

PRIDE OF OWNERSHIP: Overall pride of ownership, evidenced by an ongoing maintenance program, is rated average.

OTHER: The availability and adequacy of public facilities, transportation, and retail/office commercial facilities are rated average. The City of West Covina provides police and fire protection to the subject district.

See Valuation Analysis in the following section.

VALUATION ANALYSIS

VALUATION ANALYSIS

The purpose of this valuation study is the estimation of the unencumbered fee simple market value of the subject property based on its highest and best use as a portion of a public golf course site.

Prior to the application of the appraisal process, which in this case employs the Sales Comparison Approach, as applied to open space land, it is necessary to consider and analyze the highest and best use of the subject property.

HIGHEST AND BEST USE ANALYSIS:

Highest and best use is defined in *The Appraisal of Real Estate*, by the Appraisal Institute, 14th Edition, Page 332, as:

"The reasonably probable and legal use of property that results in the highest value."

In the process of forming an opinion of highest and best use, consideration must be given to various environmental and political factors such as zoning restrictions, probability of zone change, private deed restrictions, location, land size and configuration, topography, and the character/quality of land uses in the immediate and general subject market area.

There are three basic criteria utilized in the highest and best use analysis of a property as if vacant, as well as presently improved. The three criteria are summarized as follows:

1. Physically possible.
2. Legally permissible.
3. Financially feasible.

The foregoing are typically considered sequentially; for example, a specific use may prove to be maximally productive, however, if it is not legally permissible, or physically possible, its productivity is irrelevant.

Physically Possible:

The physical possibility of developing a specific property is governed, in part, by the size, shape, area, and terrain of the property in question. The availability of public utilities is also an important consideration in the analysis of a property's overall development potential.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

Physically Possible: (Continued)

Additional physical considerations are warranted when analyzing the highest and best use of the subject property, as presently improved. The size, architectural design, and condition of the existing building improvements are important elements, and may have a substantial impact on the highest and best use of a property, as presently improved.

Legally Permissible:

Legally permissible uses are determined, in part, by a community's general plan, zoning requirements, local building codes, and private deed restrictions.

The general plan of a community is established to assure continuity of development within the community and the surrounding area. There is usually a consistency between the general plan of a community and the various zone classifications. The zone classification sets forth the various types of development allowed within a specific zone district. Zoning requirements typically constitute the available choices of development for a property. Local building codes are generally addressed as part of the zone classification, and include items such as maximum building densities, building height restrictions, setback and parking requirements, etc. Private deed restrictions relate to mutual agreements under which a property was acquired. Said restrictions may prohibit certain types of development.

Financially Feasible:

Those uses which meet the first two criteria, i.e. physically possible and legally permissible, are further analyzed in order to determine which uses produce an adequate return on the investment. The specified use is considered financially feasible if the net income capable of being generated is enough to satisfy the required rate of return and provide a return on the land.

Among those uses which are considered financially feasible, that use which produces the highest price, or value, consistent with the required rate of return, is considered the highest and best use of the property.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

Conclusion:

The subject property is located within the northeast quadrant of Amar Road and Azusa Avenue, adjacent to the Big League Dreams Sports Complex. The site has an irregular land configuration, and contains 122.07± acres, or 5,317,369± square feet of land area, as set forth in the Long-Range Property Management Plan published by the West Covina Successor Agency. Topographical characteristics of the subject site include effectively level, gently rolling and sloping terrain. Site prominence/exposure, along with vehicular accessibility of the subject parcel is rated fair. Future development of the site will require installation of street improvements.

All public utilities such as water, gas, electric power, telephone, as well as sanitary sewer are available in the general vicinity. Upgrading of utility infrastructure will be required as part of future development.

As stated, the subject property consists of a portion of the BKK Public Golf Course and Landfill site identified as Specific Plan Number 15, Case Number ZC-655B. The purpose and intent of the Specific Plan No. 15 is to (1) allow for a mix of land uses on individual properties, (2) provide for better land use control, (3) provide and maintain, in conjunction with the open space, an aesthetically pleasant environment while protecting the natural surroundings, and (4) provide recreational facilities and programs. Future utility of the site is limited with respect to requirements set forth by the Department of Toxic Substances Control (DTSC) and the US Environmental Protection Agency (EPA).

The subject parcel consists of a portion of a larger site proposed for an 18-hole public golf course comprising 180 acres of land area. Approximately one-third of the golf course (six holes and a portion of the practice range) will be situated on the subject parcel. The remaining 12 holes, clubhouse, and maintenance building will be situated on the adjacent parcel comprising the Closed Class III Landfill. The practice range will be lighted for nighttime use and designed to not impact residential uses. The clubhouse will contain a pro shop, cart barn, food and beverage service, and other amenities commonly associated with a public golf course.

Based on the location of the subject property, along with the current zone classification and other characteristics of the site, the highest and best use thereof is judged to be open space or a passive recreational use such as the proposed public golf course facility.

VALUATION ANALYSIS (Continued)

HIGHEST AND BEST USE ANALYSIS: (Continued)

Conclusion: (Continued)

An additional probable “use” is that of a mitigation parcel wherein a developer would purchase the site in order to intensify development of another property, thus preserving the subject property for open space. This scenario would most likely be endorsed by community members as well as the City of West Covina and is judged to be the most reasonably probable alternative use of the site.

In conclusion, and in light of the (1) physical characteristics of the subject site, (2) those uses which are legally permissible and financially feasible, and (3) economic conditions in the immediate and general subject market area, the highest and best use of the site is open space. As an alternative, properties of this type are often purchased on speculation for the prospect of potential future value appreciation. The subject property has been considered and appraised herein accordingly.

VALUATION METHODS:

There are three conventional methods (approaches) which can be used to estimate value. They are the Sales Comparison Approach, Cost-Summation Approach, and Income Capitalization Approach. Following is a brief description of each approach to value.

Sales Comparison Approach:

This approach consists of the investigation of recent sales of similar properties to determine the price at which said properties sold. The information so gathered is judged and considered by the appraiser as to its comparability to the subject property. Recent comparable sales, either vacant land or improved properties, are the basis for the application of the Sales Comparison Approach.

Cost-Summation Approach:

The Cost-Summation Approach consists of estimating the construction cost new of the building and yard improvements and making allowances for the appropriate amount of accrued depreciation. The depreciated reconstruction value of the improvements is then added to the land value estimate. The sum of these two figures is the value indicated by the Cost-Summation Approach.

VALUATION ANALYSIS (Continued)

VALUATION METHODS: (Continued)

Income Capitalization Approach:

The Income Capitalization Approach consists of the capitalizing of net income of the property under appraisal. The capitalization methodology studies the income stream, allows for (1) vacancy and credit loss, (2) fixed expenses, and (3) operating expenses. The value indicated by the Income Capitalization Approach represents the money which would be paid by a prudent investor to obtain the net income capable of being generated by the property. The capitalization rate is usually commensurate with the inherent risk.

In order to facilitate the valuation analysis, the subject property has been considered and appraised herein based on unencumbered fee simple ownership, absent the license agreement encumbrance. Consideration of the impact to market value will be addressed in the latter portion of this section.

SALES COMPARISON APPROACH:

The Sales Comparison Approach takes into account properties which have sold in the open market. This approach, whether applied to vacant or improved property, is based on the Principle of Substitution which states, *"The maximum value of a property tends to be set by the cost of acquiring an equally desirable substitute property, assuming no costly delay is encountered in making the substitution."* Thus, the Sales Comparison Approach attempts to equate the subject property with sale properties by analyzing and weighing the various elements of comparability.

The Sales Comparison Approach was applied after conducting an investigation of market data (open space acreage land sales) in the greater subject market area. The reader is referred to the Market Data Section for comprehensive information pertaining to each sale property employed herein. Reference the Market Data Map on the following page for an illustration of the location of the various sale properties.

Primary indicators studied included sales of open space land parcels as well as land sales construction cost estimates and depreciation schedules. Other elements considered included (1) pride of ownership exhibited by an aggressive and on-going maintenance program, and (2) trends toward change evidenced by private redevelopment and remodeling, or gradual continued building degeneration in certain areas.



VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

The knowledge and understanding of present and historical value patterns and trends affecting the local real estate market are based on the observation of market conditions and the appraisal of other properties, as well as information obtained from various sources which include the following:

- Owners: Interviews were conducted with owners of properties in the general research area to determine various market trends, and value patterns.
- Tenants: Interviews were conducted with various tenants of properties located within the immediate subject market area.
- Real estate brokers and salespersons: A number of active brokers and salespersons within the greater subject market area were interviewed regarding existing and historical lease and sales data, as well as value patterns and trends.
- Public officials: Various public officials were interviewed regarding (1) existing or proposed projects which have an impact on real property values, (2) economic trends, (3) level of public services, (4) zone classifications and building standards, and (5) property tax structure and assessment districts.
- Public officials: Information was gathered and studied regarding population, unemployment levels, employment centers, sales data as well as rental data, and other demographic and economic factors.

Land Value:

Following is a summary of those sales considered helpful when estimating the value of the subject underlying land parcel.

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Area</u>		<u>Topography</u>	<u>Sale Price</u>	<u>\$ Per SF</u>	
			<u>Acres</u>	<u>Sq.ft.</u>				
A.	5-15	FC	4.90 ac	213,444 sf	sloping/rolling	\$ 330,000.	\$1.55	
			NWC Hermosa Ave. and County Rd., Rancho Cucamonga					
B.	7-15	A-1	149.70 ac	6,520,931 sf	sloping/rolling	\$8,600,000.	\$1.32	
			NE'ly/C Foothill Blvd. and Big Tujunga Canyon Rd., Los Angeles					

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Area</u>		<u>Topography</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
			<u>Acres</u>	<u>Sq.ft.</u>			
C.	10-15	ROS	12.40 ac	540,144 sf	rolling	\$ 750,000.	\$1.39
NW'ly/C New York Ave. and Kakletz Rd. Glendale							
D.	1-16	OS, et al	91.85 ac	4,000,986 sf	sloping/rolling	\$4,350,000.	\$1.09
NEQ San Gabriel Canyon Rd. and Old San Gabriel Canyon Rd., Asusa, Glendora, LA Co.							
E.	3-16	R-R	31.35 ac	1,365,606 sf	rolling	\$1,000,000.	\$0.73
SE'ly/Q Eucalyptus Ave. and Canon Ln., Los Angeles County							
F.	8-16	A-1	177.69 ac	7,740,176 sf	sloping/rolling	\$4,350,000.	\$0.56
NEQ Stephens Ranch Rd. and Vista Del Sol, Los Angeles County							

The properties surveyed are located within the greater Los Angeles County region and represent the most recent reasonably comparable transactions available for analysis. As can be noted, the properties range in size from 4.90 to 177.69 acres, or 213,444 to 7,740,176 square feet of land area. The overall purchase prices range from \$330,000 to \$8,600,000, reflecting a range of \$0.56 to \$1.55 per square foot of land area. All of the sale properties employed herein have relatively limited conventional development potential in a highest and best use context.

All of the sale transactions conveyed title to the fee simple interest. Financing terms of each sale were generally typical considering current market conditions. All of the sales represent arm's length transactions. No adjustments were required for property rights conveyed, financing, or conditions of sale.

Market Conditions:

Certain of the land sales data considered extended over a time period back to the second quarter of 2015. The time frame permitted the development of a rather comprehensive real estate market profile. The sales employed in this report are set forth in chronological order, and took place between May, 2015 and August, 2016.

Due to the nature of open space land sale transactions, values relating thereto are not typically subject to fluctuating market conditions experienced by conventional residential, commercial, and industrial properties. A review

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Market Conditions: (Continued)

of the market data summary set forth on Pages 6 and 7 reveals very little discernable difference in value indication as they relate to market conditions. An adjustment for same, therefore, is not warranted.

Elements of Comparability:

After viewing each of the sale properties, and obtaining certain information pertinent to land value, the appraiser analyzed the various elements of comparability for each sale property which, among others, include the following:

General location.	Availability of public alley.
Immediate environmental influences.	Overall developability.
Zoning.	Site frontage/depth ratio.
Vehicular and pedestrian access.	Site prominence and exposure.
Vehicular and pedestrian traffic.	Proximity to freeway.
Land area/plottage.	Land configuration.

A Relative Comparison Analysis (RCA) has been conducted between the individual comparable properties and the subject property. The RCA is a qualitative technique for analyzing comparable sales, and is a valuable tool employed to illustrate whether the characteristics of a comparable property are inferior, superior, or similar to those of the property under appraisal.

The Relative Comparison Analysis is similar to paired sales data analysis. This technique acknowledges the imperfect nature of the subject real estate market. The primary objective is to bracket the subject property between the comparable sales with respect to the similarity, superiority, and inferiority thereof. Superior elements of comparability of an individual sale property would reflect a downward adjustment to the value indication thereof. Conversely, inferior elements suggest an upward adjustment.

Additionally, it is important to note that the above elements of comparability were not assigned equal weight in making the analysis of each property. The general location, immediate environmental influences, vehicular accessibility, land configuration, along with land size were considered the most important factors in the subject case.

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Elements of Comparability: (Continued)

Overall marketability of each sale property was also considered. Marketability is the practical aspect of selling a property in view of all the elements constituting value, and certain economic and financing conditions prevailing as of the date of sale. All of the sale properties employed herein are considered having generally similar marketability as the subject property.

Sales Comparison Analysis:

Following are comments regarding the various sale properties employed herein.

Data A

Located at the northwest corner of Hermosa Avenue and Country road, Rancho Cucamonga. The site consists of a portion of a flood control inlet encumbered with easement rights vested with the San Bernardino County Flood Control District. The parcel is zoned for flood control purposes, has an irregular land configuration, sloping and rolling topographical characteristics, and contains 4.90 acres, or 213,444 square feet of land area.

The property was originally offered for sale at \$350,000 and was on the market 1,385 days. The purchase price was \$330,000, all cash. The deed recorded May 20, 2015 as Document No. 207091. Further details regarding the transaction are summarized as follows:

Grantor:	Mohammad & Mehdi Zomorrodian
Grantee:	Amaxi Investment Co.
Assessor's Parcel No.:	1074-071-32

Data B

Located at the northeasterly corner of Foothill Boulevard and Big Tujunga Canyon Road, Los Angeles. The site consists of the Angeles National Golf Club facility which consists primarily of open space land with flood control improvements. The

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Sales Comparison Analysis: (Continued)

parcel has a corner location along the Foothill Boulevard corridor, irregular land configuration, sloping/rolling topography, and contains 149.70± acres, or 6,520,931± square feet of land area.

The purchase price was \$8,600,000, which included \$7,400,000 cash down to a concurrent first trust deed note of \$1,200,000 with a private lender. The cash down payment represents 86% of the total purchase price. The deed recorded July 16, 2015 as Document No. 862640. Further details regarding the transaction are summarized as follows:

Grantor:	LA International Golf Club
Grantee:	Nequos Co., Ltd.
Assessor's Parcel No.:	2548-002-007, et al

Data C

Located at the northwesterly corner of New York Avenue and Kadletz Road, Glendale. The site consists of a large vacant open space parcel utilized for passive recreation. The property has an irregular land configuration, rolling topography, and contains 12.40± acres, or 540,144± square feet of land area.

The purchase price was \$750,000, all cash. The deed recorded October 30, 2015 as Document No. 1330384. Further details regarding the transaction are summarized as follows:

Grantor:	William K. Hummer
Grantee:	FE & M Inc. Employees Defined Co.
Assessor's Parcel No.:	5607-020-003, 004

Data D

Located within the northeast quadrant of San Gabriel Canyon Road and Old San Gabriel Canyon Road, within the cities of Azusa, Glendora, and a portion of unincorporated Los Angeles County. The site consists of a large effectively vacant open

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Sales Comparison Analysis: (Continued)

space parcel utilized for passive recreation. The parcel has an irregular land configuration, sloping and rolling topographical characteristics, and contains 91.85 acres, or 4,000,986 square feet of land area.

The purchase price was \$4,350,000, all cash. The deed recorded January 29, 2016 as Document No. 103499. Further details regarding the transaction are summarized as follows:

Grantor:	International Buddhist Cultural Heritage Foundation
Grantee:	9447 San Gabriel Canyon, LLC
Assessor's Parcel No.:	8684-005-002, 8684-006-003, 8684-027-005, & 8684-028-023, 024

Data E

Located within the southeasterly quadrant of Eucalyptus Avenue and Canon Lane, Los Angeles County. The site consists of a large vacant open space parcel situated adjacent to a golf course facility and residential subdivision. The parcel has an interior location, irregular land configuration, rolling topography, and contains 31.35± acres, or 1,365,606± square feet of land area.

The purchase price was \$1,000,000, all cash. The deed recorded March 28, 2016 as Document No. 113856. Further details regarding the transaction are summarized as follows:

Grantor:	New World International, LLC
Grantee:	Well Vantage Group, LLC
Assessor's Parcel No.:	1031-011-49

Data F

Located within the northeast quadrant of Stephens Ranch Road and Vista Del Sol, Los Angeles County. The site consists of a large vacant hillside open space parcel utilized for passive

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Sales Comparison Analysis: (Continued)

recreation. The property has an irregular land configuration, steep sloping/rolling topography, and contains 177.69± acres, or 7,740,176 square feet of land area.

The purchase price was \$4,350,000, which included \$1,900,000 cash down to a concurrent first trust deed note of \$2,450,000 with the seller. The cash down payment represents 44% of the total purchase price. The deed recorded August 31, 2016 as Document No. 1042938. Further details regarding the transaction are summarized as follows:

Grantor:	Lachner Trust
Grantee:	Puchun Cai
Assessor's Parcel No.:	8678-016-002, 021

Reference the Market Analysis Comparison Grid set forth on the following facing page. The land sale properties have been compared to the subject property with consideration assigned to property rights conveyed, conditions of sale, sale terms (financing), as well as the significant elements of comparability.

By way of review and comparison, the subject property is located within the northeast quadrant of Amar Road and Azusa Avenue, adjacent to the Big League Dreams Sports Complex. The site has an irregular land configuration, effectively level, gently rolling and sloping terrain, and contains 122.07± acres, or 5,317,369± square feet of land area, as set forth in the Long-Range Property Management Plan published by the West Covina Successor Agency. The highest and best use of the subject property is judged to be open space recreation. As stated, future utility of the site is limited with respect to requirements set forth by the Department of Toxic Substances Control (DTSC) and the US Environmental Protection Agency (EPA).

All of the sale transactions employed herein were considered helpful in the land valuation analysis of the subject property. The purchase price per square foot of land area has been utilized herein as the primary indication of

MARKET ANALYSIS COMPARISON GRID

OPEN SPACE LAND VALUE INDICATORS:

	Subject	Data A	Data B	Data C	Data D	Data E	Data F
Purchase price:	----	\$330,000	\$8,600,000	\$750,000	\$4,350,000	\$1,000,000	\$4,350,000
Purchase price per sq. ft.:	----	\$1.55	\$1.32	\$1.39	\$1.09	\$0.73	\$0.56
Property rights conveyed:	----	fee simple	fee simple	fee simple	fee simple	fee simple	fee simple
Conditions of sale:	----	standard sale	standard sale	standard sale	standard sale	standard sale	standard sale
Conds. of sale consideration:	----	similar	similar	similar	similar	similar	similar
Sale terms:	----	all cash	all cash	all cash	all cash	all cash	all cash
Date of sale:	----	5/20/2015	7/16/2015	10/30/2015	1/29/2016	3/28/2016	8/31/2016
Market conditions:	----	similar	similar	similar	similar	similar	similar
Market conditions adj.:	----	no adjustment	no adjustment	no adjustment	no adjustment	no adjustment	no adjustment
Proximity to subject property:	----	20 mi. northeast	28 mi. northwest	23 mi. northwest	9 mi. northeast	8 mi. southeast	12 mi. northeast
General location:	avg.-good	similar	similar	similar	similar	similar	similar
Imm. environ. influ.:	avg.-good	inferior	slt'ly. inferior	slt'ly. inferior	similar	inferior	inferior
Public utilities	all available	similar	similar	similar	similar	similar	similar
Land area (acres):	122.070	4.90	149.70	12.40	91.85	31.35	177.69
Land area (sq. ft.):	5,317,369	213,444	6,520,931	540,144	4,000,986	1,365,606	7,740,176
Zoning:	SP/OS	FC	A-1	ROS	OS/OSN/A-1/A-2	R-R	A-1
Off-site improvements:	none	superior	superior	superior	similar	similar	similar
Accessibility:	average	similar	similar	similar	similar	inferior	similar
Entitlements:	none	similar	similar	similar	similar	similar	similar
Land shape:	irregular	similar	similar	inferior	similar	similar	inferior
Topography:	rolling	inferior	inferior	similar	inferior	similar	inferior
Site conditions:	as if vacant	similar	similar	similar	similar	similar	similar
Site prominence/exposure:	avg.-fair	similar	superior	similar	superior	similar	similar
Overall comparability:	----	superior	similar	slt'ly. superior	similar	slt'ly. inferior	inferior

VALUATION ANALYSIS (Continued)

SALES COMPARISON APPROACH: (Continued)

Land Value: (Continued)

Sales Comparison Analysis: (Continued)

value due to the wide variation of developable densities among the sale properties. Following is a summary relating the overall comparability of the individual sale properties employed in the subject land value analysis.

<u>Data</u>	<u>Overall Comparability</u>	<u>\$ Per SF</u>
F	inferior	\$0.56
E	slightly inferior	\$0.73
D	similar	\$1.09
Subject	- - - -	\$1.20
B	similar	\$1.32
C	slightly superior	\$1.39
A	superior	\$1.55

After considering the various elements of comparability, as well as economic and financial conditions prevailing during the consummation of the various sale properties, when compared to current market conditions, it is the appraiser's opinion that the unencumbered fee simple market value of the subject site, exclusive of the license agreement encumbrance, as if vacant and available for a highest and best use development as discussed herein, is estimated at \$1.20 per square foot of land area, as follows:

$$5,317,369 \text{ SF @ } \$1.20 = \$6,380,843.$$

Adjusted: \$6,380,000.

FINAL ESTIMATE OF MARKET VALUE:

Based on the foregoing valuation study, the market value of the subject license rights, as of the date of value employed herein, is estimated at \$6,380,000.

EXPOSURE TIME:

Exposure time is defined in the 2014-2015 Edition of the Uniform Standards of Professional Appraisal Practice as the *“estimated length of time that the property interest being appraised would have been offered on the market*

VALUATION ANALYSIS (Continued)

EXPOSURE TIME: (Continued)

prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.” Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. The reasonable exposure time is a function of price, time, and use, not an isolated opinion of time alone.

The exposure time of a particular property is a direct function of supply and demand within a particular market segment. Generally, a higher demand results in a shorter marketing period. During the course of extensive market research, interviews were conducted of parties involved in the transactions regarding the sale properties employed in the Sales Comparison Approach. Based on said interviews, as well as interviews with a number of real estate brokers and other market participants, the exposure time estimated for the subject property, assuming an aggressive and comprehensive marketing program, is estimated at approximately 12 months.

MARKET DATA

MARKET DATA SUMMARY

OPEN SPACE LAND VALUE INDICATORS:

<u>Data</u>	<u>Date</u>	<u>Zoning</u>	<u>Land Area</u>		<u>Topography</u>	<u>Sale Price</u>	<u>\$ Per SF</u>
			<u>Acres</u>	<u>Sq.ft.</u>			
A.	5-15	FC	4.90 ac	213,444 sf	sloping/rolling	\$ 330,000.	\$1.55
NWC Hermosa Ave. and County Rd., Rancho Cucamonga							
B.	7-15	A-1	149.70 ac	6,520,931 sf	sloping/rolling	\$8,600,000.	\$1.32
NE'y/C Foothill Blvd. and Big Tujunga Canyon Rd., Los Angeles							
C.	10-15	ROS	12.40 ac	540,144 sf	rolling	\$ 750,000.	\$1.39
NW'y/C New York Ave. and Kakletz Rd. Glendale							
D.	1-16	OS, et al	91.85 ac	4,000,986 sf	sloping/rolling	\$4,350,000.	\$1.09
NEQ San Gabriel Canyon Rd. and Old San Gabriel Canyon Rd., Asusa, Glendora, LA Co.							
E.	3-16	R-R	31.35 ac	1,365,606 sf	rolling	\$1,000,000.	\$0.73
SE'y/Q Eucalyptus Ave. and Canon Ln., Los Angeles County							
F.	8-16	A-1	177.69 ac	7,740,176 sf	sloping/rolling	\$4,350,000.	\$0.56
NEQ Stephens Ranch Rd. and Vista Del Sol, Los Angeles County							



MARKET DATA A



Northwest corner of Hermosa Avenue and County Road, Rancho Cucamonga.

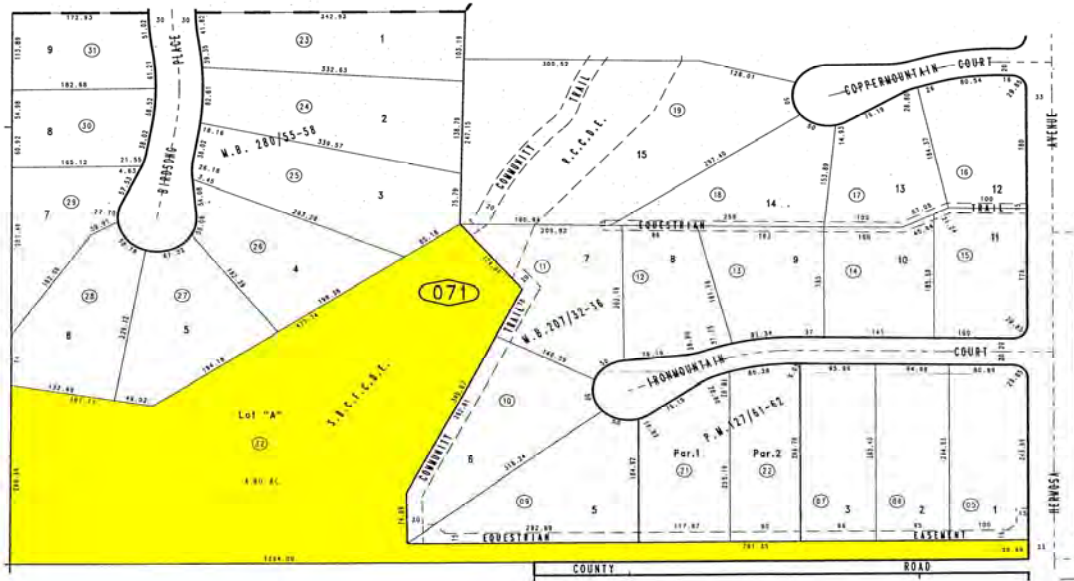
GRANTOR:	Mohammad & Mehdi Zomorrodian	APN:	1074-071-32
GRANTEE:	Amaxi Investment Co.	LAND SIZE:	4.90 ac, or 213,444 sq.ft.
SALE DATE:	May 20, 2015	ZONING:	FC
DOC. NO.:	207091	TOPOGRAPHY:	Sloping/rolling
SALE PRICE:	\$330,000.	DOC. STAMPS:	\$363.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	All cash	IMPROVEMENTS:	None at time of sale.

VALUE INDICATION: \$1.55 per SF land.

DATE INSPECTED: June 15, 2015 **BY:** Scott A. Lidgard, MAI

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA A (Continued)



VERIFICATION: Document of public record, CoStar Comps, and Kazem Zomorrodian, broker representing grantor.

MARKET DATA B



Northeasterly corner of Foothill Boulevard and Big Tujunga Canyon Road, Los Angeles.

GRANTOR:	LA International Golf Club	APN:	2548-002-007, et al
GRANTEE:	Nequos Co., Ltd.	LAND SIZE:	149.70 ac, or 6,520,931 sq.ft.
SALE DATE:	July 16, 2015	ZONING:	A-1
DOC. NO.:	862640	TOPOGRAPHY:	Sloping/rolling
SALE PRICE:	\$8,600,000.	DOC. STAMPS:	\$9,460.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	86% cash down	IMPROVEMENTS:	None at time of sale.

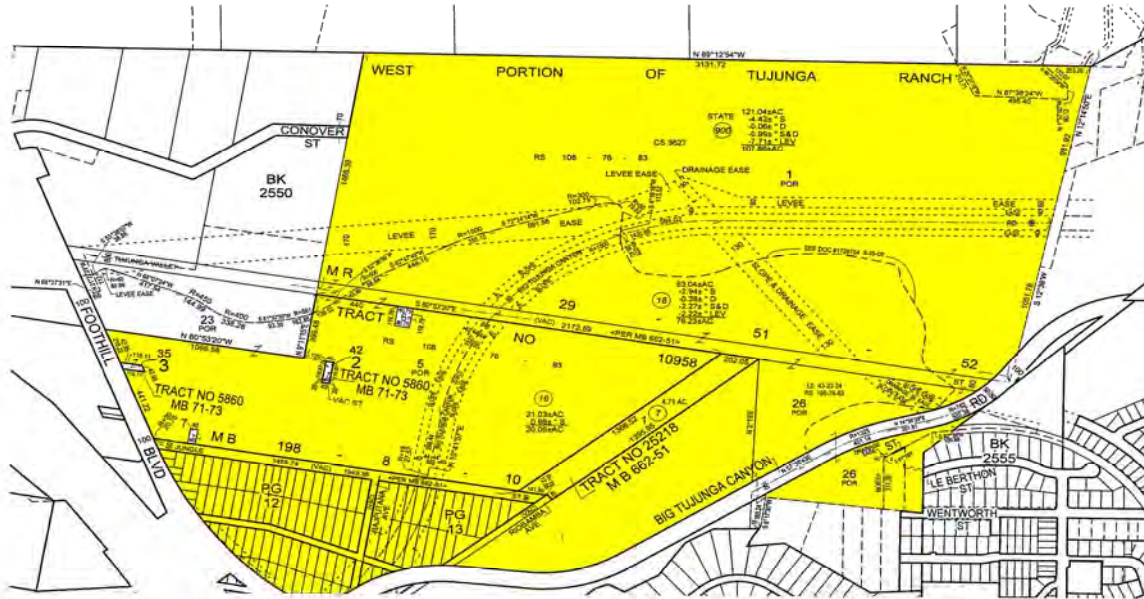
VALUE INDICATION: \$1.32 per SF land.

DATE INSPECTED: April 7, 2016

BY: Scott A. Lidgard, MAI

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA B (Continued)



VERIFICATION: Document of public record.

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA C



Northwesterly corner of New York Avenue and Kadletz Road, Glendale.

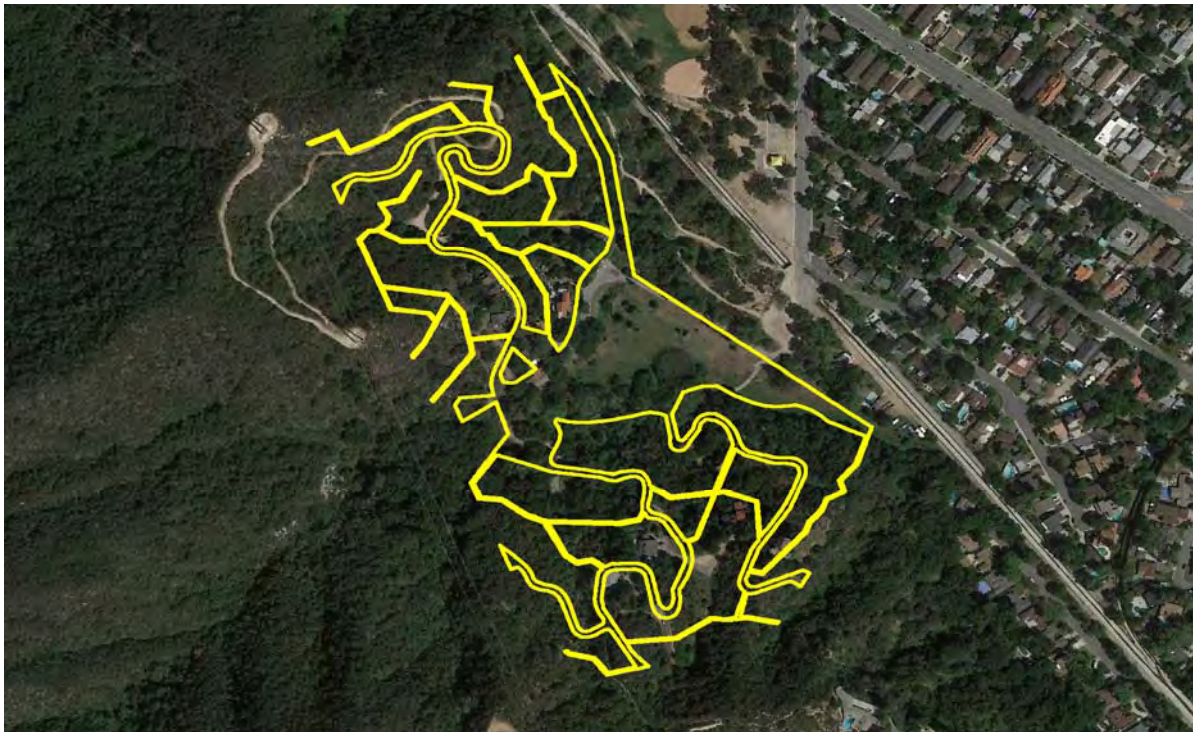
GRANTOR:	William K. Hummer	APN:	5607-020-003, 004
GRANTEE:	FE & M, Inc. Employees Defined	LAND SIZE:	12.40 ac, or 540,144 sq.ft.
SALE DATE:	December 23, 2015	ZONING:	ROS
DOC. NO.:	1330384	TOPOGRAPHY:	Rolling
SALE PRICE:	\$750,000.	DOC. STAMPS:	\$825.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	All cash	IMPROVEMENTS:	None at time of sale.

VALUE INDICATION: \$1.39 per SF land.

DATE INSPECTED: April 7, 2016

BY: Scott A. Lidgard, MAI

MARKET DATA C (Continued)



VERIFICATION: Document of public record.

MARKET DATA D



Northeast quadrant of San Gabriel Canyon Road and Old San Gabriel Canyon Road, Azusa, Glendora, and Los Angeles County.

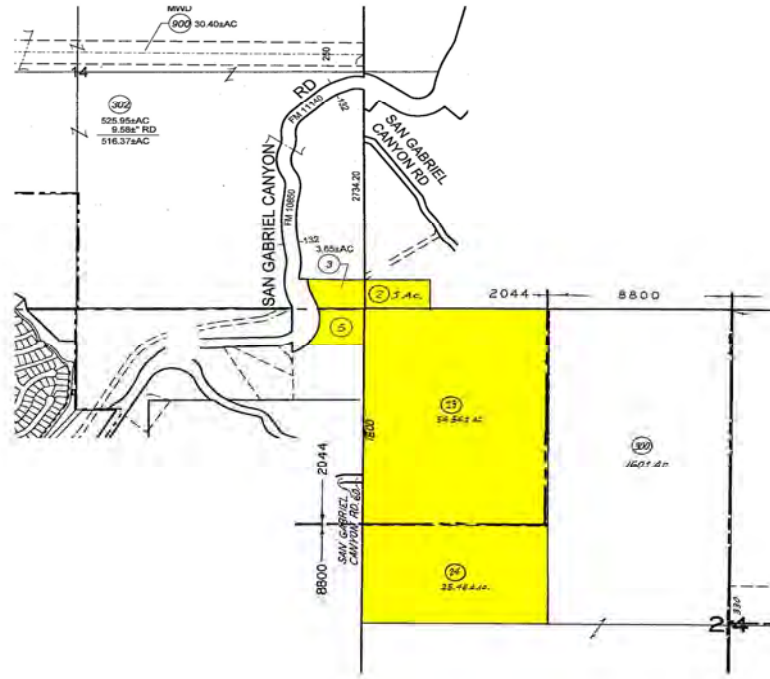
GRANTOR:	International Buddhist Cultural Heritage Foundation	APN:	8684-005-002, 8684-006-003 & 8684-028-023, 024
GRANTEE:	9447 San Gabriel Cyn., LLC	LAND SIZE:	91.85 ac, or 4,000,986 sq.ft.
SALE DATE:	January 29, 2016	ZONING:	OS/OSN/A-1/A-2
DOC. NO.:	103499	TOPOGRAPHY:	Sloping/rolling
SALE PRICE:	\$4,350,000.	DOC. STAMPS:	\$4,785.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	All cash	IMPROVEMENTS:	None at time of sale.

VALUE INDICATION: \$1.09 per SF land.

DATE INSPECTED: October 31, 2016 **BY:** Scott A. Lidgard, MAI

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA D (Continued)



VERIFICATION: Document of public record and CoStar Comps.

MARKET DATA E



Southeasterly quadrant of Eucalyptus Avenue and Canon Lane, Los Angeles County.

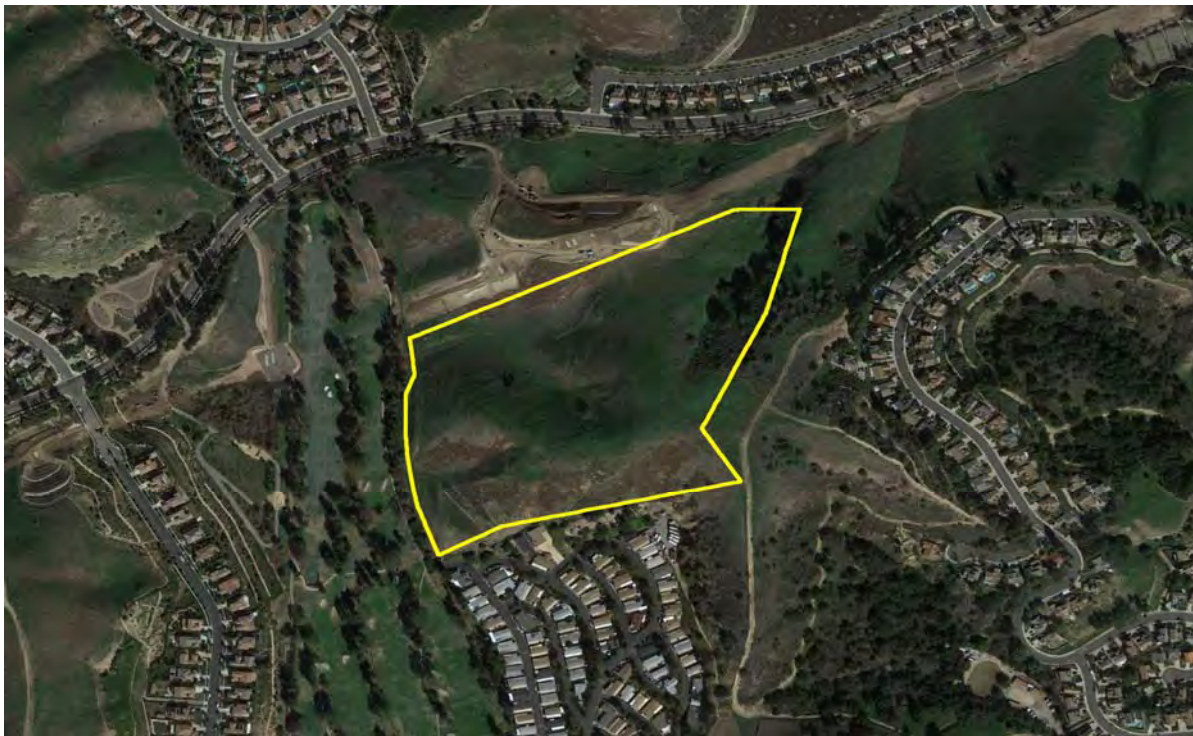
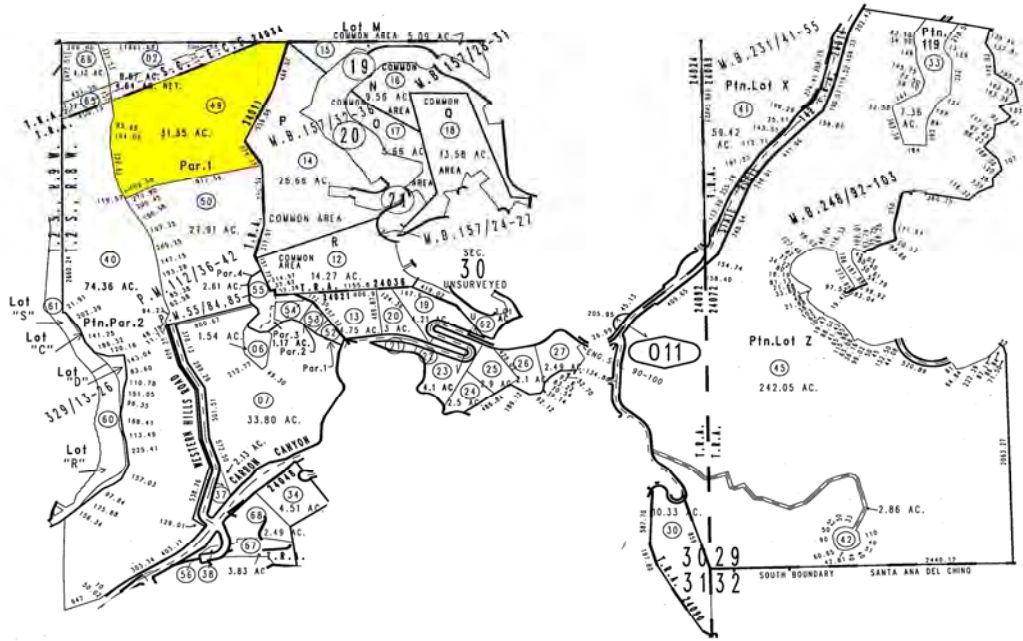
GRANTOR:	New World International, LLC	APN:	1031-011-49
GRANTEE:	Well Vantage Group, LLC	LAND SIZE:	31.35 ac, or 1,365,606 sq.ft.
SALE DATE:	March 28, 2016	ZONING:	R-R
DOC. NO.:	113856	TOPOGRAPHY:	Rolling
SALE PRICE:	\$1,000,000.	DOC. STAMPS:	\$1,100.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	All cash	IMPROVEMENTS:	None at time of sale.

VALUE INDICATION: \$0.73 per SF land.

DATE INSPECTED: October 31, 2016 **BY:** Scott A. Lidgard, MAI

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA E (Continued)



VERIFICATION: Document of public record and CoStar Comps.

MARKET DATA F



Northeast quadrant of Stephens Ranch Road and Vista Del Sol, Los Angeles County.

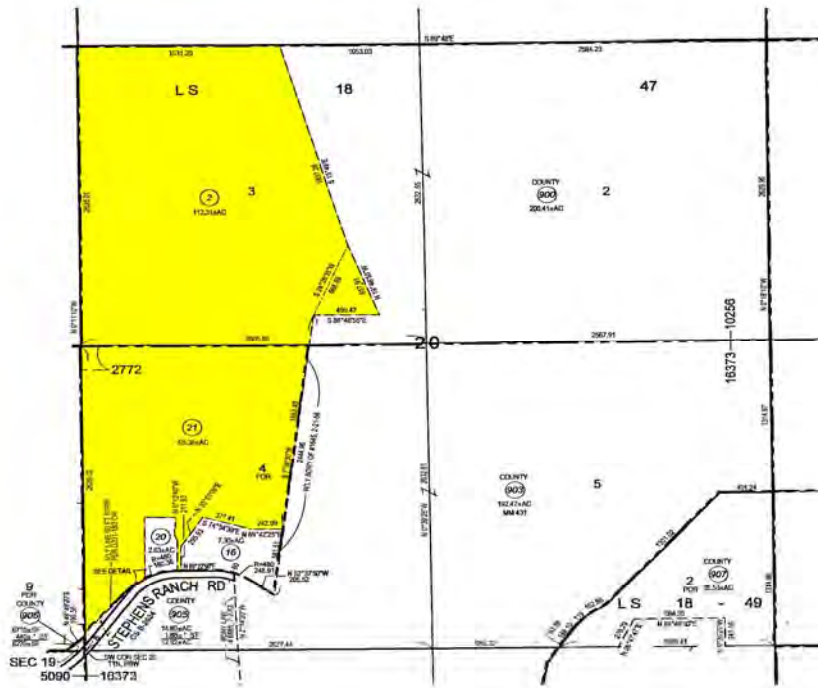
GRANTOR:	Lachner Trust	APN:	8678-016-002, 021
GRANTEE:	Puchun Cai	LAND SIZE:	177.69 ac, or 7,740,176 sq.ft.
SALE DATE:	August 31, 2016	ZONING:	A-1
DOC. NO.:	1042938	TOPOGRAPHY:	Sloping/rolling
SALE PRICE:	\$4,350,000.	DOC. STAMPS:	\$4,785.00
H & B USE:	Open space	PRESENT USE:	Vacant land.
TERMS:	44% cash down	IMPROVEMENTS:	None at time of sale.

VALUE INDICATION: \$0.56 per SF land.

DATE INSPECTED: October 31, 2016 **BY:** Scott A. Lidgard, MAI

LIDGARD AND ASSOCIATES
APPRAISERS-CONSULTANTS

MARKET DATA F (Continued)



VERIFICATION: Document of public record, and Co Star Comps.

ADDENDA

See Photo No. 1 on first page of Subject Property Section.



PHOTO NO. 2: View looking northwesterly at the subject property from Lidle Drive.



STREET SCENE 1: View looking northeasterly along Lidle Drive.



STREET SCENE 2: View looking southwesterly along Lidle Drive.

**QUALIFICATIONS OF
APPRAISER**

BACKGROUND AND QUALIFICATIONS

Scott A. Lidgard, MAI, CCIM
President of
LIDGARD AND ASSOCIATES
INCORPORATED

Full service appraisal firm encompassing all types of real property including commercial, industrial, complex residential, and special use properties. Scott A. Lidgard has over 30 years' experience in the appraisal of real property for various clients including public agencies, corporations, law firms in connection with litigation support, accountants, and private clients.

OFFICE ORGANIZATIONAL STRUCTURE:

Principal Appraiser:	Scott A. Lidgard
Market Research Analyst:	Jason T. Clayton
Market Research Analyst:	Jason P. Boyer
Market Research Analyst:	Andrew S. Lidgard
Market Research Assistant:	Mayra Villegas-Garcia
Office Administrator:	Sarah A. Petty
Office Assistant:	Kelly M. Lidgard

PROFESSIONAL ORGANIZATION AFFILIATIONS:

MAI Designated Member of the Appraisal Institute
(Member No. 11715).

CCIM (Certified Commercial Investment Member) designated
member of the CCIM Institute (Member No. 11262).

STATE CERTIFICATION:

Certified General Real Estate Appraiser by the Office of Real
Estate Appraisers, State of California. Certificate No.
AG004014.

BROKER'S LICENSE:

Licensed California Real Estate Broker (License No. 00825141).

EXPERT WITNESS:

Qualified as an expert on Real Property Valuation in the Los
Angeles, Orange, San Bernardino, and Riverside County
Superior Courts, as well as Federal Bankruptcy Court.

BACKGROUND AND QUALIFICATIONS (Continued)

ACADEMIC BACKGROUND

California State University, Fullerton
B.A., Business Administration, emphasis in real estate finance.
Successfully completed various educational courses and seminars sponsored by the Appraisal Institute, as well as other real estate and business organizations.

BUSINESS AFFILIATIONS:

Appraisal Experience:
President, Lidgard and Associates, Inc., Orange, California, established October 1, 1997.
Vice President, R. P. Laurain & Associates, Inc., Long Beach, California, between 1984 and 1997.
Real Estate Sales Associate, Merrill Lynch Realty, Placentia, California, between 1982 and 1984.

BOARD OF DIRECTORSHIPS:

Sergeant at Arms, Long Beach Rotary
President, Belmont Estates HOA, Orange
Vice President, Canyon Rim Villas HOA, Anaheim Hills
Treasurer, Orchard Owner's Association, Orange
Board of Directors, Villa Heights HOA, Villa Park

APPRAISAL SERVICES RENDERED:

Real estate appraisal services performed on projects for the following public agencies and private corporations, since 1984:

Cities:

City of Anaheim	City of Garden Grove	City of Mission Viejo
City of Azusa	City of Glendora	City of Montclair
City of Baldwin Park	City of Hawaiian Gardens	City of Monterey Park
City of Bell	City of Highland	City of Murrieta
City of Bellflower	City of Huntington Park	City of Ontario
City of Bell Gardens	City of Indio	City of Palm Desert
City of Brea	City of Irvine	City of Palm Springs
City of Carson	City of La Mirada	City of Pasadena
City of Cathedral City	City of La Habra	City of Pico Rivera
City of Costa Mesa	City of La Quinta	City of Placentia
City of Diamond Bar	City of Laguna Hills	City of Pomona
City of Downey	City of Long Beach	City of Rancho Mirage
City of Fullerton	City of Lynwood	City of Redondo Beach

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL SERVICES RENDERED (Continued)

Cities: (Continued)

City of Rialto	City of Santa Ana	City of Upland
City of Riverside	City of Santa Clarita	City of Whittier
City of San Clemente	City of Signal Hill	City of West Covina
City of San Bernardino	City of Stanton	City of Yorba Linda
City of San Juan Capistrano	City of Tustin	City of Victorville

Redevelopment Agencies:

Baldwin Park Redevelopment Agency
Bell Redevelopment Agency
Bell Gardens Redevelopment Agency
Buena Park Redevelopment Agency
Carson Redevelopment Agency
Cathedral City Redevelopment Agency
El Monte Redevelopment Agency
Garden Grove Redevelopment Agency
Glendale Redevelopment Agency
Huntington Beach Redevelopment Agency
Huntington Park Redevelopment Agency
Inglewood Redevelopment Agency
La Puente Redevelopment Agency
Long Beach Redevelopment Agency
Los Angeles Community Redevelopment Agency
Norwalk Redevelopment Agency
Ontario Redevelopment Agency
Palm Desert Redevelopment Agency
Rialto Redevelopment Agency
Riverside Redevelopment Agency
San Bernardino Redevelopment Agency
Signal Hill Redevelopment Agency
West Covina Community Development Commission
Whittier Redevelopment Agency
Yorba Linda Redevelopment Agency

Other Government Agencies:

Calleguas Municipal Water District
County of Los Angeles, Internal Services Division
County of Riverside
Inland Empire Utilities Agency
Long Beach Unified School District
Los Angeles County Sanitation District
Los Angeles Unified School District
Orange County Transportation Authority
Palm Springs Unified School District

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL SERVICES RENDERED (Continued)

Other Government Agencies: (Continued)

Placentia Unified School District
Port of Long Beach
Port of Los Angeles
Resolution Trust Corporation
Riverside County Transportation Commission
State of California
U. S. Department of Navy
U. S. Marshal Service
Victor Valley Wastewater Reclamation Authority

Financial Institutions:

American First Federal Credit Union
Farmers and Merchants Bank
First Federal Bank
First Federal Credit Union
Fiscal Federal Credit Union
Harbor Bank
Long Beach Bank
Mineral King National Bank
Northern Trust Bank
Queen City Bank
Sumitomo Bank, Ltd.
Union Bank

Asset Management Companies:

Amresco, Inc.
American Residential Mortgage Corporation
BEI Management, Inc.
Emerson International
Equitable Real Estate Investment Management
EQ Services
Icon Associates
Independence One
Pacific Southwest Partners

Private Companies/Corporations:

Allstate Insurance Company
Best, Best & Krieger, LLP
Bonnie, Hopkins & Bastardi, LLP
Bridgestone/Firestone, Inc.
Black & Vetch Corporation
Buchalter Nemer, A Professional Corporation
Burke, Williams & Sorenson, LLP
California Eminent Domain Law Group

BACKGROUND AND QUALIFICATIONS (Continued)

APPRAISAL SERVICES RENDERED (Continued)

Private Companies/Corporations: (Continued)

Carl Karcher Enterprises
Chapman University
Century Law Group
Daley & Heft, LLP
Eastman Kodak Company
Ferro Corporation
Flagstar Companies
Guild Financial
Hahn & Hahn, LLP
Harbor Chevrolet
Inland Partners Corporation
Kaufman and Broad
Latham & Watkins, Attorneys at Law
Long Beach Memorial Medical Center
Madden, Jones, Cole & Johnson, Attorneys at Law
Oliver, Vose, Sandifer, Murphy & Lee
Pan Pacific Development
Rutan & Tucker, LLP
Scotsdale Insurance
Snell & Wilmer, Attorneys at Law
T.R.W.
The Trust for Public Land
Westport Packers
Windes and McCloughry, Accountancy Corporation
Wise, Wiezorek, Timmons & Wise, Attorneys at Law