

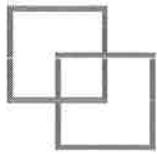
**APPRAISAL REPORT OF THE PROPERTY
BEING AFFECTED BY THE LAKE
WILDWOOD WWTP LIFT STATION
PROJECT**

**PENN VALLEY FIRE PROTECTION
DISTRICT
10513 SPENCEVILLE ROAD
PENN VALLEY, CALIFORNIA
(APN: 51-160-26)**

FOR

**MR. DAVID GARCIA
TRANSPORTATION PLANNER
COUNTY OF NEVADA
950 MAIDU AVENUE
NEVADA CITY, CALIFORNIA 95959**

BRI 15004



**BENDER
ROSENTHAL, INC.**

COMMERCIAL VALUATION AND RIGHT OF WAY SERVICES

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March 25, 2015

Mr. David Garcia
Transportation Planner
County of Nevada
950 Maidu Avenue
Nevada City, California 95959

Re: Penn Valley Fire Protection District Property (APN: 51-160-26)
10513 Spenceville Road
Lake Wildwood Wastewater Treatment Plant Lift Station Improvement Project

Dear Mr. Garcia:

We have completed an appraisal of the referenced property from which a public sewer and public utility right of way easement and associated access easement will be acquired for the proposed Lake Wildwood WWTP Lift Station Project. The appraisal constitutes a narrative report of our appraisal of that property.

The following appraisal report contains the scope of the assignment, required investigation, data and analyses upon which our opinion of fair market value is based. The appraisal is subject to the hypothetical conditions, extraordinary assumptions, general assumptions and limiting conditions and certification included in the report.

We have prepared the report of our appraisal in conformance with and subject to the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, which fully incorporate the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. In addition, we have intended to comply with all applicable state laws.

We are pleased to have this opportunity to provide you with professional appraisal services.

BENDER ROSENTHAL, INC.

Jared M. Caiabrese, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG042740

David B. Wraa, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG023713

BRI 15004

BENDER ROSENTHAL, INC.

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ADDENDA

ITEM 1: SUBJECT PROPERTY PHOTOGRAPHS

ITEM 2: PROFESSIONAL QUALIFICATIONS

ITEM 3: STATEMENT AND SUMMARY OF THE BASIS FOR APPRAISAL

PROPERTY IDENTIFICATION AND SUMMARY OF SALIENT FACTS

Appraisal Assignment: To estimate the fair market value of the fee simple interest of the subject property.

Property Location: 10513 Spenceville Road
Penn Valley, California 95602

Census Tract No.: 402.2

PROPERTY DATA

Legal Description: The land described herein is situated within the County of Nevada, California, as per the provided title report from Fidelity National Title, dated January 13, 2015.

Assessor's Parcel Number: 51-160-26

Site Area: 12.080± acres (Source: Nevada County Assessor's Map)

Building Improvements: A Penn Valley Fire District fire station, attached district offices, and several other associated buildings, including a thrift store. In addition, the Penn Valley Rodeo Grounds are located on the parcel. The grounds include an arena, stage area, kitchen facilities, parking, and other ancillary buildings. However, there are no building improvements located within the acquisition area.

Site Description: The site is located at the northeast corner of Spenceville Road and Harper Lane, immediately south of Penn Valley Drive. The subject consists of an irregular-shaped site with generally level topography. The site has additional frontage along Harper Lane. The property is currently improved with a Penn Valley Fire Protection District station, PVFPD district office, and the Penn Valley Community Rodeo Grounds. The rodeo grounds are generally surrounded by ranch fencing. The driveways and parking areas for the fire department are asphalt paved, while the drive way and parking areas in support of the rodeo grounds are gravel paved or dirt.

No improvements are located within the sewer and utility easement outside a minimal amount of fencing and sidewalk. The access easement will encumber a portion of the existing driveway entrance to the rodeo grounds.

Zoning:

C2-SP & OP-SP, Community Commercial - Site Performance and Office & Professional - Site Performance (County of Nevada)

The purpose of the Community Commercial District is to provide a wide range of retail and service uses that serve the varied need of large geographic areas.

The purpose of the Office & Professional district is to provide areas for the development of professional and administrative offices and related uses and structures that complement other commercial centers and are considered compatible with adjacent residential and related land uses.

The purpose of the Site Performance Combining District is to provide for refinements in the site development standards and/or the permitted uses in the base zone district with which the SP District regulations are combined. Such refinements shall ensure consistency with, and further the intent of, all General Plan policies.

General Plan Designation:

Community Commercial and Office Professional

Special Plan:

None

Flood Information:

The subject is located in Flood Zone X (unshaded), areas of minimal flood hazard. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood. FEMA Flood Insurance Rate Map Community Panel Number 06057 C0608E, dated February 3, 2010.

Seismic Information:

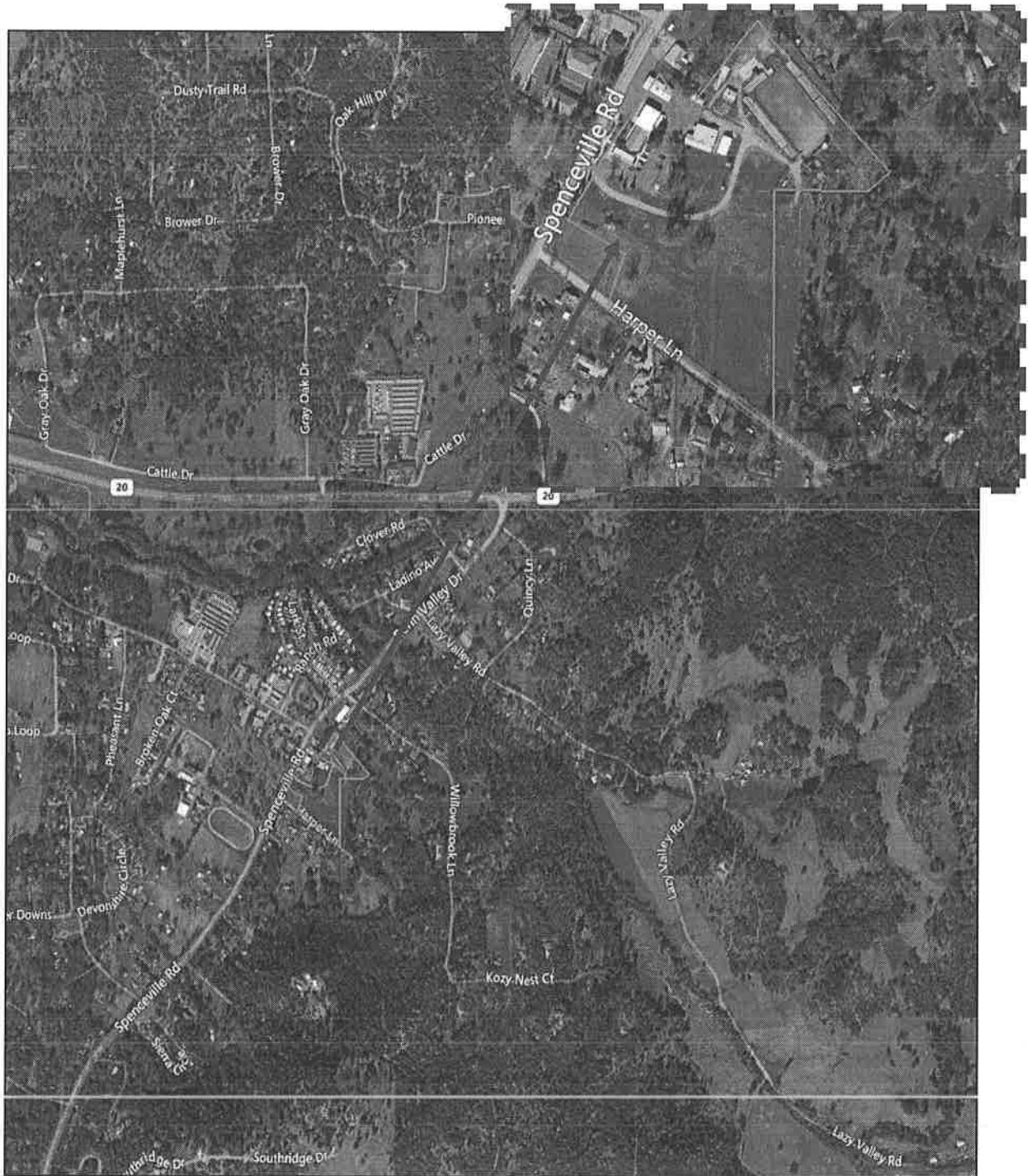
Not located in a special seismic study area.

Toxic Hazards Information:	We were not provided with a Phase I assessment for the subject property. The appraiser is not an expert in this field; please refer to Item 16 of the Assumptions and Limiting Conditions.
Wetlands:	The subject may contain wetlands, but none were noted.
Ownership:	Penn Valley Fire Protection District, as per the title report provided by Fidelity National Title, dated January 13, 2015.
Sales History:	There have been no transfers of the property within the previous five years and to the best of our knowledge the property is not marketed for sale.
Reconciliation with Prior Transfers:	The property has not transferred in the previous five years.
Current Use:	Fire station and rodeo grounds.
Highest and Best Use:	Future phased development of retail and office uses upon increased demand and sustained improvement in the market.

**Total Estimated Compensation
Summary – As of January 28, 2015:**

Market Value of Easement and Site Improvements Acquisitions	\$ 12,823
Net Severance Damage	\$ -0-
Total	\$ 12,823
Rounded to:	\$ 12,900

AERIAL PHOTOGRAPH



I. INTRODUCTION

CLIENT, INTENDED USE, INTENDED USER(S)

The appraisal assignment is to estimate the fair market value of the property rights proposed to be acquired via a road right of way easement for the Lake Wildwood Waste Water Treatment Plant Lift Station project. The client and intended user of the appraisal is the County of Nevada Department of Public Works. The intended use is to aid the intended user in establishing their offer of compensation for the rights to be acquired for the project.

SCOPE OF WORK

The purpose of the appraisal is to estimate the fair market value of the proposed property acquisition. The function of the report is to estimate the compensation of the property being acquired for the Lake Wildwood WWTP Lift Station. The date of value is based on the inspection date, unless noted otherwise in the appraisal. The date of the report is the date the appraisal is transmitted to the client. The value estimates are stated in terms of cash, or terms equivalent to cash.

Valuation/Research Overview. The following is an overview of the valuation process and research involved for the subject property and comparable sales. The valuation of the property involved an investigation and analysis of the improvement areas, as well as the entire regional area, for social, economic, governmental, and environmental forces and trends that affect or could influence property values.

- Inspection of the subject property and neighborhood was completed on January 28, 2015 by Jared Calabrese, MAI of Bender Rosenthal, Inc. A representative of the ownership, Fire Chief Don Wagner, declined to be present at the inspection. David Wraa, MAI of Bender Rosenthal, Inc. inspected the site at a later date from the street.
- Study of the area, community, and neighborhood to determine market area.
- Research of public records to verify information about the subject property and comparables to ensure they are factually accurate and that there are no terms or additional influences that affect price or value.
- Zoning, and general plans obtained from County of Nevada Planning Department and the County of Nevada Planning Department, and other department websites;
- Review of applicable flood maps obtained from FEMA;
- Review public records obtained from the various city and county governmental agencies including the Planning Department, Assessor's Office, and Tax Collector's Office;
- A search of specific property transfers occurring during the past five years was conducted for the subject property.

- Research comparable property sales, listings, and offers to purchase or sales involving properties similar to the subject property and within the subject's or competing market areas.
- Interview comparable property owners and brokers.
- Determine relevant methods of valuation to be used.
- Inspect potential comparable properties to determine most similar properties for comparison.
- Evaluate each comparable in comparison to the subject property to estimate the fair market value of the subject.
- Prepare report. The Appraisal Report contains a summary of all information significant to the solution of the appraisal problem.

Valuation Approaches. The appraisal process includes the investigation and analysis of the subject, market, and other relevant data for the purpose of estimating an opinion of the defined value for the subject property. All economic forces and factors are considered in arriving at the highest and best use and valuation of the subject property.

There are typically three approaches to value that may be used in the real property valuation process. They are the Sales Comparison Approach, Income Approach, and Cost Approach. Each approach provides an indicated value that is reconciled into a final estimate of value for the subject based on the interests appraised, the defined objective of the valuation, and the stated definition of value. An appraisal may include one, two or all three approaches to value based on the data available, the type of property and appraisal valuation problem.

Sales Comparison Approach. A value indication is derived by comparing the property being appraised to similar properties that have sold recently; making qualitative or quantitative comparisons to the subject; then applying units of comparisons to indicate a value for the larger parcel or remainder parcel. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of valuation when an adequate supply of comparable sales is available. Sales, listings and current escrows of comparables were considered in this analysis. Primary reliance has been placed on closed sales transactions.

Income Approach. A value indication is derived for income-producing property by converting its anticipated benefits (cash flows and reversion) into a value for real property interests. Typically the annual net income is capitalized at a market-derived capitalization rate to estimate the desired value. The income approach is most often used for income producing properties or real estate acquired as an investment.

Cost Approach. A value indication is derived for a property by estimating the current cost to construct a replacement/reproduction of the existing structure(s); deducting depreciation from all sources; and adding the estimated land value. The cost approach is most often used when valuing properties with new or relatively new improvements and also special use properties.

Right of Way Appraisals. Appraisals for public acquisitions involve acquiring fee title and/or easement rights from an owner. In situations whereby a property is leased, the property is valued as if title were held by a single entity, consistent with the unit rule (Uniform Appraisal Standards for Federal Land Acquisitions) or the undivided fee rule (California Code of Civil Procedure 1260.220(a)). Improvements not impacted by the project may not be included in the analysis.

Full Interest Analysis. The acquisition of all property rights using the applicable valuation methodology.

Partial Acquisition Interest Analysis. This methodology is applicable to the appraisal assignment. The analysis starts with an estimate of market value for the “undivided fee” interest of the larger parcel using the most applicable method for valuing similar properties.

Once the larger parcel value is estimated the following partial acquisition appraisal methodology is utilized:

- Value the part acquired.
- Value of the remainder parcel as part of the Larger Parcel, which is the value of the remainder before consideration of damages or benefits.
- Value the remainder parcel, after the proposed acquisition and before consideration of benefits. This identifies severance damages due to the acquisition, consisting of a potential loss of market value (by comparing to value of the remainder as part of the larger parcel) and cost to cure damages are estimated where applicable.
- Value the remainder parcel, after the acquisition, considering benefits. This identifies benefits, consisting of a potential gain in market value due to the acquisition (by comparing to value of the remainder as part of the larger parcel).
- The value of the acquisition is the value of the part acquired plus net severance damages as California law allows benefits to only offset severance damages.

DEFINITIONS USED IN THE REPORT

Fair Market Value¹

- A) 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.

¹ Section 1263.320 of the Code of Civil Procedure.

- B) The fair market value of a 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.

The Code goes on to say that:

The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- A) The project for which the property is taken.
- B) The eminent domain proceeding in which the property is taken.
- C) Any preliminary actions of the plaintiff relating to the taking of the property.

Compensation for Property Taken²

Compensation shall be awarded for the property taken. The measure of this compensation is the fair market value of the property taken.

Larger Parcel³

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.

Damage to Remainder⁴

Damage to the remainder is the damage, if any, caused to the remainder by either or both of the following:

- A) The severance of the remainder from the part taken.
- B) The construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the damage is caused by a portion of the project located on the part taken.

² Section 1263.310 of the Code of Civil Procedure.

³ Real Estate Valuation in Litigation, 2nd ed. (Chicago: Appraisal Institute, 1995), P. 351.

⁴ Section 1263.420 of the Code of Civil Procedure.

Benefit to Remainder⁵

Benefit to the remainder is the benefit, if any, caused by the construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the benefit is caused by a portion of the project located on the part taken.

Offset Rule

On August 25, 1997, the California Supreme Court ended the rule that only benefits deemed "special" could be offset against severance damages in determining compensation in condemnation actions. Under its decision in the *Continental Development* case, all benefits, general and special can reduce an award of severance damage.

Property Rights Defined

Fee Simple Estate⁶ - Is the absolute ownership of real property unencumbered by any other interest, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Permanent Easement - An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right of way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.⁷

Temporary Construction Easement - An easement granted for a specific purpose (construction of the proposed project) and applicable for a specific or limited period of time.⁸

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and the value estimates it contains are expressly subject to the following assumptions and/or limiting conditions.

1. Title to the property is marketable.
2. No survey of the properties has been made by the appraisers and property lines as they appear on the ground are assumed to be correct.
3. Data, maps, and descriptive data furnished by the client or his/her representatives are accurate and correct.
4. No responsibility is assumed for matters of law or legal interpretation.
5. No conditions exist that would affect the use and value of the property, which are not discoverable through normal, diligent investigation.
6. The valuation is based on information from sources believed reliable, and that such information is correct and accurately reported.

⁵ Section 1263.430 of the Code of Civil Procedure.

⁶ The Dictionary of Real Estate Appraisal (Fifth Edition), Appraisal Institute, Chicago, Illinois, 2010, P. 78

⁷ The Dictionary of Real Estate Appraisal (Fifth Edition), Appraisal Institute, Chicago, Illinois, 2010, P. 145

⁸ The Dictionary of Real Estate Appraisal (Fifth Edition), Appraisal Institute, Chicago, Illinois, 2010, P. 195

7. The value estimate is made subject to the purpose, date, and definition of value.
8. The report is to be considered in its entirety and use of only a portion will invalidate the appraisal.
9. This appraisal was made on the premise that there are no encumbrances prohibiting utilization of the property under the appraiser's estimate of highest and best use.
10. Possession of this report or a copy does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Bender Rosenthal, Inc., and then only with proper qualifications.
11. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. No part of this narrative report may be reproduced by any means nor disseminated to the public in any way without the prior written consent of Bender Rosenthal, Inc.
12. Any person or entity who obtains or reads this report, or a copy, other than the client specified in this report, expressly assumes all risk of damages to himself or third persons arising out of reliance on this report and waives the right to bring any action based on the appraisal, and neither the appraisers nor the appraisal firm shall have any liability to any such person or entity.
13. The appraisers shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described in this report unless prior arrangements have been made.
14. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property.
15. The properties appraised may or may not be subject to the Americans with Disabilities Act of 1990 (ADA). Title III of this act provides for penalties for discrimination in failing ". . . to remove architectural barriers. . . in existing facilities [unless] an entity can demonstrate that the removal. . . is not readily achievable. . ." Unless otherwise noted in this appraisal, it is assumed that the properties appraised are not substantially impacted by this law.
16. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of such substances as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
17. It is assumed that the properties appraised are competently managed and marketed.

EXTRAORDINARY ASSUMPTIONS

*"An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."*⁹

1. We were not provided with a Phase I Environmental Site Assessment for this appraisal. The value stated in this report is based on the assumption that the property is "free and clear" of any potential toxics. The appraiser is not an expert in this field and is not qualified to detect or advise on similar matters. This appraisal, therefore, assumes that there is no toxic contamination on the subject property.
2. Specific easement language was requested but not provided. The client provided descriptions of the intended uses and the improvements anticipated to be completed within the acquisition areas. It is assumed these descriptions are accurate. If the actual easements vary substantially from the provided descriptions, the results of this appraisal may be affected.
3. A gravel-paved drive way, concrete curbing, fencing, and gate are located within the access easement area, and it is assumed they will remain in place and available for use by the property owner. A landscaping emitter box is located in the sewer and utility easement, and it is assumed the box will be relocated as part of the contract construction work. If these assumptions are found not to be true, the conclusions of this report may be affected.

HYPOTHETICAL CONDITIONS

*"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."*¹⁰

1. The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following: 1) the project for which the property is taken; 2) the eminent domain proceeding in which the property is taken; and 3) any preliminary actions of the plaintiff relating to the taking of the property.¹¹
2. The valuation of the remainder parcel(s) in their conditions after consideration of the partial acquisition and construction in the manner proposed presumes a hypothetical condition. This is due to, as of the effective date of value, the parts being acquired have not yet been severed from the larger parcels and the project has not yet been constructed. Information about the project and its improvements was provided by the client and relied upon in analyzing the impacts the proposed project will have on the subject remainder parcel(s).

⁹ 2014-2015 Edition of USPAP, Pg. U-3.

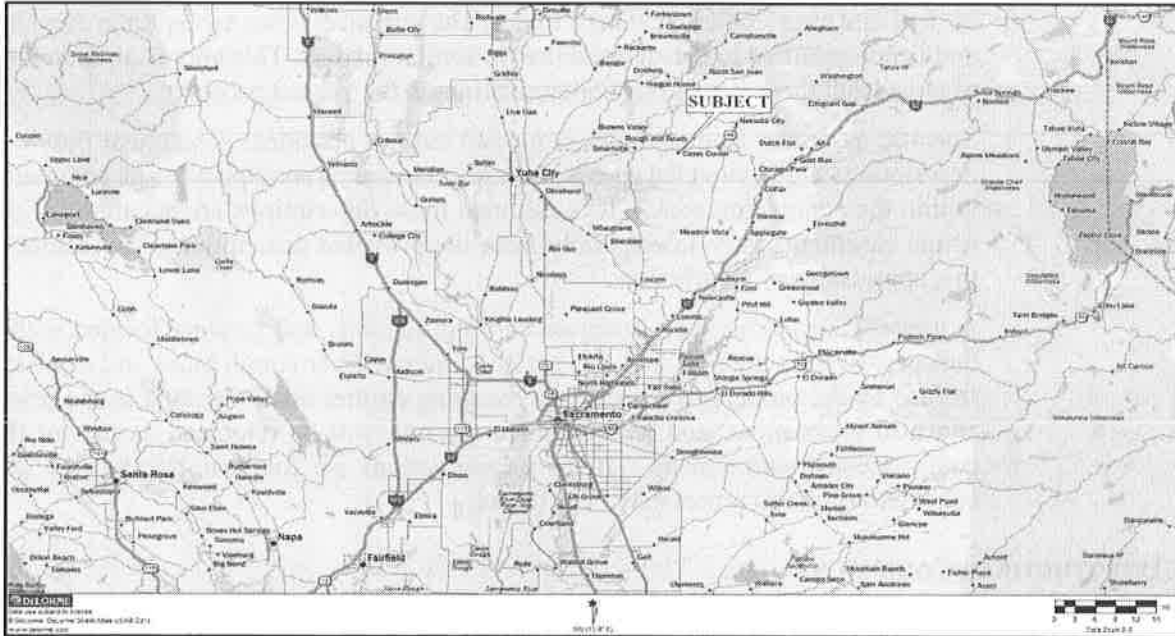
¹⁰ 2014-2015 Edition of USPAP, Pg. U-3.

¹¹ Section 1263.330 of the Code of Civil Procedure.

II. NEVADA COUNTY REGIONAL OVERVIEW

Geographic Considerations. The subject property is located in Nevada County, in the community of Penn Valley, 60± miles northeast of Sacramento's Central Business District (CBD). A regional map is provided below.

REGIONAL MAP



The Greater Sacramento area, or officially Sacramento–Arden-Arcade–Yuba City, CA-NV Combined Statistical Area, is a combined statistical area consisting of several metropolitan statistical areas and seven counties in Northern California and one in Western Nevada. These are Sacramento, Yolo, El Dorado, Placer, Sutter, Yuba, and Nevada counties in California, and Douglas County in Nevada. The subject properties are located in Nevada County. The metropolitan area experienced a growth of nearly 20% in the last decade. In the 2000 census, the Sacramento MSA had a population of 1,930,857. The 2010 United States Census estimates for the region totaled a population of 2,461,780, making it the 4th largest metropolitan region in California and 18th largest in the United States.

The Sacramento MSA contains portions of the Central Valley and Sierra Nevada regions of California as well as a small region of Western Nevada and also contains sites of natural beauty including Lake Tahoe, the largest alpine lake in North America and numerous ski and nature resorts. The region's eastern counties are located in Gold Country, site of the California Gold Rush.

National Economy. The outlook for the U.S. economy is much brighter than it has been since before the most recent recession. Besides more than 3% growth in gross domestic product in 2Q14 and 3Q14, inflation remains low and the unemployment rate declined to 5.8% in October 2014. In fact, job growth has improved enough that employers are on pace to add the most jobs on an annual basis since 1999, according to the Bureau of Labor Statistics.

These are all positive indicators of primary importance, however, a variety of headwinds are still holding back the progress that many economists had been predicting. While unemployment appears healthy, the workforce participation rate has declined to 1978 levels, as the wages of the majority of workers remain relatively stagnant. In addition, the federal debt has ballooned to nearly \$18 trillion, while major entitlement programs are underfunded. The housing sector has improved slightly, but the young adults we have relied on in the past to purchase homes are burdened with oversized amounts of student debt. Furthermore, many of the economies in Europe and Asia are contracting, and territory disputes from the Ukraine and Russia to Iraq and Syria have given rise to new levels of uncertainty. However, in the end, the U.S. economy appears to have many resilient elements in place to withstand future disruptions in the financial markets.

Current State of the Sacramento Regional Economy. According to preliminary data presented by the Center for Strategic Economic Research (CSER) in their September 2014 newsletter, the six-county Sacramento region grew by 1.9% between August 2013 and August 2014, similar to the statewide average and just above the national average. Although this reflects a gain of about 17,000 jobs from the previous year, this annual rate of growth is much slower than what the region posted in the previous month and in August 2013. All of the Sacramento region's five largest sectors experienced a dip in annual job growth since last month, but four still posted positive annual job growth in August 2014. Only one sector, professional and business services, posted a rate greater than the previous year. Job gains in the area's largest sector, government, were driven by growth in the state government portion while local and federal government experienced losses slowing this sector's annual job growth to 0.6% in August 2014. Trade, transportation, and utilities' 0.5% annual job growth was primarily attributed to gains in the retail component. After a brief period of positive annual job growth, the leisure and hospitality sector dipped back into negative territory posting a rate of -0.7% in August 2014. The component that includes restaurants and bars still showed job gains, but at a much lower level than the previous month and not enough of a gain to make up for losses in the accommodation and recreational segments.

The unemployment rate in the Sacramento MSA is 6.2% as of December 2014, down from a revised rate of 6.7% in November 2014, and well below the year-ago estimate of 7.5%. On the month, employment in the MSA decreased by 1,100 to 901,800 total jobs. The unemployment rate was able to drop due to the decrease in the size of the labor force. The following chart presents historical unemployment numbers for the greater Sacramento region.

UNEMPLOYMENT RATE SUMMARY				
Area	Dec 2013	Nov 2014	Dec 2014	YOY Change
United States	6.7%	5.8%	5.4%	-1.3%
California	8.3%	7.2%	6.7%	-1.6%
Sacramento Arden Arcade Roseville MSA	7.5%	6.7%	6.2%	-1.3%

Source: California EDD

Total farm decreased by 400 jobs, or 5.4%, over the month. Government led the month-over decline with a seasonal decrease of 3,200 jobs. The losses were predominately in local government education, down 3,000 jobs. State government dipped by 400 jobs, while federal government was up 300 jobs. Construction saw a seasonal decline of 1,800 jobs, which is about average for the industry from November to December. Specialty trade contractors scaled back 1,600 jobs for the month. Construction of buildings was down by 200 jobs. Six industries saw month-over job increases, however, led by trade, transportation, and utilities' gain of 1,900 jobs. Leisure and hospitality saw an increase of 900 jobs, while financial activities grew by 600 jobs. Other industries posting job gains for the month included professional and business services (up 500 jobs), education and health services (up 400 jobs), and information (up 100 jobs).

On the year, the region has demonstrated sustained positive job growth across all regions. All industries but two (information and leisure & hospitality) added jobs on the year. Professional and business services maintained its robust year-over growth, expanding by 5,900 jobs. Professional, scientific, and technical services increased by 3,200 jobs. Administrative and support and waste services added 2,400 jobs, and management of companies and enterprises picked up 300 jobs. Educational and health services grew by the second largest amount, or 4,400 jobs (3.4%) for the year. Health care and social assistance accounted for a majority of the industry's job growth with a gain of 4,300 jobs. Private education ticked up by 100 jobs. Specifically, Nevada County increased by 30 jobs on the month and expanded by 540 on the year.

Demographic Trends. Historically, the metropolitan area has benefited from being the capital and center of government for the state of California. The state currently has a population of almost 38 million and a gross domestic product that, if compared to other nations, would be among the top ten in the world. Northern California itself would rank 26th overall globally. According to the Sacramento Area Council of Governments (SACOG)¹², the current area population is 2.4± million; this is approximately 6% of California's total population.

A primary contributing factor to past population growth has been in-migration from urbanized coastal regions. The relatively lower cost of living in the Sacramento area and the perceived good quality of life has contributed to this growth. Overall, SACOG research suggests continued growth in the area over the next 20 years. These projected increases have been based in part on an expected influx of "baby-boomer" retirees rolling into the retirement age bracket. We harbor some doubt about this assumption now, as many of these baby boomers may have to continue working during this recessionary period and population growth has slowed in recent years.

¹² This population total, and totals for all regional projections, is for Sacramento, Yolo, Placer, El Dorado, Sutter and Yuba counties, but not including the Tahoe Basin.

Housing Market. The region, which witnessed one of the largest housing booms prior to the recession, also experienced one of the largest busts. The sharp and sustained decline in home values which defined the housing market in previous years was substantially tempered in 2010. The year 2011 was in many ways more of the same, as the number of building permits issued, number of new homes sales, and median sale prices all slowly slid lower, re-establishing historical lows which had been set the previous year. While there was essentially a halt on the construction on new homes, the demand for homes in the Sacramento area slowly and consistently rose. Existing home sales improved throughout 2012 and 2013 as a surplus of low priced homes attracted investors. In addition to existing home sales, new home construction and sales has also gained momentum over the course of the last several years in response to improving market conditions. Although nowhere near the pre-recession highs, new home pricing slowly increased over the course of the last several years in some areas and many projects have been observing absorption averaging anywhere from 1 to 4 units per month over the same time frame. Towards the end of 2013, prices began to rise sharply, and the year finished with appreciation of 22%.

The increase in buyer activity also led to an increase in building permit activity. By the end of 2013, the total inventory of real estate on the market was up 73% over the same time in 2012, while the average asking price increased by 14%. This upward motion began in early December 2012 and continued steadily throughout 2013. However, more recent quarters have experienced flatter pricing, which is anticipated to remain the norm in the near future.

The following chart presents basic historical housing market data for the Sacramento area (Sacramento, Placer, Yolo, Sutter, Yuba, Nevada, and El Dorado Counties).

Historical Housing Market Data - Sacramento MSA				
	2014	2013	2012	2009
Median Price	\$300,000	\$266,000	\$204,000	\$206,000
Total SFR Sales	26,129	27,971	30,666	29,096
Average Days on Market	21	13	25	26

Pricing has recovered substantially over the last five years, but has still not reached pre-recession levels. The majority of the appreciation that occurred between 2013 and 2014 happened in 2013 or early 2014, with the second half of 2014 experiencing flatter pricing with nominal appreciation.

Residential Land. As prices for homes appreciated greatly during 2013 and 2014, interest renewed for residential subdivision land. Many of these speculative properties had been foreclosed upon and were still working themselves through the process in 2013. Overall, demand has been mild for this type of land, however this is a clear improvement over previous years. Finished lots that are shovel-ready have attracted the most attention, while builders remain wary of speculative land requiring greater preparation before becoming buildable. These types of property are generally still being purchased by investors, as home builders continue to be more cautious than prior to the most recent recession. Market participants interviewed during the confirmation process indicated that sales of this type of property occur infrequently, however prices have shown moderate growth over the previous 2+ years.

Regional Transportation Hub. There are four major highways converging near Sacramento's CBD: Interstate 80 and U.S. Highway 50, which are east-west freeways, and Interstate 5 and State Highway 99, which run in a north-south direction. Interstate 5 is continuous from the Mexican border to the Canadian border. The convergence of these highways makes the extended Sacramento area a desired distribution center location. Interstate 80 provides easy access to either the San Francisco Bay area or Reno/Tahoe from Sacramento. The area is served by regional (Greyhound) and metropolitan bus companies, and Sacramento has a light rail transit service. AMTRAK provides train service along the Roseville – Sacramento – Davis – Bay area corridor. The Sacramento International Airport recently completed a massive project to completely renovate a terminal and expand the runway. The \$1.1 billion terminal modernization project broke ground June 19, 2008, and was completed in the fourth quarter 2011, as scheduled.

Regional Analysis Conclusion. The Sacramento Metropolitan Area is strategically located with respect to transportation corridors and agricultural production within northern California and the great Central Valley region. Nevada County, a rural, foothills area, is not directly a part of this metropolitan area, but is influenced to a degree by what occurs within it. For at least some purposes, the U.S. Census Bureau considers Nevada City within the “Sacramento–Arden-Arcade–Yuba City, CA-NV Combined Statistical Area,” which is a reflection of the notion that it relates to at least some degree to the Sacramento Metropolitan Area.

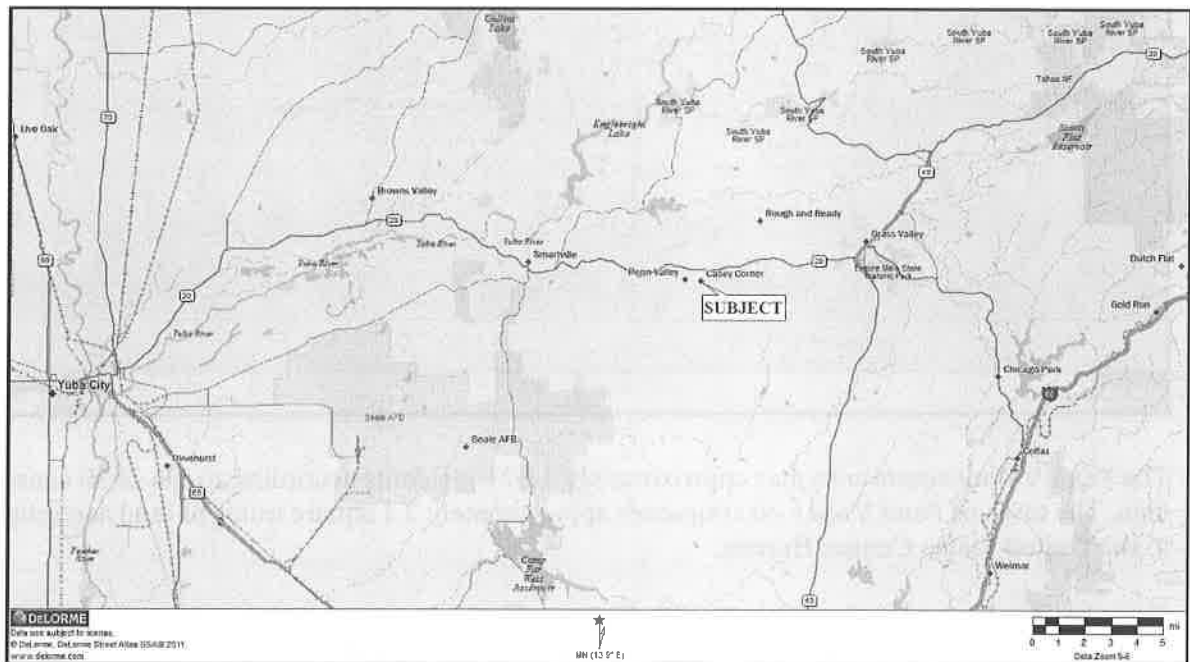
Reasonable housing prices and the perceived overall quality of life in the area have been conducive to regional growth in the past. Also, historically, the entire area has benefitted from Sacramento being the capital and center of government for the state of California. Private sector job growth has been increasing over the last several years. Some major companies have announced plans to pull out of the area (e.g., Campbell Soup), or at least curtail some operations. Conversely, however, industrial and office vacancy rates have been trending down, signaling some increased activity.

While gradual, improvements in employment, residential home values, and the national economy have provided ample support of solid improvement over the previous 2+ years. Barring any major national or regional economic jolt we see reasonable market stability ahead.

III. CITY/NEIGHBORHOOD DESCRIPTION

Location. The subject is located in the western portion of Nevada County, within the foothill region of the Sierra Nevada range. Residents are drawn to the area due to its relatively close proximity to both Sacramento (62± miles to the south) and the Lake Tahoe region (80± miles to the east) as well as its serene surroundings. The southwest sections of the county have developed extensively as a residential commuter location for Sacramento workers. The subject property is located just south of the Highway 20 corridor in an unincorporated area of Nevada County known as Penn Valley. The property is approximately 7.2± miles southwest of the city of Grass Valley, and approximately 27.7± miles northeast of the city of Marysville. An area map is provided below.

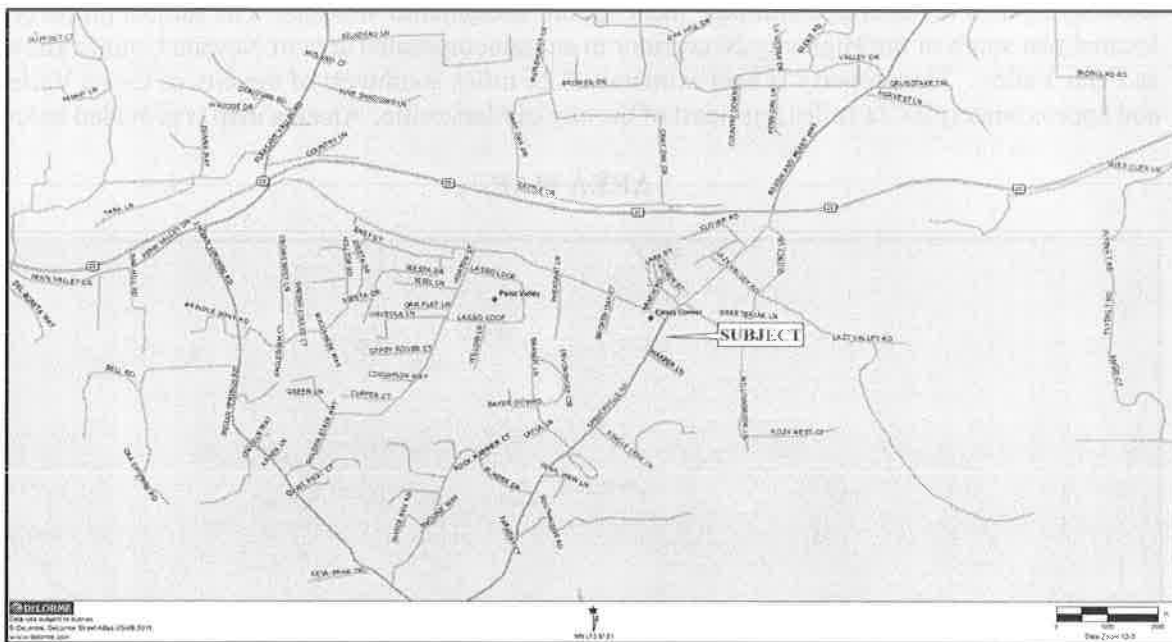
AREA MAP



Community. The subject is located immediately south of Highway 20, west of the Highway 49 interchange. There is a small amount of commercial uses in this immediate area, consisting mainly of the strip shopping center located at the southeast corner of Penn Valley Drive and Willowbrook Lane as well as the Penn Valley Shell and Country Store, the Garden Center, Penn Valley True Value Hardware, The Tack Room and the Pleasant Valley Grill. The majority of retail and office buildings in the area are typically occupied by local tenants. In previous years, Penn Valley has seen completion of a new post office, fire station, performing arts pavilion, a small sub-division, and a 42-unit affordable apartment complex. However based on the small local population, existing development, and the slower growth rate over the previous 15+ years, the demand for additional space is debatable. This lack of demand is reflected in the fact that there have been essentially no commercial land sales in the area for 5+ years.

- In the subject's neighborhood, Spenceville Road mainly serves to connect Highway 20 with the Penn Valley community, located approximately one-quarter mile south of Highway 20. The following map depicts the general neighborhood.

NEIGHBORHOOD MAP



The Penn Valley community has approximately 1,621 residents according to the 2010 census data. The town of Penn Valley encompasses approximately 2.1 square miles of land according to the United States Census Bureau.

Completion of a small sub-division and a 42-unit affordable apartment complex constitute the recent development within the area. Due to the fact that the community serves as a hub for non-profits and service organizations, some options for a community center are currently being explored.

Population Growth. While the County experienced significantly high growth rates in past decades, more recently a slower, steadier rate of growth has been the norm. Most anticipate this more stable level of growth will continue into the foreseeable future. Based on the 2000 Census information to the current 2010 Census information, the implied growth rate for the decade is 16.9% or 1.69% per year.

In order to further describe the subject's immediate neighborhood, statistical information was obtained from the online *Site To Do Business* (STDB). A demographic survey was performed within one, three, and five mile radii rings around the property appraised. The following is a presentation of the relevant neighborhood information.

Historical and Projected Population Growth			
Population	1-Mile Radius	3-Mile Radius	5-Mile Radius
2010	1,514	7,288	14,798
2014	1,475	7,226	14,724
2019	1,444	7,172	14,663
Growth 2010-2014	-2.5%	-0.9%	-0.5%

As to be expected, the search reveals a sparsely populated area. Growth over the last 14 years has been minimal, and specifically, over the previous four years, all areas reflected no net growth. According to Site to do Business, similar trends are expected for the future, with no net gain in population anticipated by the year 2019.

Employment. Most portions of Nevada County serve as a bedroom community to the employment centers in Sacramento and Roseville. Nevada County has over 10,000 commuters going out of the county for work, and over 4,000 coming into the county, for a net loss of 6,000 employees. The top destination out for work is Placer County (5,215), followed by Sacramento County (2,062), and Washoe County, Nevada (1,096). Commute times range from 30 minutes to Placer, 2 hours to Washoe, and up to 3.75 hours to the Sacramento Valley or San Francisco Bay Area (just under 1,000 commuters travel to these two destinations). Commuting has an economic impact on the community because residents may be spending time and money in other locations rather than locally, impacting both family life and local business activity.

However, there are some employers and local businesses of substantial size that provide job opportunities within the County. The largest employers are hospitals and tourism/recreation based employment opportunities within the Lake Tahoe region of the county. The following table provides basic information regarding the largest employers within Nevada County.

Employer Name	No. of Employees	Industry
Sierra Nv Meml-Miners Hsptls	1,000-4,999	Hospitals
Sugar Bowl Ski Area Group Sls	500-999	Skiing Centers & Resorts
Tahoe Forest Hospital	500-999	Hospitals
Village Lodge-Sugar Bowl	500-999	Hotels & Motels
Sierra Nevada Memorial Hosp	500-499	Hospitals
County-Nevada	500-999	Government Offices
Boreal Mountain Resort	500-999	Hotels & Motels

* California EDD

Conclusion. Located approximately seven miles from Grass Valley, Penn Valley has been able to meld business, family, agriculture and a healthy lifestyle. Visitors to the area can enjoy fall colors, country roads, the Western Gateway Park, and historic Bridgeport and Englebright Lake all within a close drive. The specific neighborhood had experienced positive population growth in previous times, but according to Site to Do Business the population growth in the area has been minimal.

IV. LARGER PARCEL PROPERTY DESCRIPTION

DETERMINATION OF LARGER PARCEL

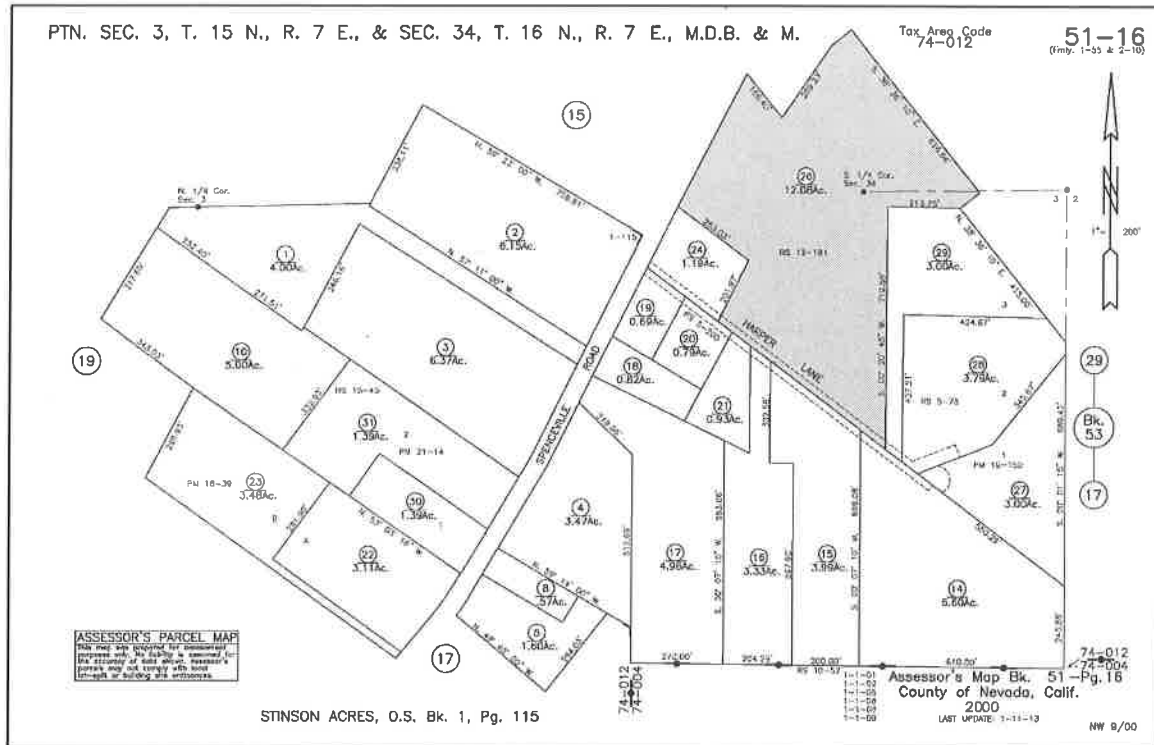
In condemnation, that portion of a property, which has unity of ownership, contiguity, and unity of use.

We have reviewed ownership records for surrounding properties and found that the subject property owner does not own any contiguous parcels; therefore the subject's larger parcel is considered to be just the affected parcel, APN: 51-160-26, totaling 12.080± acres.

PARCEL OWNERSHIP

Property Address:	10513 Spenceville Road Penn Valley, California
APN:	51-160-26
Owner:	Penn Valley Fire Protection District, as per the title report provided by Fidelity National Title, dated January 13, 2015.
Mailing Address:	PO Box 180 Penn Valley, CA 95946
Representative:	Fire Chief Don Wagner
Telephone:	(530) 432-2630
Owner Title Interest:	Fee Simple
Ownership History:	The property has been under the same ownership since 2000. To the best of our knowledge the property is not actively marketed for sale.
Date of Inspection:	January 28, 2015. Jared Calabrese with Bender Rosenthal, Inc. inspected the subject property. Representatives of the ownership declined to be present. David Wraa inspected the property from the street at a later date.
Date of Value:	January 28, 2015
Date of Report:	March 25, 2015

ASSESSOR'S PARCEL MAP



Size:	12.08± acres (Source: Nevada County Assessor's Map)
Frontage:	The subject property has approximately 475± linear feet of frontage along the east side of Spenceville Road, as well as 575± feet along the north side of Harper Lane.
Accessibility:	The subject property can be accessed from multiple curb cuts along Spenceville Road.
Exposure:	The larger parcel has average exposure from Spenceville Road and Harper Lane.
Topography & Drainage:	The subject property is generally level but appears to drain from east to west.
Offsite Improvements:	Minimal, consisting of a drainage ditch along the Spenceville Road frontage.
Utilities:	Typical utilities are provided.

Zoning: C2-SP & OP-SP, Community Commercial - Site Performance and Office & Professional - Site Performance (County of Nevada)

The purpose of the Community Commercial District is to provide a wide range of retail and service uses that serve the varied need of large geographic areas.

The purpose of the Office & Professional district is to provide areas for the development of professional and administrative offices and related uses and structures that complement other commercial centers and are considered compatible with adjacent residential and related land uses.

The purpose of the Site Performance Combining District is to provide for refinements in the site development standards and/or the permitted uses in the base zone district with which the SP District regulations are combined. Such refinements shall ensure consistency with, and further the intent of, all General Plan policies.

Specific Plan: None

General Plan Designation: Community Commercial and Office Professional

Current Entitlement Status: None

Parcel Improvements: A Penn Valley Fire District fire station, attached district offices, and several other associated buildings, including a thrift store, are located on the site. In addition, the Penn Valley Rodeo Grounds are located on the parcel. The grounds include an arena, stage area, kitchen facilities, parking, and other ancillary buildings. However, there are no building improvements located within the acquisition area. Site improvements in the acquisitions area consist of fencing, gravel-paved drive way with concrete curbs, minimal fencing, a gate, and a small amount of concrete sidewalk.

Easements:	A preliminary title report was provided for review. The title report calls out a 25-foot wide roadway easement extending from the centerline of Spenceville Road (Exception 8). Other utility and drainage easements are noted, however similar easements are common in the greater Nevada County area and their impact on value is minimal.
Encroachments:	None known to exist.
Private Restrictions:	None known to exist.
Flood Zone:	The subject is located in Flood Zone X (unshaded), areas of minimal flood hazard. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood. FEMA Flood Insurance Rate Map Community Panel Number 06057C 0608E, dated February 3, 2010.
Wetlands:	The subject may contain wetlands, but none were noted.
Seismic Information:	<p>The subject property is not within a Fault-Rupture Hazard Zone (formerly an Alquist-Priolo Special Studies Zone), according to Special Publication 42, "Fault-Rupture Hazard Zones in California", published by the California Department of Conservation, Division of Mines and Geology, revised 1997. No active faults are located on or in the proximity of the property. However, strong earthquakes generated along any of the active California faults may affect the site depending on the characteristics of the earthquake and the location of the epicenter. In general, the effects should be confined to shaking and/or acceleration (shock waves) and potential damage to structures should be minimized by employing adequate design and construction procedures.</p> <p>Because Nevada County, and most of the State of California, is a seismically active region, the potential for earthquake-induced hazards must be acknowledged. However, the history of past earthquake activity does not indicate that Nevada County is a particularly hazardous area. Current</p>

	engineering design, and construction practices, such as the Uniform Building Code, provide the opportunity to reduce earthquake related hazards.
Cultural, Recreational Historical Significance:	None
Toxic Hazards:	We are unaware of any toxics investigation report. The appraiser is not an expert in this field; please refer to Item 16 & any extraordinary assumptions of the Assumptions and Limiting Conditions.
Property Tax Data:	There are no tax records for the subject, as it is owned by a quasi-public entity and therefore is not subject to taxation.
Special Assessments:	The subject property does not have any special assessments.
Overall Comments:	The subject property is located on the east side of Spenceville Road, a primary thoroughfare in the immediate area, and just south of Highway 20, the primary highway within the region. The parcel is improved with public uses, however building improvements cover a small percentage of the site overall. The general area is semi-rural to rural in nature, with the vast majority of space dedicated to rural residential home sites or open space, although some commercial amenities are in close proximity.

V. PROJECT DESCRIPTION AND PROPOSED ACQUISITION

Previous heavy rains and wet winters have resulted in violations levied by the Central Valley Regional Water Quality Control Board against the Nevada County Sanitation District within the Penn Valley service area. To adequately handle future wastewater and avoid future infractions with the CVRWQCB, the district desires to complete a pipeline conveying waste water from the Penn Valley service area to the Lake Wildwood Waste Water Treatment Plant. To facilitate the transfer of waste water through this pipeline a lift station will be required. The preferred location for the lift station is in the center of the service area, and a small portion of the subject has been identified as a possible location for the station.

Lift station equipment will be below ground with the exception of electrical disconnect switches required by the electrical code. In addition, an equipment building housing odor control, electrical panels, and an emergency generator will also be located above ground.

DESCRIPTION OF PROPOSED ACQUISITION

The County of Nevada is proposing to construct a waste water lift station in the center of the Penn Valley service area. A sewer and utility easement (depicted in blue on the following map) and the access easement (depicted in pink) will be required to complete the project. The sewer and utility easement consists of an irregular-shaped trapezoid roughly 190 feet long, ranging in width from approximately 70 to 98 feet, and extending from the centerline of Spenceville Road along the southern edge of the property. The total area of this easement is 10,959 square feet. The access easement totals 5,586 square feet and is adjacent to the sewer and utility easement. The easement area is the same length as the sewer and utility easement and the width varies from 25 to 35 feet. This easement area generally follows a pre-existing driveway on the site which is used as the primary point of access for the rodeo grounds. The acquisition areas are at grade with the existing roadway.

There are no building improvements located in the proposed easement area. Areas within the sewer and utility easement are unimproved except for a small amount of sidewalk and fencing. Site improvements within the access easement include the previously mentioned driveway, which is gravel paved and has concrete curbs, a gate, and a minimal amount of fencing along the south line of the drive way and the Spenceville Road frontage.

The westernmost portions of both easements overlap with an existing road easement (Spenceville Road). Specifically, the overlap area totals 2,266± square feet (0.052± acres).

Easement language for the sewer and utility and access easements were requested but not provided. The uses and activities to be completed in the easement areas were generally described by the client (please refer to Extraordinary Assumption #2).

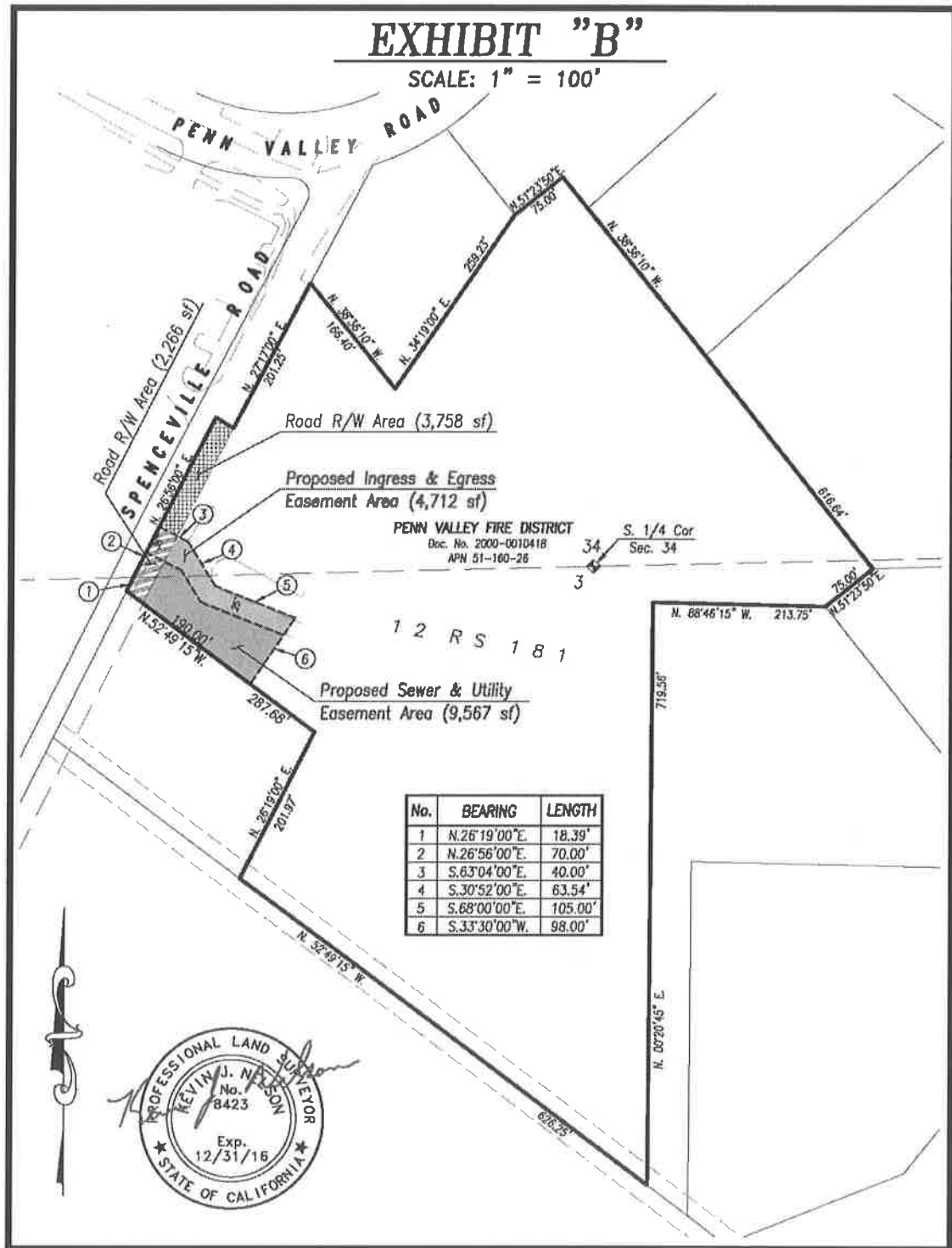
The client, as well as a review of the provided preliminary plans, indicate that the **sewer and utility easement** being acquired will be exclusive and heavily encumbered with the lift station facilities, including a meter vault, valve vault, lift station/wet well, and 24 foot by 36 foot equipment building

when constructed in the manner proposed. In addition, there will be force mains and odor control air piping (please refer to the preliminary proposed construction diagram presented later in this section). The easement will allow for the excavation, installation, construction, reconstruction, repair, maintenance, and use of the facilities. As many of these improvements will be subterranean, the easement is assumed to run over, under, and across the entire acquisition area. The agency will be heavily vested in the improvements, and the project itself will reflect a critical component of the municipal utilities. Therefore, based upon this discussion, the easement is considered to be tantamount to fee, and reflect **100%** of the underlying fee value.

The **access easement** is less encumbering. The easement generally mirrors an existing driveway that is used to access the rodeo grounds at the rear of the site. The agency will simply be utilizing the existing driveway to access their own access road within the acquisition area. As the easement area is located immediately adjacent to the street frontage, the agency will require only a small amount of the total driveway in order to reach their facilities (please refer to the preliminary proposed construction diagram). The property owner will still be able to utilize the driveway in the after condition and ingress/egress will not be compromised. While this area will not be available for future expansion of the existing facility or other uses, it is located towards the periphery of the site, away from the existing building improvements. Based on these factors, the access easement is considered to be akin to **50%** of the fee value.

The following is a map which presents the general location of the two easements and the location of the existing roadway easement.

ACQUISITION MAP



A tabular summary of the planned acquisition follows.

Item	Area in Roadway Easement	Area Outside of Roadway Easement	Total
Larger Parcel	0.138± Acres (6,024± SF)	11.942± Acres (520,181± SF)	12.080± Acres (526,205± SF)
Sewer & Utility Easement Acquisition	0.032± Acres (1,392± SF)	0.220± Acres (9,567± SF)	0.252± Acres (10,959± SF)
Access Easement Acquisition	0.020± Acres (874± SF)	0.108± Acres (4,712± SF)	0.128± Acres (5,586± SF)
Remainder Parcel	0.138± Acres (6,024± SF)	11.942± Acres (520,181± SF)	12.080± Acres (526,205± SF)

Source: Nevada County Assessor's Map and Appraisal Map provided by Kevin Nelson on March 11, 2015.

DESCRIPTION OF THE REMAINDER PARCEL

There is no fee acquisition associated with this project, therefore the remainder will remain the same size in the after condition, with a total area of 12.080± acres (526,205± SF). The easements, combined, represent just 3.2% of the total area of the site. Access from the street will be unchanged, and interior access within the site to the fire station facilities and rodeo grounds will remain the same in the after condition, as well. Specifically the access easement will mirror the pre-existing driveway. The larger parcel will retain its same shape in the after condition and have essentially the same amount of frontage and exposure along Spenceville Road and Harper Lane. Overall, the utility and highest and best use of the larger parcel remains unchanged, and the property is not considered to suffer any damages or inure any benefits as a result of the proposed acquisition.

VI. HIGHEST AND BEST USE ANALYSIS

In the analysis of highest and best use we have considered four criteria: legally permissible, physically possible, economically feasible and maximally productive. The building improvements located on the larger parcel are outside the proposed acquisition area and will not be impacted by the acquisition. Therefore only the highest and best use as vacant is considered.

HIGHEST AND BEST USE OF LARGER PARCEL

Legally Permissible Uses. Possible uses are constrained by legal restrictions on a property both private and public. The subject property has two zoning designations: C2-SP (Community Commercial - Site Performance); and OP-SP (Office & Professional - Site Performance). The purpose of the Community Commercial District is to provide a wide range of retail and service uses that serve the varied need of large geographic areas. The purpose of the Office & Professional district is to provide areas for the development of professional and administrative offices and related uses and structures that complement other commercial centers and are considered compatible with adjacent residential and related land uses. The purpose of the Site Performance Combining District is to provide for refinements in the site development standards and/or the permitted uses in the base zone district with which the SP District regulations are combined. The most probable legal uses of the subject site as though vacant are office and retail uses, consistent with the C2-SP and OP-SP zoning districts.

Physically Possible Uses. The size, topography, and location of the subject are important factors in determining the use of the property. The size of the site can have a significant effect on the type of development that is possible and on the economies of scale. The subject parcel is irregular in shape and totals 12.080± acres in size, which is large enough to facilitate most permitted uses. The subject's access is considered above average because it has frontage along two different streets and immediate proximity to Highway 20. The exposure is average due to the shape, size, and depth of the site.

Surrounding uses include office and retail along the Spenceville Road frontage to the north of the subject, with community and rural residential uses to the south. Uses along Harper Lane are residential in nature. The physically possible uses are considered to be the legally permitted uses, with exposure-based uses, such as retail, located towards the front of the site along the Spenceville Road frontage, and uses that are less reliant upon visibility and exposure, such as office and service commercial, located towards the rear of the site or along the Harper Road frontage. Based on the large size of the site relative to other existing development in Penn Valley, the parcel will most likely need to be subdivided into smaller sites in order to facilitate the smaller commercial buildings typical of the area.

Financially Feasible/Maximally Productive Uses. The proposed property improvement must be able to deliver an income return that generates a market value sufficient to pay for the developmental costs, the risks involved, and a profit appropriate for the type of development. The subject is located in a small bedroom community with a sparse population base. There has been essentially no new commercial development in the region over the previous 10+ years, and lack of demand, coupled with current economic conditions, are expected to keep new construction infeasible at least through the near and midterm (3 to 5 years).

Highest and Best Use as Vacant. Considering all the preceding factors, it is our conclusion that the highest and best use of this site is for future development into retail and office development once market conditions make such development feasible. Feasibility is not expected to occur for at least 3 to 5 years. Once development becomes viable, it will most likely need to occur in a phased manner, with small portions of the site developed over time.

VII. VALUATION

VALUATION PREMISE

The subject larger parcel consists of approximately 12.080± acres of commercial land located in an unincorporated portion of Nevada County known as Penn Valley. The subject has been utilized as a fire station and rodeo grounds for many years. The parcel is irregular in shape, but retains typical utility. Utilities are available to the site. The parcel is situated immediately south and east of existing commercial development, with the remaining surrounding uses primarily rural residential or community oriented in nature. The County of Nevada is acquiring two small easements along the parcel's road frontage.

The easements were previously described, and it was concluded that the **sewer and utility easement** is akin to fee ownership and represents **100%** of the fee value. The **access easement** is less encumbering and represents **50%** of the fee value.

The three accepted approaches to value are the Sales Comparison Approach, the Income Approach (capitalization analysis) and the Cost Approach (reproduction or replacement cost analysis). We have utilized the **Sales Comparison Approach** to value as the best method to estimate the fair market value of the land. The **Cost** and **Income Capitalization Approaches** were not considered to be applicable to this appraisal problem because they are not typical approaches employed to estimate the value of similar vacant commercial sites.

The Sales Comparison Approach compares the subject property to other similar properties that have recently sold in the market area. This is usually the preferred method when comparable sales data are available. The respective sales prices of the comparable sales are analyzed and compared to the subject based on the appraiser's knowledge of market behavior, in order to derive an indication of market value. All sales properties were compared based on a unit value, consistent with the market.

The existing roadway is estimated at 6,024 square feet by the engineer. An alternate methodology within the Sales Comparison Approach will be employed to account for this area. Under the "undivided fee" interest rule the fee value of the land will be estimated. As the road easement consumes the preponderance of the owner's rights, the owner retains a reversionary right valued at \$1.00, which is applied to this area.

VALUATION OF THE LARGER PARCEL

The initial stages of the appraisal process include the investigation, organization, and analysis of relevant market data and other information that relate to the market value of the subject property. By searching public records and interviewing buyers, sellers, real estate agents, developers, and others, we have found data on sales of similar land parcels reasonably comparable to the subject property. Factors that influence value include the Nevada County regional demographics and economic conditions, neighborhood characteristics, and features. All of these need to be considered when rendering a value conclusion.

The subject's current highest and best use has been concluded to be for future, phased commercial development. The comparable land sales described are market transactions that were either consummated for cash or had financing terms that were consistent with prevailing market rates and terms at the time of sale. The unit of comparison is the price per acre, consistent with the market.

An extensive search for comparable data was conducted for property similar to the subject, however minimal data was found throughout Nevada County within the past 4+ years. No sales were located within Penn Valley during this time period. Discussions with brokers indicated that there has been only nominal interest in commercial land within Nevada County and essentially no activity in Penn Valley, specifically. The search reveals limited market data directly comparable to the subject, and therefore the search was expanded to include the neighboring portions of Yuba County. Few sales were found, however the quality of the data located is considered good. Additionally, due to the lack of closed market sales in the immediate area and region as a whole, pending sales and active listings were researched as well. The comparables found are the most relevant information available.

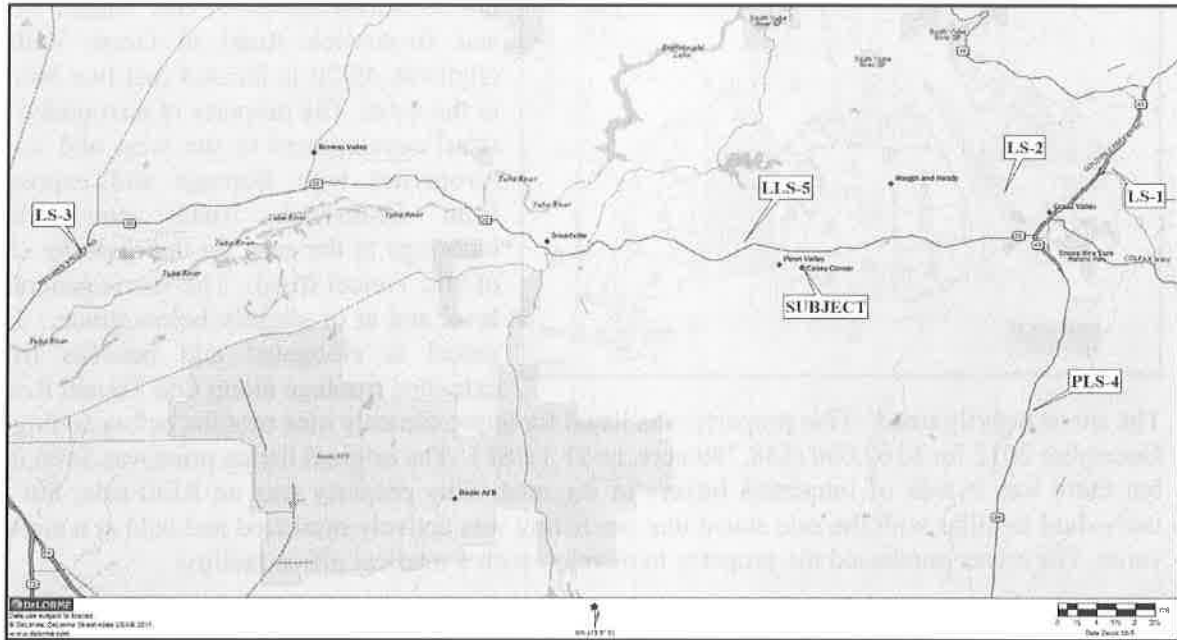
Sales were sought from over the previous four years, but data is very sparse, which is due to the small market and limited demand. While there was a contraction after the peak occurred in 2005/2006, market conditions have remained relatively stable in recent years, as indicated by discussions with market participants. This is also demonstrated by the active listing presented later in this section, which has an asking price consistent with the comparable sales (on a per-acre basis).

Following the summary table and comparable sales map are discussions of the comparable sales in comparison to the subject property and a land value conclusion.

COMPARABLE LAND SALES SUMMARY TABLE

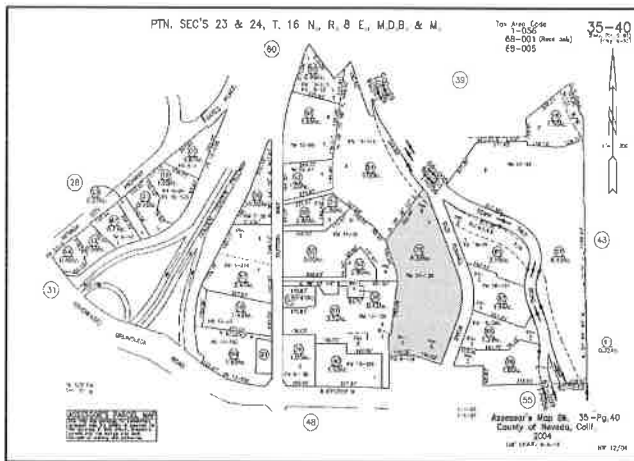
<u>Sale #</u> <u>BRI #</u>	<u>Location</u> <u>APN</u>	<u>Grantor</u> <u>Grantee</u>	<u>Sale Date</u> <u>Doc. #</u>	<u>Sale</u> <u>Price</u>	<u>Zoning</u>	<u>Size</u> <u>AC</u>	<u>Price/AC</u> <u>Price/SF</u>
<u>LS-1</u> 388	844 Old Tunnel Road <u>Grass Valley, California</u> APN: 35-400-78	Almaden Boulevard <u>Investors</u> Western Sierra Medical Clinic	<u>12/12</u> 8758	\$260,000	OP	5.33	<u>\$48,780</u> \$1.12
<u>LS-2</u> 395	11157 Rough and Ready Highway <u>Grass Valley, California</u> APN: 07-200-07	Golden Empire <u>Humane Society</u> Yuba River Charter School	<u>6/11</u> 13876	\$460,000	C-2	8.48	<u>\$54,245</u> \$1.25
<u>LS-3</u> 2565	2564 Hallwood Boulevard <u>Browns Valley, California</u> APN: 006-090-060	Gary & Melissa <u>Gordon</u> Jose Hernandez	<u>12/10</u> 15980	\$65,000	R-C	2.96	<u>\$21,959</u> \$0.50
Additional Market Data							
<u>PLS-4</u> 396	10166 Alta Sierra Drive <u>Grass Valley, California</u> APN: 25-430-08	Wanda & Serge <u>Bartome</u> N/Av	<u>3/15</u> N/A	\$200,000	C-1	1.00	<u>\$200,000</u> \$4.59
<u>LLS-5</u> 394	19038 Branding Iron Road <u>Penn Valley, California</u> APN: 51-290-16	<u>Gateway Investors</u> N/A	<u>3/15</u> N/A	\$499,000	N-C	12.00 (Net)	<u>\$41,583</u> \$0.95
Subject	10513 Spenceville Road <u>Penn Valley, California</u> APN: 51-160-26	----	-----	-----	C2-SP & OP-SP	12.08	-----

COMPARABLE LAND SALES MAP



The respective sale prices of the comparables are adjusted quantitatively, if adequate market data exists from which to derive the adjustments. In this case, the subject and comparables are evaluated and ranked qualitatively using a bracketing approach based upon elements of comparison in order to derive an indication of market value. The unit value is price per acre, consistent with the market.

The elements of comparison include property rights transferred, financing, market conditions (time), conditions of sale/buyer expenditures, availability of utilities, and physical characteristics (location, size, site utility, zoning, etc.). The comparable discussion below focuses on highlighting the most significant differences between the subject and comparable. Elements of comparison that were deemed similar between the subject and comparables were considered in the analysis but not typically discussed below. The comparable sales consist of fee simple transfers with no conditions of sale or financing terms indicated that had an impact on the prices paid except where noted in the following discussion. All the sales reflect land purchased for future development. All of the sales reflect sites that are net of any roadway easements, and are therefore all superior to the subject in this regard, although it is noted that the affect of the easement on the overall value is minimal.

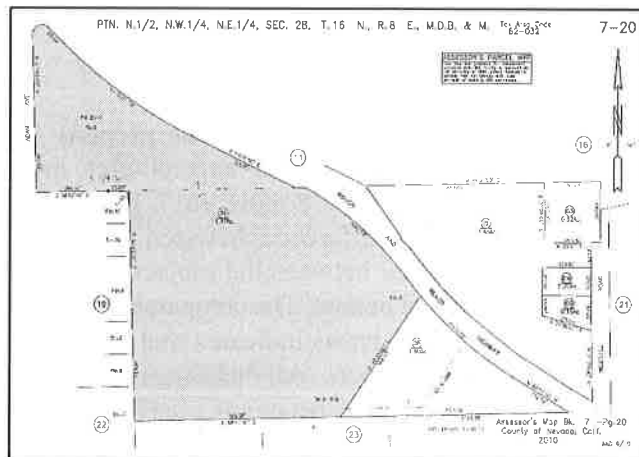


Comparable Land Sale 1. This is the sale of a 5.33 acre commercial parcel located at the northwest corner of Old Tunnel Road and Brunswick Road in Grass Valley. Highway 49/20 is located just two blocks to the west. The property is surrounded by retail development to the west and south (properties with frontage and exposure from Brunswick Road) and office buildings to the east, on the opposite side of Old Tunnel Road. The site is generally level and at or slightly below grade. The parcel is elongated and benefits from extended frontage along Old Tunnel Road.

The site is heavily treed. This property was listed for approximately nine months before selling in December 2012 for \$260,000 (\$48,780/acre, or \$1.12/SF). The original listing price was \$400,000 but there was a lack of interested buyers in the area. This property was an REO sale, but an individual familiar with the sale stated that the listing was actively marketed and sold at a market value. The buyer purchased the property to develop with a medical office facility.

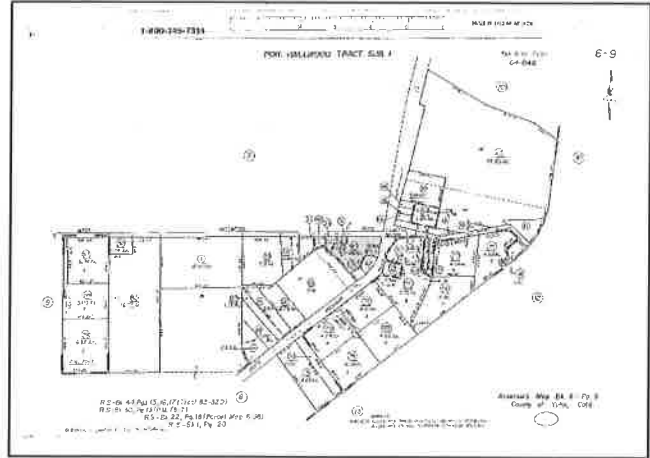
This comparable has a superior location due to the immediate freeway access and the synergy of surrounding development. In addition, size is somewhat smaller. These superior conditions are somewhat offset by the shape and heavy tree cover of the site, however overall the comparable is a superior indicator of value.

Comparable Land Sale 2. This is the sale of an 8.48-acre, vacant commercial parcel located on the south side of Rough and Ready Highway, just east of Ridge Road, in Grass Valley. The property is approximately 1.5 miles north of Highway 20 and 1.5 miles west of Highway 49. The topography of the site is flat to rolling hills. The surrounding area consists primarily of rural residential uses with a few commercial properties, however commercial uses quickly become more prevalent moving to the east towards Highway 49. The parcel is zoned C-2, Commercial. The property sold in June 2011 for \$460,000, or \$54,245 per acre. The property was on the market for almost three years and the listing price was \$498,000. The agent stated the buyers plan to build a charter school. The building had not received approval to date based on resistance from the neighbors.



This sale is only slightly smaller than the subject. Surrounding uses are similar to the subject, however the overall location is superior as more urban areas of the city of Grass Valley are located a short distance to the east. Highway access is more distal however. The comparable is a high indicator of value based on the locational attributes.

Comparable Land Sale 3. This property is located at the southwest corner of Highway 20 and North Hallwood Boulevard, in an unincorporated area of Yuba County known as Browns Valley. The property is zoned RC - Rural Commercial and totals 2.96 acres. The parcel is irregular in shape. The broker reported that this site was low, has drainage issues and is not buildable unless you bring in fill. The broker estimated that approximately \$10,000 worth of clean fill needs to be brought in and spread out on the parcel in order for a septic system to work (sewer is not available). This property was on the market for approximately five months and sold for \$65,000 or \$21,959 an acre in December 2010. The buyers of this property own an adjacent parcel and purchased this property because the well that services their residential property is located on this property and because the buyers run a produce stand in San Francisco and needed additional space for their business.



This comparable is located along the Highway 20 corridor, similar to the subject, however the overall location is inferior. The zoning is commercial, however permits less intensive uses than allowed on the subject. The size is smaller than the subject and the property was purchased for assemblage purposes, however these superior qualities are more than offset by the previously mentioned inferior characteristics, and the comparable is a low indicator of value accordingly.

Comparison Table. The following table illustrates the elements of comparison used in comparing the comparable sales to the subject property.

The comparable observed range from \$21,959 to \$48,780 per acre, as shown below.

Comp No.	Subject Value Less Than/ Greater Than	Sale Price Per Acre	Sale Date	Parcel Size (Acres)
S-2	<	\$54,245	6/11	8.48
S-1	<	\$48,780	12/12	5.33
<i>Subject property range between \$21,959 and \$48,780 per acre</i>				
S-3	>	\$21,959	12/10	2.96

The subject property is bracketed between Comparables S-3 (\$21,959/acre) and S-1 (\$48,780/acre). S-3 has a significantly inferior location and physical impediments to development. Comparable S-1 is slightly more recent and although superior in terms of specific location, better reflects the subject's Nevada County location. A value closer to this comparable is therefore warranted. Based on this analysis a value of \$45,000 per acre is concluded for the subject.

Additional Market Data. Due to the lack of closed market sales in the immediate area and region as a whole, pending sales and active listings were researched as well. We are aware of a 1.0 acre site on Alta Sierra Drive, just west of Highway 49, that is pending at a price of \$4.59 per square foot (\$200,000 per acre). The site has good visibility from the highway. The buyers intend to build a Dollar General store, and the transaction is to close once entitlements are granted. The escrow period was recently extended because the County had mandated additional offsite work completed before granting approvals. This property is smaller than the subject, has superior exposure/visibility, and will transfer with entitlements in place as a build-able site. For these reasons the comparable is a high indicator of value.

In addition, a 28-acre site located at Branding Iron Road and Pleasant Valley Road, just north of Highway 20 within Penn Valley, is currently listed for sale at a price of \$499,000. At the present only six acres of the site are useable, but with the pending sewer improvements being completed by the County, the useable acreage will double to 12± acres. Based on this useable acreage, the listing price is \$0.95 per square foot (\$41,583 per acre). Due to the zoning the County will need to approve any development, however has not stated any intended use for the property. Preparing a project for approvals would reportedly cost between \$125,000 and \$175,000. This cost coupled with the unknown intentions of the County have reportedly deterred buyers. The site was previously in escrow for over 6+ months while the potential buyer tried to secure financing, however they were unable to perform and the sale fell through.

This listing best reflects the subject's general location in Penn Valley. Size, based on useable area, is very similar to the subject as well. The specific location is slightly inferior because the site is slightly more distal to the center of town. Furthermore, there is a small amount of uncertainty regarding what can be built on the property. For these reasons the comparable is a low indicator and indicates a value slightly above \$41,538 per acre is appropriate for the subject, providing strong additional support to the previously concluded value of \$45,000 per acre.

Market Value Estimate (Land Only):

12.080 Acre Commercial Site X \$45,000/Acre	=	\$ 543,600
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However, as previously mentioned, approximately 6,024± square feet (0.138 acres±) of the larger parcel is encumbered by a road easement that has for all practical purposes entirely absorbed the full value of the underlying fee. The owner's residual value is considered to be \$1.00.

Therefore, we break down the value of the unencumbered land (11.942± acres) from the land area encumbered by the road easement (0.138± acres).

Unencumbered Land:	11.942± Acres	\$ 543,599	(\$45,520/Acre)
Encumbered Land (Road Easement):	0.138± Acres	\$ 1	(\$7.25/Acre)
Total:	12.080± Acres	\$ 543,600	(\$45,000/Acre)

VALUE OF PROPOSED ACQUISITIONS

The portion of the property to be acquired is its contributory value as part of the larger parcel. This includes land and improvements located in the area of the acquisition. The proposed project requires two easement acquisition areas totaling 16,545± square feet, or 0.380 acres. The subject's larger parcel is improved with a fire station, associated buildings, and rodeo grounds, however these improvements are located outside of the acquisition area. A gravel-paved drive way, concrete curbing, fencing, and gate are located within the access easement area, and it is assumed they will remain. A landscaping emitter box is located in the sewer and utility easement, however it is assumed the box will be relocated as part of the contract construction work (please refer to Extraordinary Assumption #3). There are very minimal site improvements within the sewer and utility easement area, consisting of 136± square feet of sidewalk and 10± linear feet of three-foot high chain link fencing.

It was previously determined that the sewer and utility easement is akin to 95% of the total fee value, while the access easement encumbers 50% of the fee value.

Market Value of the Partial Acquisition

Land

Unencumbered:		
Sewer and Utility Easement		
0.220 Acres X \$45,520/Acre X 95%	=	\$ 9,514
Access Easement		
0.108 Acres X \$45,520/Acre X 50%	=	\$ 2,458
Encumbered:		
Sewer and Utility & Access Easements		
0.052 Acres	=	\$ 1
Total Easement Acquisition		\$ 11,973

Improvements

Based on the inspection and the provided ROW exhibit, and measurements taken by the appraiser during the site inspection, there are very minimal site improvements within the sewer and utility easement area consisting of just 136± square feet of concrete sidewalk and 10± feet of three-foot high chain link fencing.

The costs derived for the site improvements to be acquired were obtained from Marshall Valuation Service, Section 66 Pages 2 and 4. The manual indicates a current cost multiplier of 1.04 is warranted, and that a 1.17 multiplier is appropriate for the Nevada County area. The paving is in average to good condition and considered to be 25% depreciated, while the fencing is in average condition and 50% depreciated. A 15% entrepreneurial profit is included in the compensation for the owner's time and coordination.

Impacted Paving (136 SF X \$5.50/SF X 1.04 X 1.17 X 1.15 X 0.75)	\$ 785
Impacted Fencing (10 LF X \$9.35/SF X 1.04 X 1.17 X 1.15 X 0.50)	<u>\$ 65</u>
Total Site Improvements	\$ 850

Total Acquisition (Land & Improvements)

Land	\$ 11,973
Improvements	<u>\$ 850</u>
Total	\$ 12,823

VALUE OF THE REMAINDER AS PART OF LARGER PARCEL (LAND ONLY)

The value of the portion not required for the proposed project is called the remainder property. The value of the remainder as part of the larger parcel is its contributory value to the larger parcel, which is derived by deducting the value of the acquisition from the value of the larger parcel. The value of the remainder as part of the larger parcel is as follows:

Larger Parcel - Land Only	\$543,600
Less: Proposed Acquisition - Land Only	<u>\$ 11,973</u>
Total	\$531,627

VALUE OF THE REMAINDER, AFTER ACQUISITION (LAND ONLY)

The appraisal process requires valuation of the remainder property as a separate and distinct parcel considering all the market forces that indicate a diminution in value to the remainder property. In the after condition, the shape, access, and other physical characteristics of the remainder property will be adequate to support the legally permissible uses. No benefits are anticipated. The highest and best use is the same as in the before condition, which is for future phased development of commercial uses. The value of the remainder property after acquisition, before considering benefits, is as follows:

Remainder Unencumbered by Easements		
11.614 Acre X \$45,520/Acre	=	\$528,669
Remainder Encumbered by Sewer & Utility Easement		
0.220 Acre X \$45,520/Acre X 5%	=	\$ 500
Remainder Encumbered by Access Easement		
0.108 Acre X \$45,520/Acre X 50%	=	\$ 2,458
Remainder Encumbered by Road Easement		
0.138 Acre	=	<u>\$ 1</u>
Total		\$531,628

SEVERANCE DAMAGES

The value of the remainder as part of the larger parcel is compared to the value of the remainder as a separate parcel after acquisition to estimate the loss in value to the remainder as a measure of severance damages. As mentioned, there is a small amount of fencing and sidewalk in the acquisition area. However, these improvements have little utility (the fence is only three feet tall by 10 feet long and secures nothing, while the sidewalk does not connect to other sidewalks or pedestrian paths) and for this reason are not replaced.

The remainder as valued above is compared to the remainder as part of the larger parcel with the following results:

Loss in Market Value:

Value of Remainder as part of the larger parcel	\$531,627
Less: Remainder after Acquisition, before Considering Benefits	<u>\$531,628</u>
Loss in Market Value	\$ 0*

*The difference between the value of the remainder as part of the larger parcel and the value of the remainder after acquisition differ by only \$1, which is attributable to rounding. Essentially, the two values are the same, and there is no loss in market value.

VALUE OF REMAINDER AFTER ACQUISITION, CONSIDERING BENEFITS

The appraisal process requires the valuation of the remainder as a separate and distinct parcel considering all the market forces that indicate any increase in value to the remainder property(s). The value of the remainder after acquisition considering benefits is as follows:

\$531,628

BENEFITS

The remainder as valued above was compared to the remainder after acquisition before considering benefits with the following results:

$$\$531,628 - \$531,628 = \$ -0-$$

There are no benefits that inure to the subject property.

FAIR MARKET VALUE CONCLUSIONS

Market Value of Acquisition (Land & Site Improvements)	\$ 12,823
Rounded	\$ 12,900

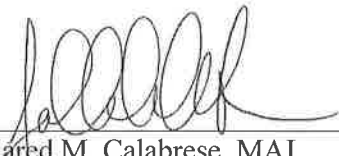
This concludes the report.

VIII. APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased and professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
11. I made a personal inspection of the property that is the subject of this report.
12. I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the client and I will not do so unless and until authorized by the client, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

13. Such appraisal has been made in conformity with the appropriate California laws, Title VI of the 1964 Civil Rights Act, and regulations, policies, and procedures applicable to appraisal of right of way.
14. To the best of my knowledge, no portion of the value of the property appraised consists of items which are non-compensable under the established laws of California.
15. My opinion of the total fair market value of the appraised property identified in this report was derived without collusion, coercion or direction as to value.
16. We have provided no services on this property within the last three years.



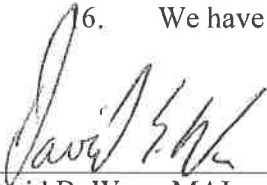
Jared M. Calabrese, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG042740

APPRAISER'S CERTIFICATION

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased and professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
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9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
11. I made an inspection from the street of the property that is the subject of this report.
12. I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the client and I will not do so unless and until authorized by the client, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

13. Such appraisal has been made in conformity with the appropriate California laws, Title VI of the 1964 Civil Rights Act, and regulations, policies, and procedures applicable to appraisal of right of way.
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16. We have provided services on this property within the last three years.

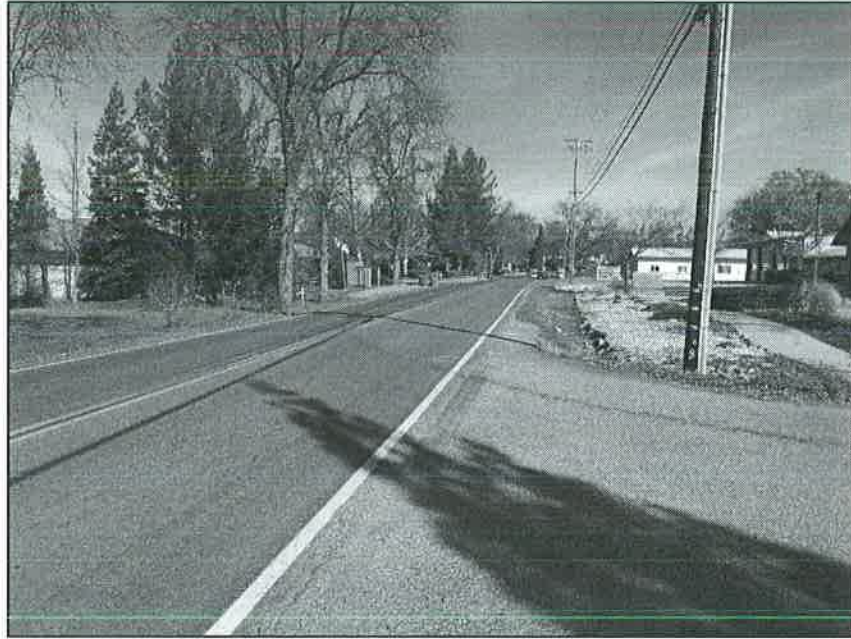


David B. Wraa, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG023713

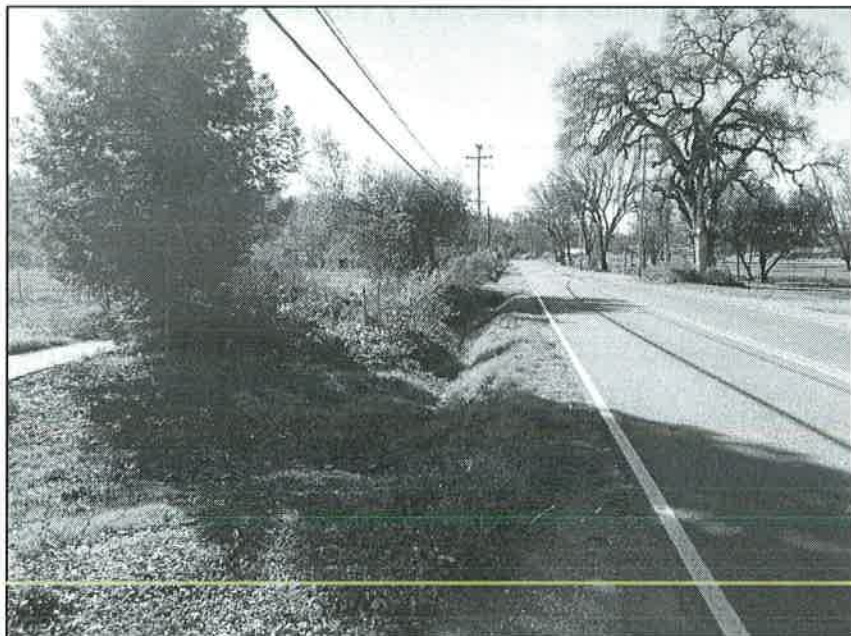
ADDENDA

ITEM 1
SUBJECT PROPERTY PHOTOGRAPHS

SUBJECT PROPERTY PHOTOGRAPHS



Street scene: View to the north on Spenceville Road.

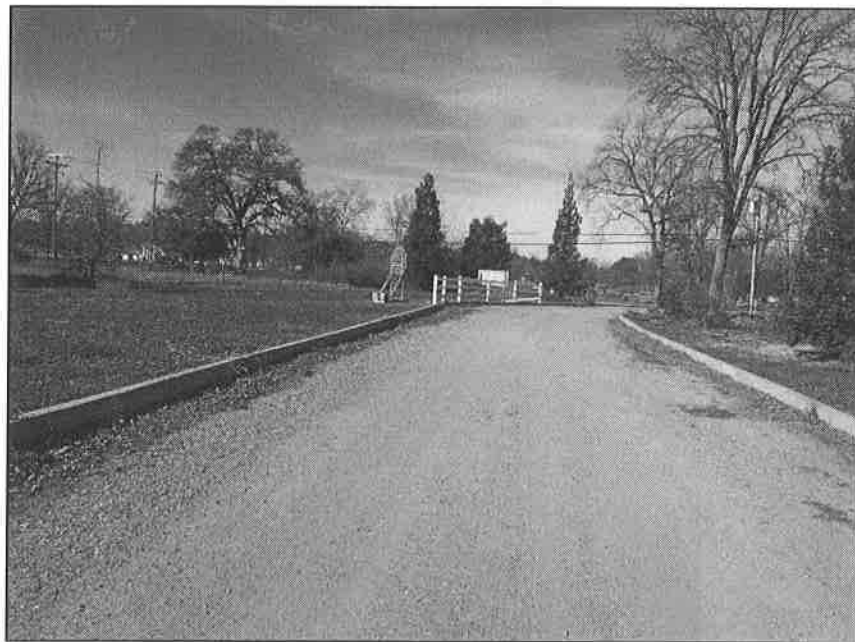


Street scene: View to the south on Spenceville Road.

SUBJECT PROPERTY PHOTOGRAPHS



View of the sewer and utility easement acquisition area looking from east to west, towards Spenceville Road.



View of the access easement acquisition area looking from east to west, towards Spenceville Road.

SUBJECT PROPERTY PHOTOGRAPHS



View of the acquisition areas looking from the east to the west.



View of the sidewalk and fencing in the acquisition area.

ITEM 2
PROFESSIONAL QUALIFICATIONS

**PROFESSIONAL QUALIFICATIONS OF
JARED M. CALABRESE**

Certified General Real Estate Appraiser

CL# AG042740

Jared M. Calabrese was born in Visalia, California in 1975. He attended Jesuit High School and received a Bachelor of Science degree in Biology: Ecology, Behavior and Evolution from the University of California at San Diego in 1997, where he lettered in swimming and water polo.

PROFESSIONAL EDUCATION

University of California, San Diego

APPRAISAL INSTITUTE COURSES

Standard of Professional Practices, Part A

Standard of Professional Practices, Part B

Appraisal Principals

Appraisal Procedures

Basic Income Capitalization

Advanced Income Capitalization

Advanced Sales Comparison and Cost Approach

Computer Enhanced Cash Flow Modeling

Land Valuation Assignments

Land Valuation Adjustment Procedures

El Dorado Hills Housing Symposium

General Market Analysis and Highest and Best Use

Appraisal Institute 2011 Economic Forecast

RELATED COLLEGE COURSES

Urban Development

California Real Estate

REAL ESTATE EXPERIENCE

August 1998 – July 2007 Certified General Real Estate Appraiser – Ferguson & Associates, Inc.
– Sacramento, California

August 2007 – February 2008 Certified General Real Estate Appraiser – Seevers, Jordan,
Ziegenmeyer – Rocklin, California

MEMBERSHIPS

Urban Land Institute Young Leaders Group, 2010-2012 Membership Chair

Metro EDGE

Appraisal Institute (MAI), Current Member

**PROFESSIONAL QUALIFICATIONS OF
DAVID B. WRAA, MAI**
(Principal in the firm of Bender Rosenthal, Inc.)

PROFESSIONAL EXPERIENCE

David B. Wraa, MAI has been involved in real estate appraising and consulting since 1989. His professional experience in real estate appraisal encompasses a broad range of property types that include industrial, office, retail, multi-family, mobile home parks, self storage facilities, elderly housing, condemnation, right-of-way, residential subdivisions, theaters, schools, marinas, and various agricultural/rural residential property types. He is a member of the Appraisal Institute with the MAI designation, a Certified General Real Estate Appraiser in the State of California, and a member of the Sacramento Estate Planning Council.

Mr. Wraa is the President of the Sacramento-Sierra Chapter of the Appraisal Institute, current Regional Representative, as well as the past Vice President, Education Chair and Secretary Treasurer for the chapter.

Prior to his career in real estate, Mr. Wraa attended UC Davis, majoring in Agricultural Science and Management (Bachelor of Science degree). Upon graduation, he immediately entered the appraisal field with a specialty in wineries and vineyards (1989-1995). Mr. Wraa also has a diverse commercial background appraising various property types throughout the Bay Area and Sacramento regions since 1995.

REPRESENTATIVE VALUATIONS INCLUDE

Industrial – Existing and proposed industrial properties including distribution warehouses, storage warehouses, light industrial/manufacturing and research and development properties.

Office - Existing and proposed office developments for lending institutions and owners.

Retail - Proposed and existing shopping centers, free standing buildings, mixed-use buildings, and restaurants.

Multi-Family Residential - Existing and proposed apartment complexes, condominiums, and loft projects in the Sacramento Metropolitan Area and Bay Area.

Medical - Existing and proposed medical clinics and dental offices.

Elderly Housing – Existing and proposed congregate care and residential care facilities throughout the Bay Area and Central Valley.

Residential Developments - Proposed and existing residential subdivisions throughout the Bay Area and Central Valley.

Agricultural – Vineyards, wineries, orchards, field/row crop land, and rural residential properties.

Special Use Properties – Special use properties include theaters throughout Northern California, schools in the Bay Area and Sacramento regions, marinas in the Sacramento MSA and Delta region.

Land - Various types of land appraised such as commercial land, retail pad sites, residential land, transitional land, and agricultural/rural residential land.

Eminent Domain - Improved and unimproved properties involving full and partial takings for municipalities, quasi-public companies, developers, and property owners.

Litigation – Valuations performed on various property types for eminent domain, arbitration, and divorce cases.

PROFESSIONAL AFFILIATIONS

Appraisal Institute (MAI, #11903), Current Member, Past President of Sacramento-Sierra Chapter
Sacramento Estate Planning Council, Current Member

ITEM 3

STATEMENT OF AND SUMMARY FOR BASIS OF APPRAISAL

STATEMENT OF AND SUMMARY OF THE BASIS FOR APPRAISAL

The following is a summary of the amount established as compensation by a valuation prepared in compliance with section 1255.010 Code of Civil Procedures and section 7267.2 of the Government Code. The valuation was made in accordance with accepted valuation principles, consistent with California valuation law. A statement of the valuation process, which was the basis for the valuation conclusions, follows.

BASIC PROPERTY DATA

Owner: Penn Valley Fire Protection District, as per the title report provided by Fidelity National Title, dated January 13, 2015.

Property Address: 10513 Spenceville Road
Penn Valley, California 95602

Project: Lake Wildwood Waste Water Treatment Plant Lift Station project

Total Property Area: 12.080± acres

Property to be Acquired: Two easements

Improvements to be Acquired: None

Interests to be Acquired

Permanent Sewer & Utility Easement:	0.252± acres (10,959± SF)
Permanent Access Easement:	<u>0.128± acres (5,586± SF)</u>
Total	0.380± acres (16,545± SF)

A tabular summary of the planned acquisition follows.

Item	Area in Roadway Easement	Area Outside of Roadway Easement	Total
Larger Parcel	0.138± Acres (6,024± SF)	11.942± Acres (520,181± SF)	12.080± Acres (526,205± SF)
Sewer & Utility Easement Acquisition	0.032± Acres (1,392± SF)	0.220± Acres (9,567± SF)	0.252± Acres (10,959± SF)
Access Easement Acquisition	0.020± Acres (874± SF)	0.108± Acres (4,712± SF)	0.128± Acres (5,586± SF)
Remainder Parcel	0.138± Acres (6,024± SF)	11.942± Acres (520,181± SF)	12.080± Acres (526,205± SF)

Source: Nevada County Assessor's Map and Appraisal Map provided by Kevin Nelson on March 11, 2015.

Date of Valuation: January 28, 2015

Zoning: C2-SP & OP-SP, Community Commercial - Site Performance and Office & Professional - Site Performance (County of Nevada)

Highest and Best Use: Future phased development of retail and office uses upon increased demand and sustained improvement in the market.

Current Use: Fire station and rodeo grounds.

STATUTORY BASIS OF VALUATION

The fair market value for the property to be acquired is based upon an appraisal prepared in accordance with accepted appraisal principles and procedures.

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

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 purpose for which the property is reasonably adaptable and available.

- A) The fair market value of a 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.

Code of Civil Procedures Section 1263.330 further states:

The fair market value of the property acquired shall not include any increase or decrease in the value of the property that is attributable to any of the following:

- A) The project for which the property is acquired.
- B) The eminent domain proceeding in which the property is acquired.
- C) Any preliminary actions of the plaintiff relating to the acquisition of the property.

VALUATION PROCESS SUPPORTING ESTIMATED COMPENSATION

The County of Nevada is proposing to construct a waste water lift station in the center of the Penn Valley service area. A sewer and utility easement and associated access easement will be required to complete the project. The sewer and utility easement consists of an irregular-shaped trapezoid roughly 190 feet long, ranging in width from approximately 70 to 98 feet, and extending from the centerline of Spenceville Road along the southern edge of the property. The total area of this easement is 10,959 square feet. The access easement totals 5,586 square feet and is adjacent to the sewer and utility easement. The easement area is the same length as the sewer and utility easement and the width varies from 25 to 35 feet. This easement area generally follows a pre-existing driveway on the site which is used as the primary point of access for the rodeo grounds. The acquisition areas are at grade with the existing roadway.

Easement language for the sewer and utility and access easements were requested but not provided. The uses and activities to be completed in the easement areas were generally described by the client.

Based on the client's description, as well as a review of the provided preliminary plans, the **sewer and utility easement** being acquired will be exclusive and heavily encumbered with the lift station facilities, including a meter vault, valve vault, lift station/wet well, and 24 foot by 36 foot equipment building when

constructed in the manner proposed. In addition, there will be force mains and odor control air piping (please refer to the preliminary proposed construction diagram presented later in this section). The easement will allow for the excavation, installation, construction, reconstruction, repair, maintenance, and use of the facilities. As many of these improvements will be subterranean, the easement is assumed to run over, under, and across the entire acquisition area. The agency will be heavily vested in the improvements, and the project itself will reflect a critical component of the municipal utilities. Therefore, based upon this discussion, the easement is considered to be tantamount to fee, and reflect **100%** of the underlying fee value.

The **access easement** is less encumbering. The easement generally mirrors an existing driveway that is used to access the rodeo grounds at the rear of the site. The agency will simply be utilizing the existing driveway to access their own access road within the acquisition area. As the easement area is located immediately adjacent to the street frontage, the agency will require only a small amount of the total driveway in order to reach their facilities (please refer to the preliminary proposed construction diagram). The property owner will still be able to utilize the driveway in the after condition and ingress/egress will not be compromised. While this area will not be available for future expansion of the existing facility or other uses, it is located towards the periphery of the site, away from the existing building improvements. Based on these factors, the access easement is considered to be akin to **50%** of the fee value.

The three accepted approaches to value are the Sales Comparison Approach, the Income Approach (capitalization analysis) and the Cost Approach (reproduction or replacement cost analysis). The property will be valued using the Sales Comparison to value. Elements of the Cost Approach will be used in valuation of the site improvements, consisting of a small amount of concrete sidewalk and chain link fencing. The Income Capitalization Approach is not considered appropriate for this assignment. The exclusion of the Income Capitalization Approach from this report does not reduce the reliability of this report.

The existing roadway is estimated at 6,024 square feet by the engineer. An alternate methodology within the Sales Comparison Approach will be employed to account for this area. Under the "undivided fee" interest rule the fee value of the land will be estimated. As the road easement consumes the preponderance of the owner's rights, the owner retains a reversionary right valued at \$1.00, which is applied to this area.

SUMMARY OF VALUE CONCLUSIONS AND ESTIMATE OF COMPENSATION

The Sales Comparison Approach was selected as the basis for valuation of the Larger Parcel.

Market Value Estimate (Land Only)

12.080 Acre Commercial Site X \$45,000/Acre = \$ 543,600

However, as previously mentioned, approximately 6,024 square feet (0.138 acres±) of the larger parcel is encumbered by a road easement that has for all practical purposes entirely absorbed the full value of the underlying fee. The owner's residual value is considered to be \$1.00.

Therefore, we break down the value of the unencumbered land (11.942± acres) from the land area encumbered by the road easement (0.138± acres).

Unencumbered Land:	11.942± Acres	\$543,599	(\$45,520/Acre)
<u>Encumbered Land (Road Easement):</u>	<u>0.138± Acres</u>	<u>\$ 1</u>	<u>(\$7.25/Acre)</u>
Total:	12.080± Acres	\$543,600	(\$45,000/Acre)

Market Value of the Partial Acquisition

The portion of the property to be acquired is its contributory value as part of the larger parcel. This includes land and improvements located in the area of the acquisition. The proposed project requires two easement acquisition areas totaling 16,545± square feet, or 0.380 acres. The subject's larger parcel is improved with a fire station, associated buildings, and rodeo grounds, however these improvements are located outside of the acquisition area. A gravel-paved drive way, concrete curbing, fencing, and gate are located within the access easement area, and it is assumed they will remain. A landscaping emitter box is located in the sewer and utility easement, however it is assumed the box will be relocated as part of the contract construction work (please refer to Extraordinary Assumption #3). There are very minimal site improvements within the sewer and utility easement area, consisting of 136 square feet of sidewalk and 10 linear feet of three-foot high chain link fencing.

It was previously determined that the sewer and utility easement is akin to 95% of the total fee value, while the access easement encumbers 50% of the fee value.

Market Value of the Partial Acquisition

Land

Unencumbered:

Sewer and Utility Easement		
0.220 Acres X \$45,520/Acre X 95%	=	\$ 9,514

Access Easement		
0.108 Acres X \$45,520/Acre X 50%	=	\$ 2,458

Encumbered:

Sewer and Utility & Access Easements		
0.052 Acres	=	\$ <u>1</u>

Total Easement Acquisition		\$ 11,973
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Improvements

Based on the inspection and the provided ROW exhibit, and measurements taken by the appraiser during the site inspection, there are very minimal site improvements within the sewer and utility easement area consisting of just 136 square feet of concrete sidewalk and 10 feet of three-foot high chain link fencing.

Impacted Paving (136 SF X \$5.50/SF X 1.04 X 1.17 X 1.15 X 0.75)	\$ 785
Impacted Fencing (10 LF X \$9.35/SF X 1.04 X 1.17 X 1.15 X 0.50)	<u>\$ 65</u>
Total Site Improvements	\$ 850

Total Acquisition (Land & Improvements)

Land	\$ 11,973
Improvements	<u>\$ 850</u>
Total	\$ 12,823

VALUE OF THE REMAINDER PARCELS AS PART OF LARGER PARCEL (LAND ONLY)

The value of the portion not required for the proposed project is called the remainder property. The value of the remainder as part of the larger parcel is its contributory value to the larger parcel, which is derived by deducting the value of the acquisition from the value of the larger parcel. The value of the remainder as part of the larger parcel is as follows:

Larger Parcel - Land Only	\$ 543,600
Less: Proposed Acquisition - Land Only	<u>\$ 11,973</u>
Total	\$ 531,627

VALUE OF THE REMAINDER, AFTER ACQUISITION (LAND ONLY)

The appraisal process requires valuation of the remainder property as a separate and distinct parcel considering all the market forces that indicate a diminution in value to the remainder property. In the after condition, the shape, access, and other physical characteristics of the remainder property will be adequate to support the legally permissible uses. No benefits are anticipated. The highest and best use is the same as in the before condition, which is for future phased development of commercial uses. The value of the remainder property after acquisition, before considering benefits, is as follows:

Remainder Unencumbered by Easements			
11.614 Acre X \$45,520/Acre	=		\$ 528,669
Remainder Encumbered by Sewer & Utility Easement			
0.220 Acre X \$45,520/Acre X 5%	=		\$ 500
Remainder Encumbered by Access Easement			
0.108 Acre X \$45,520/Acre X 50%	=		\$ 2,458
Remainder Encumbered by Road Easement			
0.138 Acre	=		<u>\$ 1</u>
Total			\$531,628

SEVERANCE DAMAGES

The value of the remainder as part of the larger parcel is compared to the value of the remainder as a separate parcel after acquisition to estimate the loss in value to the remainder as a measure of severance damages. The remainder as valued above is compared to the remainder as part of the larger parcel with the following results:

Loss in Market Value:

Value of Remainder as part of the larger parcel	\$ 531,627
Less: Remainder after Acquisition, before Considering Benefits	<u>\$ 531,628</u>
Loss in Market Value	\$ 0

*The difference between the value of the remainder as part of the larger parcel and the value of the remainder after acquisition differ by only \$1, which is attributable to rounding. Essentially, the two values are the same, and there is no loss in market value.

VALUE OF REMAINDER AFTER ACQUISITION, CONSIDERING BENEFITS

The appraisal process requires the valuation of the remainder as a separate and distinct parcel considering all the market forces that indicate any increase in value to the remainder property(s). The value of the remainder after acquisition considering benefits is as follows:

\$531,628

BENEFITS

The remainder as valued above was compared to the remainder after acquisition before considering benefits with the following results:

\$531,628 - \$531,628 = \$ -0-

There are no benefits that inure to the subject property.

FAIR MARKET VALUE CONCLUSIONS

Market Value of Acquisition (Land & Site Improvements)	\$ 12,823
Rounded	\$ 12,900

In our opinion, this is the value that should be considered for compensation purposes.

EXTRAORDINARY ASSUMPTIONS

"An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."¹³

1. We were not provided with a Phase I Environmental Site Assessment for this appraisal. The value stated in this report is based on the assumption that the property is "free and clear" of any potential toxics. The appraiser is not an expert in this field and is not qualified to detect or advise on similar matters. This appraisal, therefore, assumes that there is no toxic contamination on the subject property.
2. Specific easement language was requested but not provided. The client provided descriptions of the intended uses and the improvements anticipated to be completed within the acquisition areas. It is assumed these descriptions are accurate. If the actual easements vary substantially from the provided descriptions, the results of this appraisal may be affected.
3. A gravel-paved drive way, concrete curbing, fencing, and gate are located within the access easement area, and it is assumed they will remain in place and available for use by the property owner. A landscaping emitter box is located in the sewer and utility easement, and it is assumed the box will be relocated as part of the contract construction work. If these assumptions are found not to be true, the conclusions of this report may be affected.

¹³ 2014-2015 Edition of USPAP, Pg. U-3.


HYPOTHETICAL CONDITIONS

"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."¹⁴

1. The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following: 1) the project for which the property is taken; 2) the eminent domain proceeding in which the property is taken; and 3) any preliminary actions of the plaintiff relating to the taking of the property.¹⁵
2. The valuation of the remainder parcel(s) in their conditions after consideration of the partial acquisition and construction in the manner proposed presumes a hypothetical condition. This is due to, as of the effective date of value, the parts being acquired have not yet been severed from the larger parcels and the project has not yet been constructed. Information about the project and its improvements was provided by the client and relied upon in analyzing the impacts the proposed project will have on the subject remainder parcel(s).

The above is a summary valuation prepared, to be used to comply with Code of Civil Procedures section 1255.010. The appraisal is the basis for this summary was made in accordance with accepted appraisal principles, consistent with California Valuation Law.

SIGNATURE OF APPRAISERS:


Jared M. Calabrese, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG042740


David B. Wraa, MAI
California Certified General
Real Estate Appraiser
Certificate No. AG023713

¹⁴ 2014-2015 Edition of USPAP, Pg. U-3.

¹⁵ Section 1263.330 of the Code of Civil Procedure.

A summary of the comparable sales used are shown below.

COMPARABLE LAND SALES SUMMARY TABLE

<u>Sale #</u> <u>BRI #</u>	<u>Location</u> <u>APN</u>	<u>Grantor</u> <u>Grantee</u>	<u>Sale Date</u> <u>Doc. #</u>	<u>Sale Price</u>	<u>Zoning</u>	<u>Size</u> <u>AC</u>	<u>Price/AC</u> <u>Price/SF</u>
<u>LS-1</u> 388	844 Old Tunnel Road <u>Grass Valley, California</u> APNs: 35-400-78	Almaden Boulevard <u>Investors</u> Western Sierra Medical Clinic	<u>12/12</u> 8758	\$260,000	OP	5.33	<u>\$48,780</u> \$1.12
<u>LS-2</u> 395	11157 Rough and Ready Highway <u>Grass Valley, California</u> APN: 07-200-07	Golden Empire <u>Humane Society</u> Yuba River Charter School	<u>6/11</u> 13876	\$460,000	C-2	8.48	<u>\$54,245</u> \$1.25
<u>LS-3</u> 2565	2564 Hallwood Boulevard <u>Browns Valley, California</u> APN: 006-090-060	Gary & Melissa <u>Gordon</u> Jose Hernandez	<u>12/10</u> 15980	\$65,000	R-C	2.96	<u>\$21,959</u> \$0.50
Additional Market Data							
<u>PLS-4</u> 396	10166 Alta Sierra Drive <u>Grass Valley, California</u> APN: 25-430-08	Wanda & Serge <u>Bartome</u> N/Av	<u>3/15</u> N/A	\$200,000	C-1	1.00	<u>\$200,000</u> \$4.59
<u>LLS-5</u> 394	19038 Branding Iron Road <u>Penn Valley, California</u> APN: 51-290-16	<u>Gateway Investors</u> N/A	<u>3/15</u> N/A	\$499,000	N-C	12.00 (Net)	<u>\$41,583</u> \$0.95
Subject	10513 Spenceville Road <u>Penn Valley, California</u> APNs: 51-160-26	----	-----	-----	C2-SP & OP-SP	12.08	-----

COMPARABLE LAND SALES MAP

