The City of Hanford

CALIFORNIA

RDA OVERSIGHT BOARD
AGENDA
September 27, 2013

Hanford City Council Chambers, Civic Auditorium
400 N Douty

RDA Oversight Board- 2:00 PM

ROLL CALL BY THE CITY CLERK:

FLAG SALUTE:

PUBLIC COMMENT:

Any person may directly address the Board at this time on any item on the agenda, or on any item that is within the subject matter jurisdiction of the Board. A maximum of five minutes is allowed for each speaker.

Written Correspondence:

1. **CONSENT CALENDAR:**

All items listed under the Consent Calendar are considered routine and will be enacted by one motion **(ROLL CALL VOTE required).** For discussion of an item on the Consent Calendar, it will be removed at the request of any member of the RDA Board or any person in the audience and made a part of the regular agenda.

A. Oversight Board Meeting Minutes: March 4, 2013

2. **NEW BUSINESS:**

A. Review and approve, by resolution, the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2014 to June 30, 2014.

B. Review and Approval of Administrative Budget for the period January 1, 2014 to June 30, 2014

C. Review and approve, by resolution, the Long-Range Property Management Plan

ADJOURNMENT:

Materials related to an item on this Agenda submitted to the RDA Board after distribution of the agenda packet are available for public inspection in the City Clerk's Office located at 319 N. Douty Street, Hanford, California 93230, during normal business hours. RDA Boards Agendas and materials are also available at the City's website, www.ci.hanford.ca.us;, subject to staff's ability to post the agenda before the meeting.

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in this meeting, please contact the City Clerk's office, 559-585-2515, 319 N. Douty Street, Hanford, California 93230, at least 2 days prior to the meeting {28 CFR 35.102.35.104 ADA Title II}

AGENDA
STAFF REPORT

MEETING DATE: 9/27/2013	AGENDA SECTION: 1. A.

SUBJECT:
Oversight Board Meeting Minutes: March 4, 2013

RECOMMENDATION:
Approve the Minutes for the March 4, 2013 Oversight Board Meeting

BACKGROUND:

FISCAL IMPACT:

ATTACHMENTS:

Description

Minutes: March 4, 2013

The Community Redevelopment Agency
Of the City of Hanford
Oversight Board

ACTION SUMMARY MINUTES
March 4, 2013
10:00 AM

COUNCIL CHAMBERS CIVIC AUDITORIUM
400 N Douty Street

John Lehn called the meeting to order at 10:06 am.

ROLL CALL BY THE CITY CLERK:
Present: Tony Barba (TB), Steve Corl (SC), Melody Haigh (MH), John Lehn (JL)
Absent: Michael Cavanagh (MC), Allison Picard (AP), John Zumwalt (JZ)

FLAG SALUTE:
Led by MH

(1) PUBLIC COMMENT:
None

(2) COSENT CALENDAR

(2a) Approval of Minutes (February 25, 2013)
(2b) Approve by Resolution, the Non-Low and Moderate Income Housing Fund Due Diligence Review Report completed and submitted by Sampson, Sampson & Patterson, LLP.

Item (2b) Approve by Resolution, the Non-Low and Moderate Income Housing Fund Due Diligence Review Report completed and submitted by Sampson, Sampson & Patterson, LLP was pulled to the regular agenda.
Motion made to approve as presented by TB/SC.
Motion passed, Unanimous. (Ayes: TB, SC, MH, JL; Noes: None; Abstain: None; Absent: MC, AP, JZ)

Items pulled from the Consent Calendar for separate action:

(2b) Approve by Resolution, the Non-Low and Moderate Income Housing Fund Due Diligence Review Report completed and submitted by Sampson, Sampson & Patterson, LLP was pulled to the regular agenda.
Motion made to approve as presented by SC/TB.
Motion passed, Unanimous. (Ayes: TB, SC, MH, JL; Noes: None; Abstain: None; Absent: MC, AP, JZ)

(3) NEW BUSINESS

(3a) Approve by Resolution, the administrative budget for the Successor Agency for July 1, 2013 through December 31, 2013.
Motion made to approve as presented by TB/SC.
Motion passed, Unanimous. (Ayes: TB, SC, MH, JL; Noes: None; Abstain: None; Absent: MC, AP, JZ)

(4) DEFERRED BUSINESS

(4a) Approve by Resolution, the Purchase and Sale Agreement for Tessenderlo Kerley, Inc.'s ("TKI") purchase of 0.84 acres of land in the Kings Industrial Park.

JL asked the Board attorney if it was ok for him to vote on this action, stated that there could be a perceived conflict of interest as it relates to the Kings County Economic Development Corporation (EDC), and his position as the President/CEO. Further explained that the EDC has loan tied with property in question, that he would not receive any direct financial benfit but that the EDC would. He was advised by attorney that he was ok to vote since no personal financial gain.

MH asked the City attorney if there was a conflict on her behalf due to her position as the Community Development Manager for the City of Hanford and any plans for TKI would have to be submitted through her office. City Attorney, Ty Mizote, advised her that she was clear to vote since there was no financial gain for her or the City.

Motion made to approve as presented by TB/SC.
Motion passed, Unanimous. (Ayes: TB, SC, MH, JL; Noes: None; Abstain: None; Absent: MC, AP, JZ)

(5) BOARD MEMBER COMMENTS

None.

ADJOURNMENT

AGENDA
STAFF REPORT

MEETING DATE: 9/27/2013	AGENDA SECTION: 2. A.

SUBJECT:
Review and approve, by resolution, the Recognized Obligation Payment Schedule (ROPS) for the period January 1, 2014 to June 30, 2014.

RECOMMENDATION:
That the Oversight Board, by resolution, approve the ROPS for the period January 1, 2014 to June 30, 2014.

BACKGROUND:
AB 1484 requires Redevelopment Agency Successor Agencies to prepare a Recognized Obligation Payment Schedule (ROPS) each six months and submit the ROPS to the State Department of Finance (DOF). The Successor Agency Oversight Board must approve the ROPS prior to submittal to DOF.

The six-month ROPS is a list of obligations or payments that are or may be due within the six-month period. The attached ROPS is for the period of January 1, 2014 to June 30, 2014. The Agency owes Kings EDC $893, 470 on loans for purchase of land in the Kings Industrial Park. $125,000 is for the proposed administrative expenses of the Successor Agency to wind down the activities of the former Redevelopment Agency. The Agency owes the City of Hanford $7,679,886 from loans (funds advanced) to the Agency for capital improvement projects and operation expenses incurred from the inception of each of the two project areas to dissolution of The Redevelopment Agency. Pursuant to AB 1484 guidelines, the city could not place the unpaid loan balances on the ROPS Schedule until the due diligence reviews were complete, approved by the Oversight Board, approved by the Department of Finance (DOF), and the DOF issued a "Finding of Completion" (FOC). The due diligence reviews have been completed and approved by the DOF and the DOF has issued a FOC to the city effective July 16, 2013. The AB 1484 guidelines also provide that a defined repayment schedule must be developed and that the maximum annual repayment amount is limited to one-half of the increase between the residual amount distributed to the taxing entries in that fiscal year and the residual amount distributed in the 2012-13 base year. The first request for funding will begin with ROPS 14-15A (July 1, 2014-December 31, 2014).

Staff is requesting the Oversight Board approve the ROPS for the period January 1, 2014 to June 30, 2014, which must be submitted to the State Department of Finance and the Kings County Auditor-Controller by October 1, 2014. Under AB 1484, all actions taken by the Oversight Board must be adopted by resolution.

FISCAL IMPACT:
None

ATTACHMENTS:

Description

- ROPS 13-14b
- ROPS Resolution

Recognized Obligation Payment Schedule (ROPS 13-14B) - Summary

Filed for the January 1, 2014 through June 30, 2014 Period

Name of Successor Agency: **Hanford**

Name of County: Kings

	Current Period Requested Funding for Outstanding Debt or Obligation	**Six-Month Total**
A	**Enforceable Obligations Funded with Non-Redevelopment Property Tax Trust Fund (RPTTF) Funding Sources (B+C+D):**	**$ 893,470**
B	Bond Proceeds Funding (ROPS Detail)	-
C	Reserve Balance Funding (ROPS Detail)	-
D	Other Funding (ROPS Detail)	893,470
E	**Enforceable Obligations Funded with RPTTF Funding (F+G):**	**$ 125,000**
F	Non-Administrative Costs (ROPS Detail)	-
G	Administrative Costs (ROPS Detail)	125,000
H	**Current Period Enforceable Obligations (A+E):**	**$ 1,018,470**

	Successor Agency Self-Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
I	Enforceable Obligations funded with RPTTF (E):	125,000
J	Less Prior Period Adjustment (Report of Prior Period Adjustments Column U)	(97,195)
K	**Adjusted Current Period RPTTF Requested Funding (I-J)**	**$ 27,805**

	County Auditor Controller Reported Prior Period Adjustment to Current Period RPTTF Requested Funding	
L	Enforceable Obligations funded with RPTTF (E):	125,000
M	Less Prior Period Adjustment (Report of Prior Period Adjustments Column AB)	-
N	**Adjusted Current Period RPTTF Requested Funding (L-M)**	**125,000**

Certification of Oversight Board Chairman:
Pursuant to Section 34177(m) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named agency.

Name Title

/s/

Signature Date

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Fund Balances

(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177(l), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H	I	J	K
		Fund Sources								
		Bond Proceeds		Reserve Balance		Other	RPTTF			
	Fund Balance Information by ROPS Period	Bonds Issued on or before 12/31/10	Bonds Issued on or after 01/01/11	Review balances retained for approved enforceable obligations	RPTTF balances retained for bond reserves	Rent, Grants, Interest, Etc.	Non-Admin	Admin	**Total**	**Comments**
	ROPS III Actuals (01/01/13 - 6/30/13)									
1	**Beginning Available Fund Balance (Actual 01/01/13)** Note that for the RPTTF, 1 + 2 should tie to columns L and Q in the Report of Prior Period Adjustments (PPAs)					-		94,708	$ 94,708	
2	**Revenue/Income (Actual 06/30/13)** Note that the RPTTF amounts should tie to the ROPS III distributions from the County Auditor-Controller					23,458		125,000	$ 148,458	
3	**Expenditures for ROPS III Enforceable Obligations (Actual 06/30/13)** Note that for the RPTTF, 3 + 4 should tie to columns N and S in the Report of PPAs					23,458		27,805	$ 51,263	
4	**Retention of Available Fund Balance (Actual 06/30/13)** Note that the Non-Admin RPTTF amount should only include the retention of reserves for debt service approved in ROPS III					-		-	$ -	
5	**ROPS III RPTTF Prior Period Adjustment** Note that the net Non-Admin and Admin RPTTF amounts should tie to columns O and T in the Report of PPAs.	No entry required					-	97,195	$ 97,195	
6	**Ending Actual Available Fund Balance (1 + 2 - 3 - 4 - 5)**	$ -	$ -	$ -	$ -	$ -	$ -	$ 94,708	$ 94,708	
	ROPS 13-14A Estimate (07/01/13 - 12/31/13)									
7	**Beginning Available Fund Balance (Actual 07/01/13) (C, D, E, G, and I = 4 + 6, F = H4 + F6, and H = 5 + 6)**	$ -	$ -	$ -	$ -	$ -	$ -	$ 191,903	$ 191,903	
8	**Revenue/Income (Estimate 12/31/13)** Note that the RPTTF amounts should tie to the ROPS 13-14A distributions from the County Auditor-Controller					23,865		29,390	$ 53,255	
9	**Expenditures for 13-14A Enforceable Obligations (Estimate 12/31/13)**					23,865		101,135	$ 125,000	
10	**Retention of Available Fund Balance (Estimate 12/31/13)** Note that the RPTTF amounts may include the retention of reserves for debt service approved in ROPS 13-14A								$ -	
11	**Ending Estimated Available Fund Balance (7 + 8 - 9 -10)**	$ -	$ -	$ -	$ -	$ -	$ -	$ 120,158	$ 120,158	

Recognized Obligation Payment Schedule (ROPS) 13-14B - ROPS Detail
January 1, 2014 through June 30, 2014
(Report Amounts in Whole Dollars)

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
										Funding Source					
										Non-Redevelopment Property Tax Trust Fund (Non-RPTTF)			RPTTF		
Item #	Project Name / Debt Obligation	Obligation Type	Contract/Agreement Execution Date	Contract/Agreement Termination Date	Payee	Description/Project Scope	Project Area	Total Outstanding Debt or Obligation	Retired	Bond Proceeds	Reserve Balance	Other Funds	Non-Admin	Admin	Six-Month Total
1	KINGS EDC LOAN	Third-Party Loans	5/4/2000	6/30/2043	KINGS EDC	LOAN FOR LAND PURCHASE	INDUSTRIAL PK	68,470	N			68,470			$ 68,470
2	KINGS EDC LOAN	Third-Party Loans	12/11/2009	6/30/2043	KINGS EDC	LOAN FOR LAND PURCHASE	INDUSTRIAL PK	825,000	N			825,000			$ 825,000
3	SUCCESSOR AGENCY ADM	Admin Costs	1/1/2014	6/30/2014	CITY OF HANFORD	ADMINISTRATIVE COSTS	ALL AREAS	125,000	N					125,000	$ 125,000

Recognized Obligation Payment Schedule (ROPS) 13-14B - Report of Prior Period Adjustments
Reported for the ROPS III (January 1, 2013 through June 30, 2013) Period Pursuant to Health and Safety Code (HSC) section 34186 (a)
(Report Amounts in Whole Dollars)

ROPS III Successor Agency (SA) Self-reported Prior Period Adjustments (PPA): Pursuant to HSC Section 34186 (a), SAs are required to report the differences between their actual available funding and their actual expenditures for the ROPS III (July through December 2013) period. The amount of Redevelopment Property Tax Trust Fund (RPTTF) approved for the ROPS 13-14B (January through June 2014) period will be offset by the SA's self-reported ROPS III prior period adjustment. HSC Section 34186 (a) also specifies that the prior period adjustments self-reported by SAs are subject to audit by the county auditor-controller (CAC) and the State Controller.

ROPS III CAC PPA: To be completed by the CAC upon submittal of the ROPS 13-14B by the SA to Finance and the CAC

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB		
		Non-RPTTF Expenditures								RPTTF Expenditures																			
		LMIHF (Includes LMIHF Due Diligence Review (DDR) retained balances)		Bond Proceeds		Reserve Balance (Includes Other Funds and Assets DDR retained balances)		Other Funds		Non-Admin					Admin					Net SA Non-Admin and Admin PPA	Non-Admin CAC			Admin CAC			Net CAC Non-Admin and Admin PPA		
Item #	Project Name / Debt Obligation	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Actual	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized/ Available	Actual	Difference (If M is less than N, the difference is zero)	Authorized	Available RPTTF (ROPS III distributed + all other available as of 1/1/13)	Net Lesser of Authorized / Available	Actual	Difference (If R is less than S, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (O + T))	Net Lesser of Authorized / Available	Actual	Difference (If V is less than W, the difference is zero)	Net Lesser of Authorized / Available	Actual	Difference (If Y is less than Z, the difference is zero)	Net Difference (Amount Used to Offset ROPS 13-14B Requested RPTTF (X + AA)	SA Comments	CAC Comments
		$ -	$ -	$ -	$ -	$ -	$ -	$ 893,470	$ -	$ -	$ -	$ -	$ -	$ -	$ 125,000	$ 219,708	$ 125,000	$ 27,805	$ 97,195	$ 97,195	$ -	$ -	$ -	$ -	$ -	$ -	$ -		
1	KINGS EDC LOAN							68,470	-			$ -		$ -			$ -		$ -	$ -			$ -			$ -	$ -		
2	KINGS EDC LOAN							825,000	-			$ -		$ -			$ -		$ -	$ -			$ -			$ -	$ -		
3	SUCCESSOR AGENCY ADM											$ -		$ -	125,000	219,708	$ 125,000	27,805	$ 97,195	$ 97,195			$ -			$ -	$ -		

Recognized Obligation Payment Schedule 13-14B - Notes

January 1, 2014 through June 30, 2014

Item #	Notes/Comments

RESOLUTION NO.____

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FOR THE PERIOD JANUARY 1, 2014 TO JUNE 30, 2014

At a special meeting of the members of the Oversight Board to the Community Redevelopment Agency of the City of Hanford ("Oversight Board"), duly called and held on September 27, 2013, at 2:00 P.M., and upon a motion by Member ________________ and seconded by Member ________________ and duly carried, the following resolution was adopted:

WHEREAS, AB 1X 26 (Dissolution Act) effectively dissolved all redevelopment agencies in the State of California effective February 1, 2012; and

WHEREAS, on June 27, 2012 the California State Legislature passed and the Governor signed AB 1484, which made technical and substantive amendments to the Dissolution Act; and

WHEREAS, AB 1X 26 and AB 1484 require the preparation by the Successor Agency of Recognized Obligation Payment Schedules (ROPS); and

WHEREAS, each ROPS sets forth the amounts due for enforceable obligations that may be payable during the six-month period covered by each respective ROPS; and

WHEREAS, each ROPS is subject to approval by the Oversight Board; and

WHEREAS, the Successor Agency's authority to pay enforceable obligations is limited to those items shown on an approved ROPS; and

WHEREAS, the Successor Agency to the Community Redevelopment Agency of the City of Hanford prepared the attached ROPS, which covers the period January 1, 2014 through June 30, 2014; and

WHEREAS, the Oversight Board has reviewed the attached ROPS and finds that it complies with the requirements of AB 1X 26 and AB 1484; and

WHEREAS, AB 1484 requires that all actions taken by an Oversight Board be adopted by resolution (Health & Safety Code Section 34179(e)).

NOW, THEREFORE, BE IT RESOLVED that the attached ROPS covering the period January 1, 2014 through June 30, 2014 is hereby approved.

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, MELONIE PATRICK, HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the Members of the Oversight Board to the Community Redevelopment Agency of the City of Hanford at a special meeting thereof held on September 27, 2013, by the following vote:

MEMBERS

AYES: ______________________________

NOES: ______________________________

ABSTAIN: ______________________________

ABSENT: ______________________________

____
Melonie A. Patrick
CITY CLERK
Oversight Board of the Community
Redevelopment Agency of the City of Hanford

APPROVED

____
JOHN LEHN
Chairperson of the Oversight Board
to the Community Redevelopment
Agency of the City of Hanford

AGENDA
STAFF REPORT

MEETING DATE: 9/27/2013	**AGENDA SECTION:** 2. B.

SUBJECT:
Review and Approval of Administrative Budget for the period January 1, 2014 to June 30, 2014

RECOMMENDATION:
That the Community Redevelopment Agency of the City of Hanford Oversight Board by resolution, approve the Administrative Budget for the period January 1, 2014 to June 30, 2014.

BACKGROUND:
AB 1X 26 dissolved redevelopment agencies. The City of Hanford Successor Agency assumed the wind down responsibilities of the RDA. AB 1484 provides that budgets of the Successor Agency (Exhibit "A") must be approved every six months by the Oversight Board by a majority vote. The attached budget has been prepared to cover the period of January 1, 2014 to June 30, 2014. It includes the following:
• City of Hanford Staff Services
• Advertising (Land Sale)
• Attorney Fees (City)
• Attorney Fees (Oversight Board)
• Audit Fees, and
• Land Sales Costs such as appraisals, escrow fees, reconveyance fees, and legal fees.

Staff has prepared the proposed budget for the six-month period based on the number of land sales that may occur and the related marketing, preparation of staff reports and agendas, and attorney fees related to land sales.

FISCAL IMPACT:
Actual cost under the six-month budget will be paid from the RPPTF Administrative Cost Allowance Funds.

ATTACHMENTS:

Description

- Administrative Budget
- Admin Budget Resolution

CITY OF HANFORD RDA SUCCESSOR AGENCY
BUDGET
JANUARY 1, 2014 TO JUNE 30, 2014

City of Hanford Staff Services	5,570
Advertising (Sale Land)	7,500
Attorney Fees - City	25,000
Attorney Fees - Oversight Board	25,000
Audit Fees	5,000
Land Sale Costs	
9 Parcels @ $3,000 per Parcel (Appraisals, Escrow, Reconveyance)	27,000
Legal Fees - Agreements ($4,000-$7,500 per Parcel)	29,930
	125,000
Proposed Source of Funding - RPTTF Admin Allowance	125,000

CITY OF HANFORD RDA SUCCESSOR AGENCY
BUDGET LINE ITEM DETAIL
JANUARY 1, 2014 TO JUNE 30, 2014

	Hours	Hourly Rate		
Staff Services				
- City Clerk	8.00	73.66	=	589
- Property Manager	8.00	52.20	=	418
- City Manager	8.00	143.99	=	1,152
- Finance Director	20.00	106.81	=	2,136
- Accounting Technician	4.00	40.07	=	160
				4,455
	25% Overhead			1,115
				5,570
Advertising				
- Realtor, Trade Journals, Local Media				7,500
Attorney Fees				
- City Attorney				25,000
- Oversight Board				25,000
Audit Fees				
- Outside Audit Firm				5,000
Cost of Land Sales				
- 9 Parcels @ $3,000 per Parcel (Appraisals, Escrow, Reconveyance)				27,000
- Legal Fees to Prepare/Negotiate Agreements ($4,000-$7,500 per Parcel)				29,930
				125,000

RESOLUTION NO. ____________

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD REGARDING ADMINISTRATIVE COSTS BUDGET

At a special meeting of the members of the Successor Agency to the Community Redevelopment Agency of the City of Hanford ("Successor Agency"), duly called and held on September 27, 2013, at 2:00 P.M. and upon motion by Member __________________, seconded by Member ____________________, and duly carried, the following resolution was adopted:

WHEREAS, AB 1X 26 effectively dissolved all redevelopment agencies in the State of California "the Dissolution Act" effective February 1, 2012; and

WHEREAS, on June 27, 2012 the California State Legislature passed and the Governor signed AB 1484 of which the primary purpose is to make technical and substantive amendments to the Dissolution Act based on experience to-date at the state and local levels in implementing that act; and

WHEREAS, AB 1484 requires the Successor Agency to prepare a proposed administrative costs budget for the next six months and submit it to the Oversight Board for approval; and

WHEREAS, a proposed administrative cost budget has been submitted for Oversight Board approval; and

WHEREAS, the Oversight Board has reviewed the proposed administrative costs budget and approves the budget for the period January 1, 2014 through June 30, 2014.

NOW, THEREFORE, BE IT RESOLVED by the Oversight Board of the Successor Agency to the Community Redevelopment Agency of the City of Hanford that the Successor Agency administrative costs budget for the period January 1, 2014 through June 30, 2014., is hereby approved.

Passed and adopted at a meeting of the Oversight Board of the Successor Agency of the Community Redevelopment Agency of the City of Hanford duly called and held on the 27th day of September, 2013, by the following vote:

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, MELONIE PATRICK, HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the Members of the Oversight Board to the Community Redevelopment Agency of the City of Hanford at a special meeting thereof held on September 27, 2013, by the following vote:

MEMBERS

AYES: ______________________________
NOES: ______________________________
ABSTAIN: ______________________________
ABSENT: ______________________________

____
MELONIE A. PATRICK
CITY CLERK
Oversight Board of the Successor Agency
to the Community Redevelopment Agency
of the City of Hanford

APPROVED

____
John Lehn
Chairperson of the Oversight Board of
the Successor Agency to the Community Redevelopment
Agency of the City of Hanford

AGENDA
STAFF REPORT

MEETING DATE: 9/27/2013	**AGENDA SECTION:** 2. C.

SUBJECT:
Review and approve, by resolution, the Long-Range Property Management Plan

RECOMMENDATION:
The Successor Agency recommends that the Oversight Board adopt the attached Resolution, through which the Oversight Board will approve the attached Long-Range Property Management Plan.

BACKGROUND:
Health & Safety Code Section 34191.5 requires the Successor Agency (Successor Agency) to the Community Redevelopment Agency of the City of Hanford (RDA) to prepare a Long-Range Property Management Plan (LRPMP) for RDA's remaining real property assets. Through the LRPMP, the Successor Agency is to inventory the RDA's remaining real estate assets and to set forth a plan to use or dispose of such assets.

The Successor Agency's LRPMP is provided herewith.
With the exception of one (1) 2.5 acre parcel used for storm drainage purposes, the Successor Agency will sell the RDA's remaining real estate assets. The 2.5 acre parcel houses a storm drainage basin that receives runoff from public streets and serves a governmental purposes, and will, per Health & Safety Code Section 34181, be transferred to the City of Hanford.

The saleable land has been appraised by Simon Company, Inc. (Simon). Copies of Simon's appraisal reports are provided herewith.

The Successor Agency will proceed with the sale of the remaining real property upon the Oversight Board's approval of the LRPMP.

The Successor Agency has received offers from two (2) separate parties. One party seeks to purchase 110 acres of land that the RDA acquired in 2009, and the second party desires to purchase a 0.51 acre parcel. Separate Purchase & Sale Agreements for those transactions will be submitted to the Oversight Board for review and approval.

FISCAL IMPACT:
None

ATTACHMENTS:

Description

- Long-Range Property Management Plan Resolution
- Long-Range Property Management Plan and Reports

RESOLUTION NO.______

RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD APPROVING THE SUCCESSOR AGENCY'S LONG-TERM PROPERTY MANAGEMENT PLAN

At a special meeting of the members of the Oversight Board to the Community Redevelopment Agency of the City of Hanford (Oversight Board), duly called and held on September 27, 2013, at 2:00 PM., and upon a motion by Member ________________ and seconded by Member ________________ and duly carried, the following resolution was adopted:

WHEREAS, Health & Safety Code Section 34191.5 requires the Successor Agency (Successor Agency) to the Community Redevelopment Agency of the City of Hanford (RDA) to prepare a Long-Range Property Management Plan (LRPMP) for the RDA's remaining real estate assets; and

WHEREAS, through the LRPMP, the Successor Agency is to inventory all of the RDA's remaining real property and identify the manner in which the property will be used or disposed of; and

WHEREAS, the Successor Agency has prepared a LRPMP, a copy of which is attached hereto as Exhibit "A" and incorporated herein by reference; and

WHEREAS, the Oversight Board has reviewed the attached LRPMP and finds it complies with the requirements of Health & Safety Code Section 34191.5.

NOW, THEREFORE, BE IT RESOLVED, the attached LRPMP is hereby approved.

BE IT FURTHER RESOLVED, the Successor Agency is hereby directed to execute the terms of the attached LRPMP.

BE IT FURTHER RESOLVED, any modification of the LRPMP is subject to Oversight Board review and approval.

STATE OF CALIFORNIA)
COUNTY OF KINGS) ss
CITY OF HANFORD)

I, MELONIE PATRICK, HEREBY CERTIFY that the foregoing Resolution was passed and adopted by the Members of the Oversight Board to the Community Redevelopment Agency of the City of Hanford at a special meeting thereof held on September 27, 2013, by the following vote:

MEMBERS

AYES: ______________________________

NOES: ______________________________

ABSTAIN: ______________________________

ABSENT: ______________________________

____
Melonie A. Patrick
CITY CLERK
Oversight Board of the Community
Redevelopment Agency of the City of Hanford

APPROVED

____
JOHN LEHN
Chairperson of the Oversight Board
to the Community Redevelopment
Agency of the City of Hanford

<u>SUCCESSOR AGENCY TO THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF HANFORD</u>

LONG-RANGE PROPERTY MANAGEMENT PLAN

September 19, 2013

Prepared by:

Griswold, LaSalle, Cobb, Dowd & Gin, L.L.P.
111 E. Seventh St.
Hanford, CA 93230
Phone: (559) 584-6656

for

The Successor Agency to the Community Redevelopment Agency of the City of Hanford

Historical Background

At the time of its dissolution, the Community Redevelopment Agency of the City of Hanford (RDA) held real estate assets. The RDA's remaining real estate holdings, which are reflected on the attached spreadsheet, were acquired through a May 2000 purchase from Pirelli Tire Company (Pirelli) and a December 2009 purchase from Edward M. Hill (Hill). The land acquired from Pirelli and Hill was undeveloped. Approximately 17.99 acres of the land acquired from Pirelli remain unsold, and all 110 acres of the land purchased from Hill remain unsold. The remaining real estate is identified on the spreadsheet and map attached hereto as Exhibits "A" and "B," respectively, which are incorporated herein by reference.

The RDA improved the land acquired from Pirelli by constructing infrastructure improvements, including roads, curbs, and gutters.

The land purchased from Hill remains unimproved and is subject to a farm lease that expires on December 31, 2014.

The remaining saleable land was appraised by Simon Company, Inc. (Simon). Copies of the appraisal reports are attached to this Long-Range Property Management Plan as Exhibit "C" and are incorporated herein by reference.

Liquidation Plan

The City of Hanford, as Successor Agency (SA) to the RDA, will sell the RDA's remaining saleable real estate.

Pitman Family Farms (Pitman) has submitted a $2,750,000.00 offer for the 110 acres of land that the RDA purchased from Hill (APNs 018-242-007, 013, and 020), which is equal to the appraised value reflected in the Simon Appraisal Report for that property. The SA will prepare a Purchase & Sale Agreement for review and approval by the Oversight Board prior to execution by the SA. Should the Pitman transaction fail to close, the SA will market the property.

APN 018-242-073 consists of 0.51 acres and is a narrow rectangular strip that is 35 feet in width. The property was originally designed to provide access between Idaho Avenue and the southeastern corner of the property currently owned by Tessenderlo Kerley, Inc. (TKI). This property is adjacent to and located east of the former GWF electrical peaker plant facility, which is currently owned by Star West. Burlington Northern Santa Fe Railroad's mainline is located directly east of this property. The SA contacted TKI and Star West to determine whether either would be interested in purchasing the 0.51 acre property. Star West failed to respond, and TKI has offered $3,500.00. The SA will prepare a Purchase & Sale Agreement for sale of the property to TKI; the document will be submitted to the Oversight Board for review and approval prior to execution by the SA. Should the TKI transaction fail to close, the SA will market the property; however, it may prove extremely difficult to locate a party willing to purchase the property due to its significant limitations associated with its small size and narrow configuration.

APN 018-242-069, a 2.56 acre parcel, has been offered to a party that seeks to purchase the property on which Cobalt Safes' facility is located (APN 018-242-070). The SA will prepare a Purchase & Sale Agreement for the OB's review and approval if the party desires to move forward with the purchase of 018-242-069. If the party is not interested in acquiring the former-RDA property, the land will be marketed.

APN 018-242-068, a 2.58 acre parcel, has been offered to a party. In addition, 2.5 acres of APN 018-242-067, a 9.81 acre parcel, have been offered to the same party since it seeks a total of approximately 5 acres. The SA will prepare a Purchase & Sale Agreement for the OB's review and approval prior to execution by the SA. If the party elects not to proceed, the property will be marketed.

The portion of APN 018-242-067 not purchased by the party referenced in the immediately preceding paragraph will be marketed for sale.

The SA will utilize the Kings Economic Development Corporation (KEDC) to market the property which is not currently subject to offers or negotiations and for properties that are currently subject to negotiations which ultimately do not result in sale. KEDC is familiar with the land formerly owned by the RDA since KEDC assisted the RDA in marketing land within the Kings Industrial Park. In exchange for its services, KEDC will, at the close of each escrow, be paid compensation equal to four percent (4%) of the sales price of each property sold as a result of KEDC's efforts. The SA will present a draft Marketing Agreement, through which KEDC will provide services and receive compensation, to the OB for review and approval. The SA will seek to hire a real estate agent to market any real property remaining unsold and which is not subject to negotiations as of December 31, 2014. The realtor's Listing Agreement will be submitted to the OB for review and approval prior to execution by the SA.

APN 018-242-071, a 2.53 acre parcel, consists of a public storm drain basin for runoff from roads within the Kings Industrial Park. Ownership of this parcel will be transferred to the City of Hanford per Health & Safety Code Section 34181 since the parcel is used for a governmental purpose.

EXHIBIT "A"

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5(c)(1)(A)	Date of Acquisition	5/5/2000	5/5/2000	5/5/2000	5/5/2000	5/5/2000	5/5/2000	12/16/2009
	Value at Acquistion	$ 105,975.81	$ 27,871.31	$ 27,655.26	$ 27,331.17	$ 7,560.00	$ 5,509.45	$ 1,650,000.00
	Estimated Current Value	$ 345,000.00	$ 75,000.00	$ 75,000.00	$ -	Sold for $25,200[3]	$ 3,500.00[4]	$ 2,750,000.00
H&S Sec. 34191.5(c)(1)(B)	Purpose of Acquistion	Build Infrastrcture and Sell to Industrial Developer	Build Infrastrcture and Sell to Industrial Developer	Build Infrastrcture and Sell to Industrial Developer	Government purpose - storm drain basin	Build Infrastrcture and Sell to Industrial Developer	Build Infrastrcture and Sell to Industrial Developer	Build Infrastructure and Sell to Industrial Developer
H&S Sec. 34191.5(c)(1)(C)	Lot Size[1]	9.81 ac.	2.58 ac.	2.56 ac.	2.53 ac.	0.84 ac.	0.51 ac.	110 ac.
	Current Zoning	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)	Heavy Industrial (HI)
H&S Sec. 34191.5(c)(1)(D)	Estimated Current Value	$ 345,000.00	$ 75,000.00	$ 75,000.00	$ -	Sold for $25,200	$ 3,500.00[4]	$ 2,750,000.00
	Appraisal Information Available	Yes, appraisal obtained 8/27/13.	Yes, appraisal obtained 8/8/13.	Yes, appraisal obtained 8/8/13.	N/A	No	Yes, appraisal obtained 8/27/13	Yes, appraisal obtained 8/8/13.
H&S Sec. 34191.5(c)(1)(E)	Estimated Revenue Generated	None	None	None	None	N/A	None	$16,000/yr. from agricultural lease[2]
	Contractual Requirements for Disposition of Funds	N/A	N/A	N/A	N/A	N/A	N/A	N/A

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5(c)(1)(F)	History of Environmental Contamination	None	None	None	None	None	None	Preexisting Phase I environmental report was received from prior owner during the RDA's negoations to purchase the property. The report disclosed the existence of a 55 gallon drum and soil staining and distressed vegetation near the drum. The RDA asked the prior owner to remove the drum and stained soil prior to the RDA's acquisiton of the property..
	Enviornmental Studies	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	Phase I and II reports prepared when property purchased	
H&S Sec. 34191.5(c)(1)(G)	Potential for Transit-Oriented Development	None	None	None	None	None	None	None
H&S Sec. 34191.5(c)(1)(H)	History of Previous Development Proposals and Activity	No proposals; RDA constructed infrastrcture improvements.	No proposals; RDA constructed infrastrcture improvements.	No proposals; RDA constructed infrastrcture improvements.	Government purpose - storm drain basin	No proposals; RDA constructed infrastrcture improvements.	No proposals; RDA constructed infrastrcture improvements.	No proposals; property remains unimproved.

		Kings County APN						
		018-242-067	018-242-068	018-242-069	018-242-071	018-242-072	018-242-073	018-242-007, 013, and 020
H&S Sec. 34191.5 (c)(2)	Address Use/Disposition of Remaining Properties	2.5 ac. of the 9.81 property has been offered to the party interested in 018-242-068, with the remainder of the parcel to be marketed.	SA negotiating with interested party.	Property is being offered to an interested party.	Property is used for gorvernmental purposes, to wit: a storm drainage basin for street runoff. The Parcel will be transferred to the City of Hanford per Health & Safety Code Section 34181.	Sold	$3,500 offer pending.	$2,750,000 offer pending

Footnotes

[1] APNs 017-242-067, 068, 069, 071, and 072 and 073 were purchased as part of a larger 97.1 ac. property. The purchase price for the 97.1 ac. property was $9,000/ac.

[2] Agricultural lease term for APNs 018-242-007, 013, and 020 commenced on January 1, 2013 and expires on December 31, 2014.

[3] APN 018-242-072 was sold on 7/31/13 on terms approved by the Successor Agency and Oversight Board.

[4] This property consists of 0.51 acres that is 35 feet in width. The parcel was originally designed to provide access between Idaho Ave. and the southeast corner of the property currently owned by Tessenderlo Kerley, Inc. (TKI). The adjacent property directly to the west is owned by Star West, the company that purchased the electrical peaker plant originally constructed by GWF. The BNSF Railroad mainline is located directly east of the subject property. TKI and Star West were contacted regarding their potential interest in purchasing the 0.51 acre property. TKI has offered $3,500.00 and Star West failed to respond to the Successor Agency regarding Star West's interest in the property. The appraisal prepared by Simon Company identifies an estimated value of $15,000.00 based upon the value of surrounding properties that are zoned Heavy Industrial; however, the property's small size and narrow configuration prevent it from being used as a independent, stand-alone Heavy Industrial property, which severely limits the marketability of the parcel.

EXHIBIT “B”

LONG-RANGE PROPERTY MANAGEMENT PLAN
EXHIBIT "B"

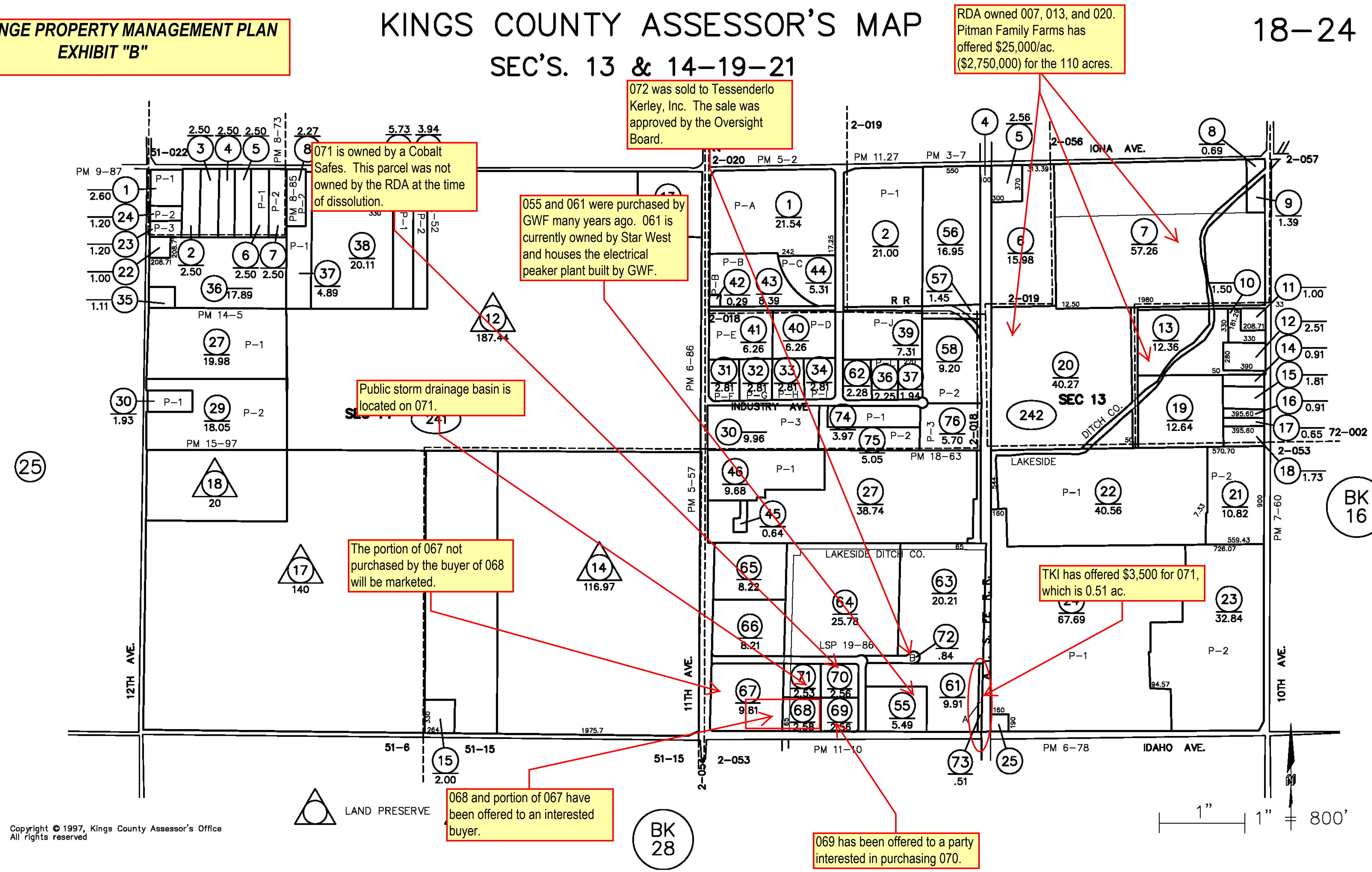


EXHIBIT “C”

APPRAISAL REPORT

109.89 ACRES OF INDUSTRIAL LAND, HANFORD, CA

AS OF AUGUST 8, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

Serving the Central Valley for 20 years – 1992-2012

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, Ca 93230
Date of Report:	August 9, 2013
Subject Property:	109.89 acres of industrial land, Hanford, CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the properties
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 8, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$2,750,000

Table of Contents

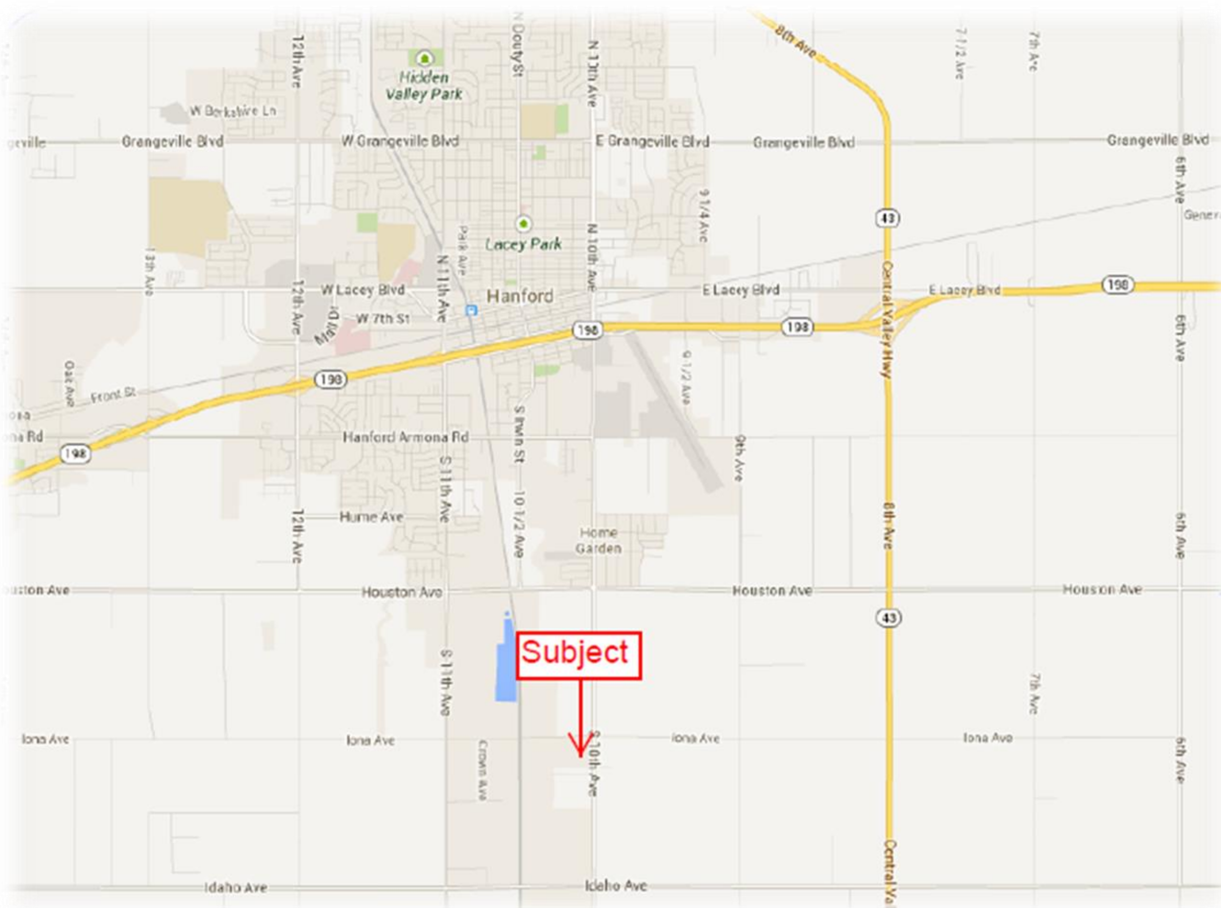
Scope of Work

- The subject sites were viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value all parcels.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

Market Analysis

City of Hanford

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

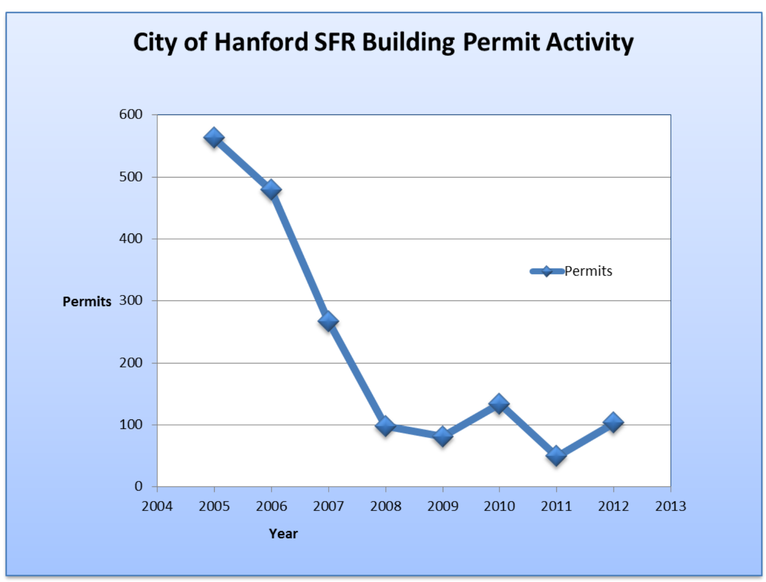
5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.



There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is $48,655. By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist

Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southeast quadrant of Iona Avenue and 10th Avenue in the southern portion of Hanford. Eleventh Avenue is roughly three quarters of a mile to the west while the Burlington Northern and Santa Fe Railroad line borders the western portion of the subject site. This location is part of the Kings Industrial Park. The park primarily lies south of Houston Avenue, north of Jackson Avenue, east of 11th Avenue and west of 10th Avenue.

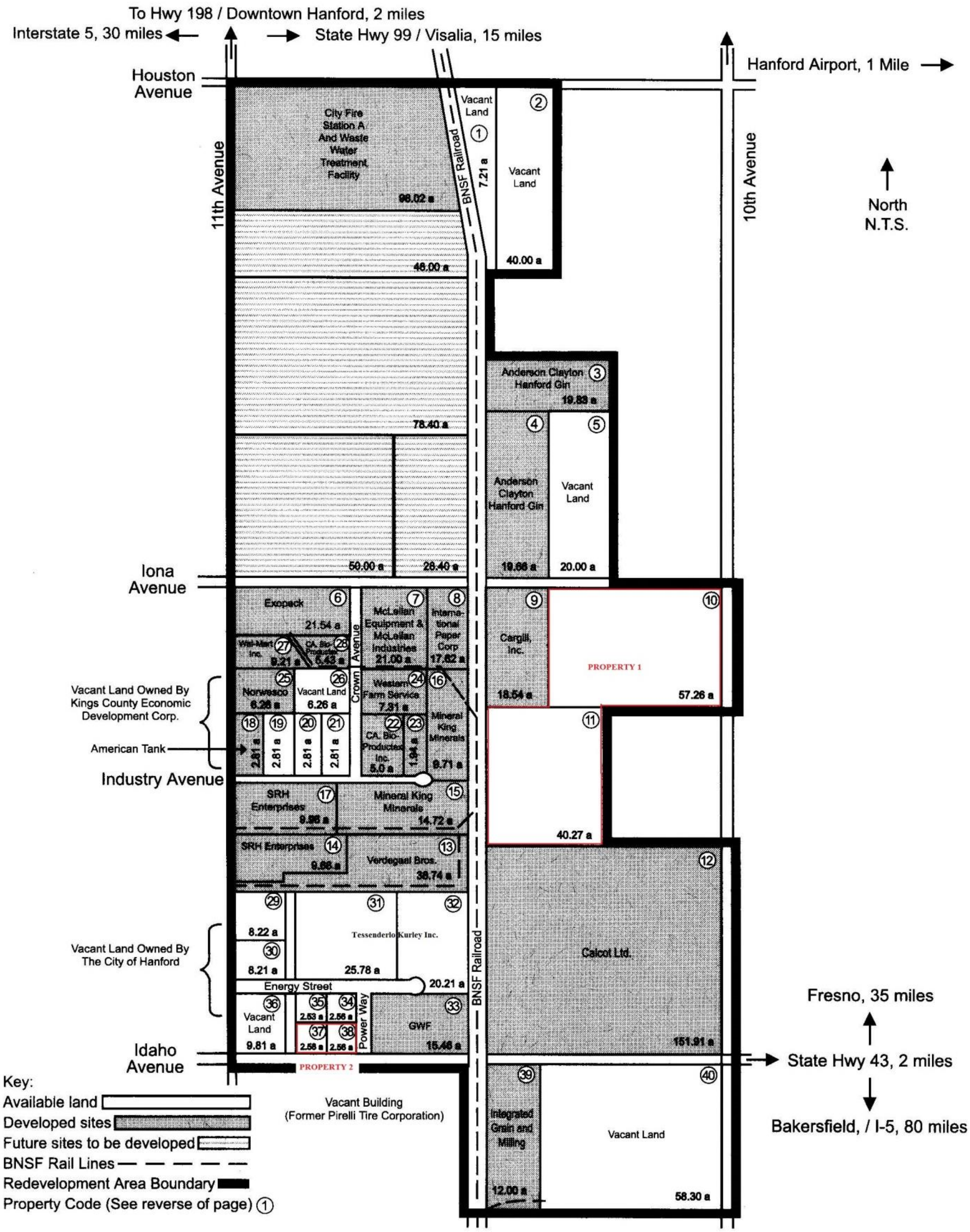
Both 10th and 11th Avenues are primary north-south arterials through Hanford. They carry moderate to heavy traffic volume. Houston and Jackson Avenues are two-lane, east-west rural roadways that carry light to moderate traffic volume. Highway access is adequate. State Highway 43 is two and one-half miles to the east and accessible by Houston, Iona, Idaho and Jackson Avenues. State Highway 198 is two and one-half miles to the north. It provides linkage to major truck routes such as State Highway 99 (20 miles east) and Interstate 5 (30 miles west). Highway 198 is accessible via both 10th and 11th Avenues.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia in particular has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

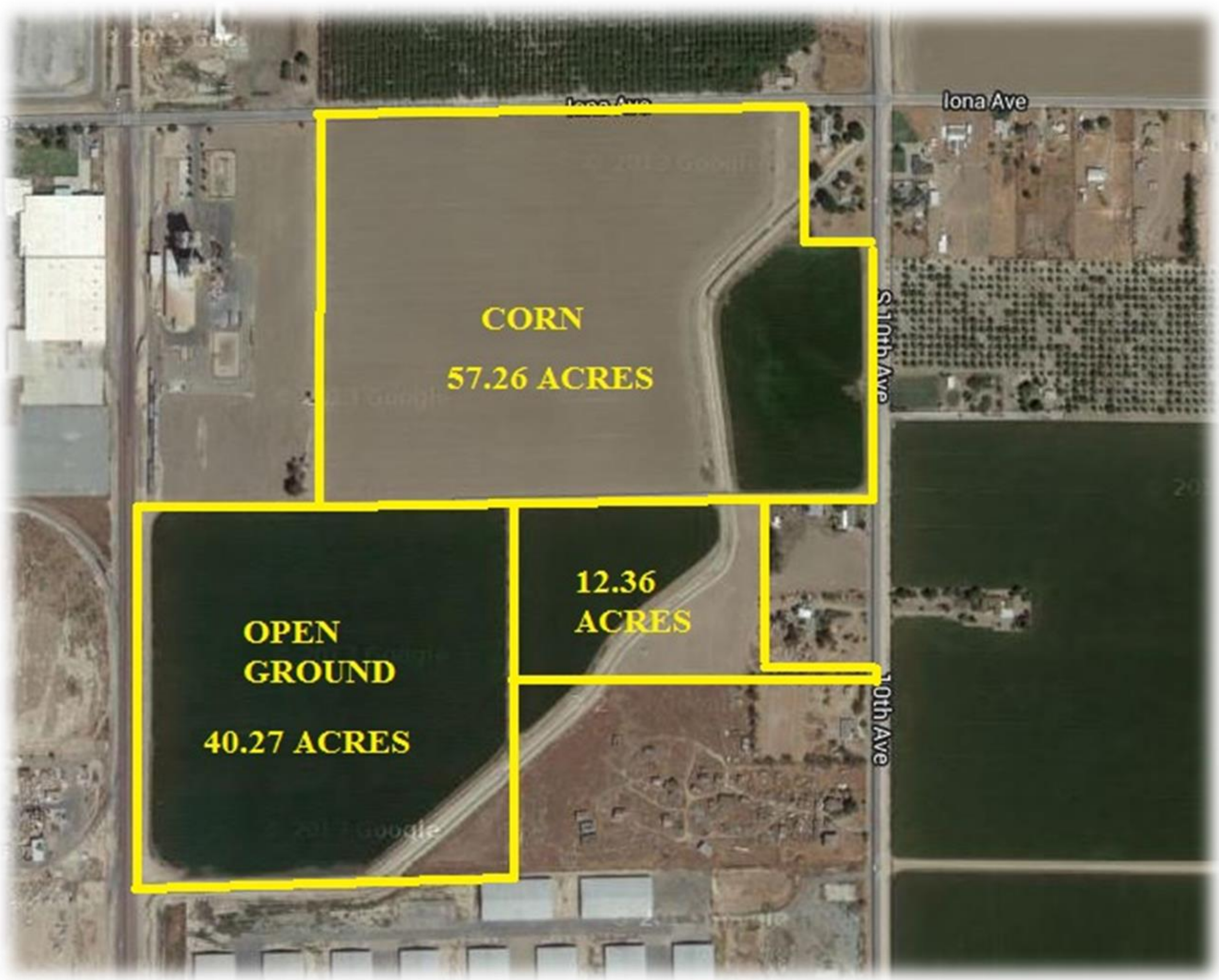
Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

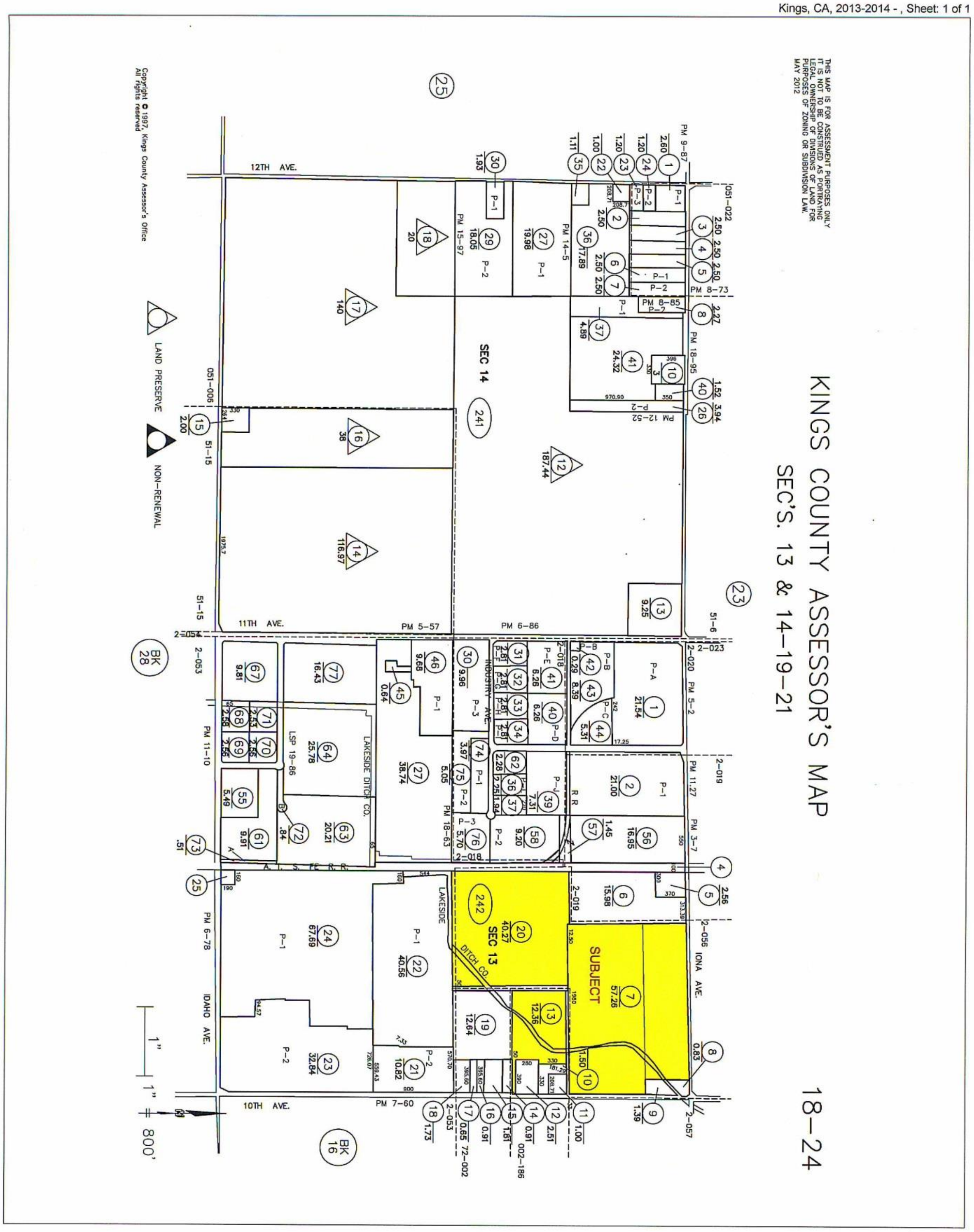
Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. The subject site includes three parcels. An organic poultry farmer has taken an interest in the subject site, inclusive of all three parcels and aims to utilize the BNSF Rail as a means of transporting chicken feed. The property has been softly marketed for sale through the City of Hanford for several years. Pricing has not been consistent and is negotiable. The site has not sold within a three year period preceding this report.

<table>
<tr><td>Site:</td><td>
<table>
<tr><td>APN</td><td>018-242-007</td><td>018-242-013</td><td>018-242-020</td></tr>
<tr><td>Size</td><td>57.26</td><td>12.36</td><td>40.27</td></tr>
<tr><td>Zoning</td><td>HI</td><td>HI</td><td>HI</td></tr>
<tr><td>Iona Frontage</td><td>1,715’</td><td>0’</td><td>0’</td></tr>
<tr><td>10th Ave. Frontage</td><td>858’</td><td>50’</td><td>0’</td></tr>
<tr><td>Rail Frontage</td><td>No</td><td>No</td><td>Yes</td></tr>
<tr><td>Rail Spur</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td>Off-sites</td><td>No</td><td>No</td><td>No</td></tr>
<tr><td>Plantings</td><td>Corn</td><td>Open</td><td>Open</td></tr>
<tr><td>Well</td><td>None Noted</td><td>None Noted</td><td>None Noted</td></tr>
</table>
</td></tr>
<tr><td>Access:</td><td>Parcel ending in 007 has access from 10th Avenue and Iona Avenue. Parcel ending in 013 has access via 50’ (estimated) wide drive along 10th Avenue. Parcel ending in 020 does not have direct frontage or access from a surface street. It is landlocked as a stand-alone parcel; however, it does front the BNSF Rail.</td></tr>
</table>



PARCEL MAP

Kings, CA, 2013-2014 - , Sheet: 1 of 1



VALUATION

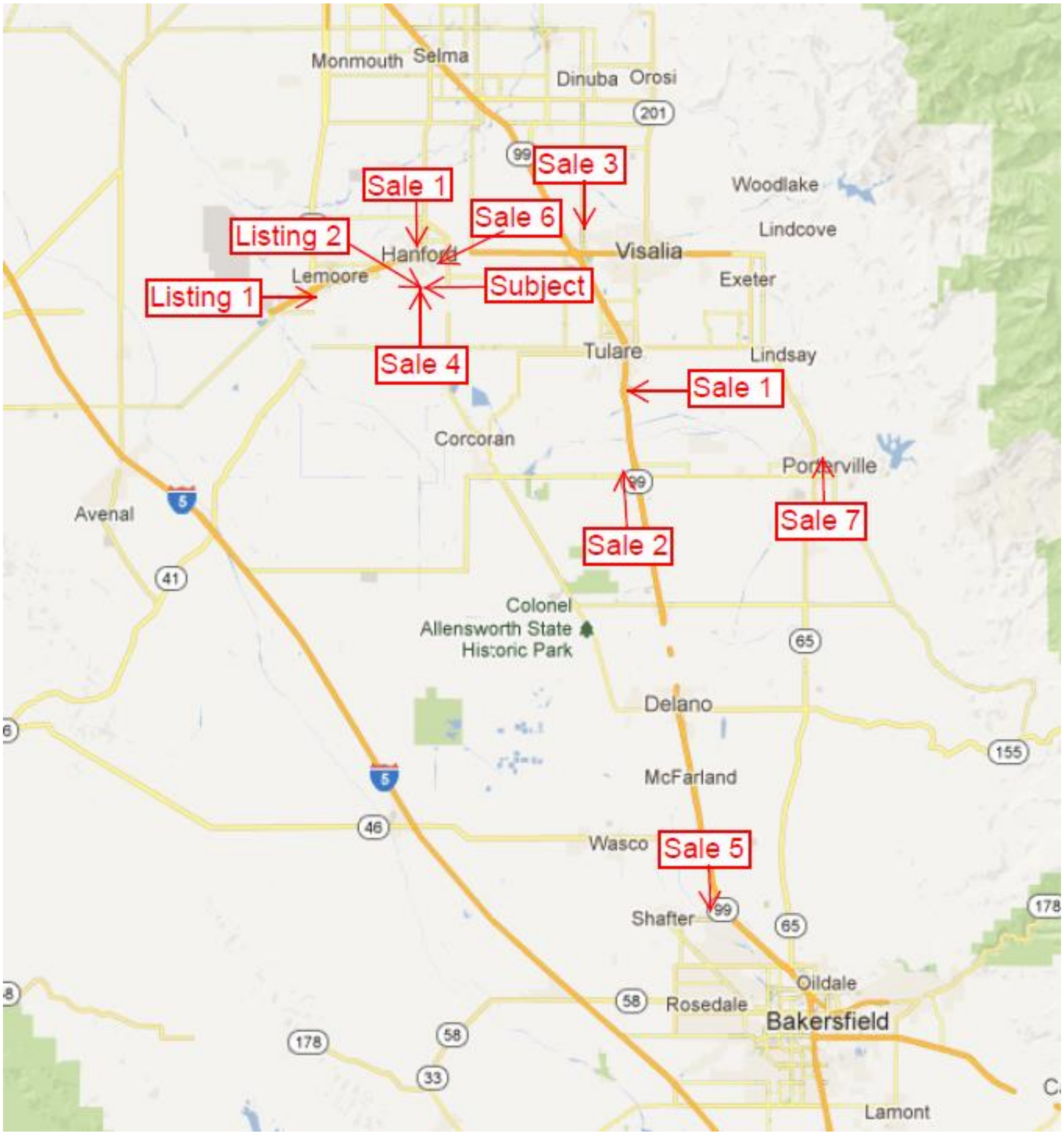
HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development and has potential access to the BNSF Rail. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES

No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	Avenue 200 and Highway 99	Feb-11	$3,720,000	$0.91	$39,829	93.40	M-1	Yes	No
	Tulare, CA	Buyer	RB Brothers						
	Multiple	Seller:	Crabtree						
2	433 North Westling Road	Jun-11	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
3	SEC of Plaza Dr. & Riggin Ave.	Mar-12	$2,270,000	$0.93	$40,471	56.09	I-H	Yes	Yes
	Visalia, CA	Buyer	Exeter 12152, LLC & Coldy Bay, LLC						
	077-360-028; 030	Seller:	Chicago Title Company, Trustee on behalf of Bank of America						
4	N. of Idaho east of 11th Ave.	Jun-12	$1,380,000	$0.69	$30,007	45.99	H-I	Yes	Yes
	Hanford, CA	Buyer	Tessenderlo Kurley Inc.						
	018-242-064	Seller:	Community Redevlopment Agency						
5	300 Carsen Way	Jun-12	$690,000	$1.50	$65,465	10.54	M-1	Yes	Yes
	Shafter, CA	Buyer	Antonio						
	091-171-32	Seller:	Citizen's Business Bank						
6	NS of Hanf. Arm. Rd. E of 9th Ave.	Jul-12	$2,000,000	$0.57	$25,000	80.00	AG-20 GP-UR	No	No
	Hanford, CA	Buyer	Tri West Investments						
	016-060-012	Seller:	Rhoden et al						
7	SEC of Main St. & Linda Vista	Mar-2013	$505,660	$0.53	$23,174	21.82	M-1	Yes	No
	Porterville, CA	Buyer	Immodo California 1 LLC						
	243-180-008	Seller:	Tevet						
	Listings								
1	Lemoore Industrial Park	Listing	Varies	$1.00	$43,560	1-100 Acres	M-1, M-2	Yes	Yes
	Lemoore, CA	Buyer	Listing						
	Numerous	Seller:	Listing						
2	Kings Industrial Park	Listing	Varies	$0.69-$1.15	$30,000-$50,000	1-100 Acres	HI	Yes	Yes
	Hanford, CA	Buyer	Listing						
	Numerous	Seller:	Listing						


Sale 1
Sale 3
Sale 6
Listing 2
Listing 1
Subject
Sale 4
Sale 1
Sale 2
Sale 7
Sale 5
Monmouth
Selma
Dinuba
Orosi
Woodlake
Lindcove
Hanford
Visalia
Lemoore
Exeter
Tulare
Lindsay
Corcoran
Porterville
Avenal
Colonel Allensworth State Historic Park
Delano
McFarland
Wasco
Shafter
Oildale
Rosedale
Bakersfield
Lamont

Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	**Rating – Factors**
Sale 1 - $39,829	Sl. Superior – Better located along Highway 99
Sale 2 - $46,584	Superior–smaller size, location at Hwy 99
Sale 3 - $40,471	Similar – Has off-sites, sale was under duress
Sale 4 - $30,007	Sl. Superior – Most comparable sale, no ditch, has off-sites
Sale 5 - $65,465	Superior – Has off-sites, smaller parcel, location at Hwy 99
Sale 6 - $25,000	Similar – Not in city limits, motivated buyer
Sale 7 - $23,174	Similar – Slightly inferior location, no ditch
Listing 1 - $43,560	Similar – Heavy industrial park listing in Lemoore
Listing 2 - $30,000 - $50,000	Similar – Heavy industrial park listing in Hanford

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sale 4 is the most similar to the subject property. It is located within the Kings Industrial Park and has off-sites. Sale 6 is located within Kings County but within the City of Hanford sphere of influence. The site is zoned for agriculture but planned urban reserve. The adjacent industrial user purchased the site for future expansion and paid the full asking price. Sale 7 is the most recent sale and includes two separate transactions of adjacent properties. The average sales price amounts to $23,174 per acre and the buyer is installing solar panels.

The subject site lacks off-sites, is larger than all of the comparable sales and is bisected by a ditch. The ditch creates access issues and limits the utility of the subject site. As a whole, the three parcel assemblage is valued at the low end of the range due to these conditions. Sales 4, 6 and 7 are the most similarly ranked. The value conclusion is bracketed by these sales. All factors considered a value of $25,000 per acre is reasonable for the three parcel assemblage. The value is calculated as follows:

109.89 Acres X $25,000/ Acre =	$2,747,250
Rounded =	**$2,750,000**

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of

any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

 North view on 10th Avenue	 East view across property
 North view of rail road	 West view of canal

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:
Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:
Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:
McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:
Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia and Tulare, CA

Law Firms:
Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA

APPRAISAL REPORT

9.81 ACRE INDUSTRIAL LOT, HANFORD CA

AS OF AUGUST 27, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

Serving the Central Valley for 20 years – 1992-2012

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 30, 2013
Subject Property:	9.81 Acre Industrial Lot, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the property
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 27, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$345,000

Table of Contents

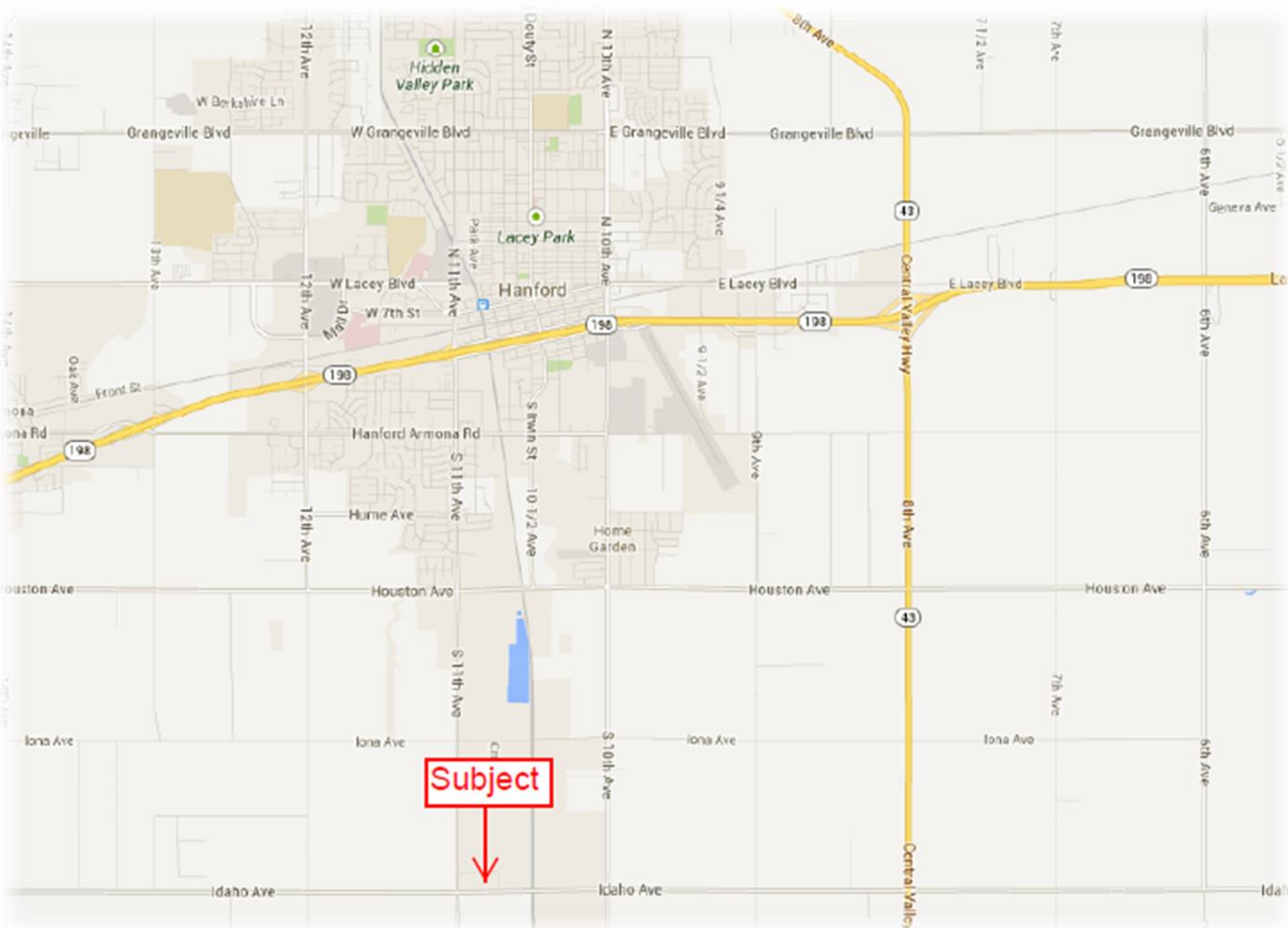
SCOPE OF WORK

- The subject site was viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value the subject.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

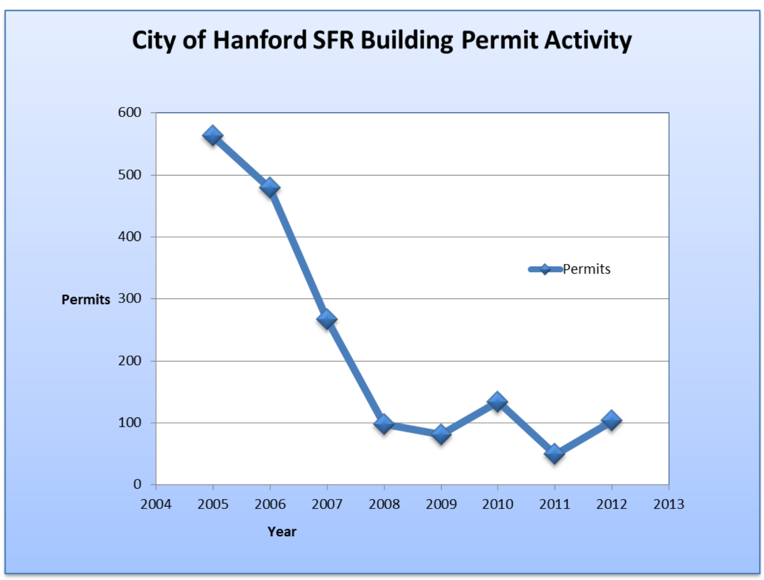
2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.

There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.



The median income for Hanford is $48,655. By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually.

The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

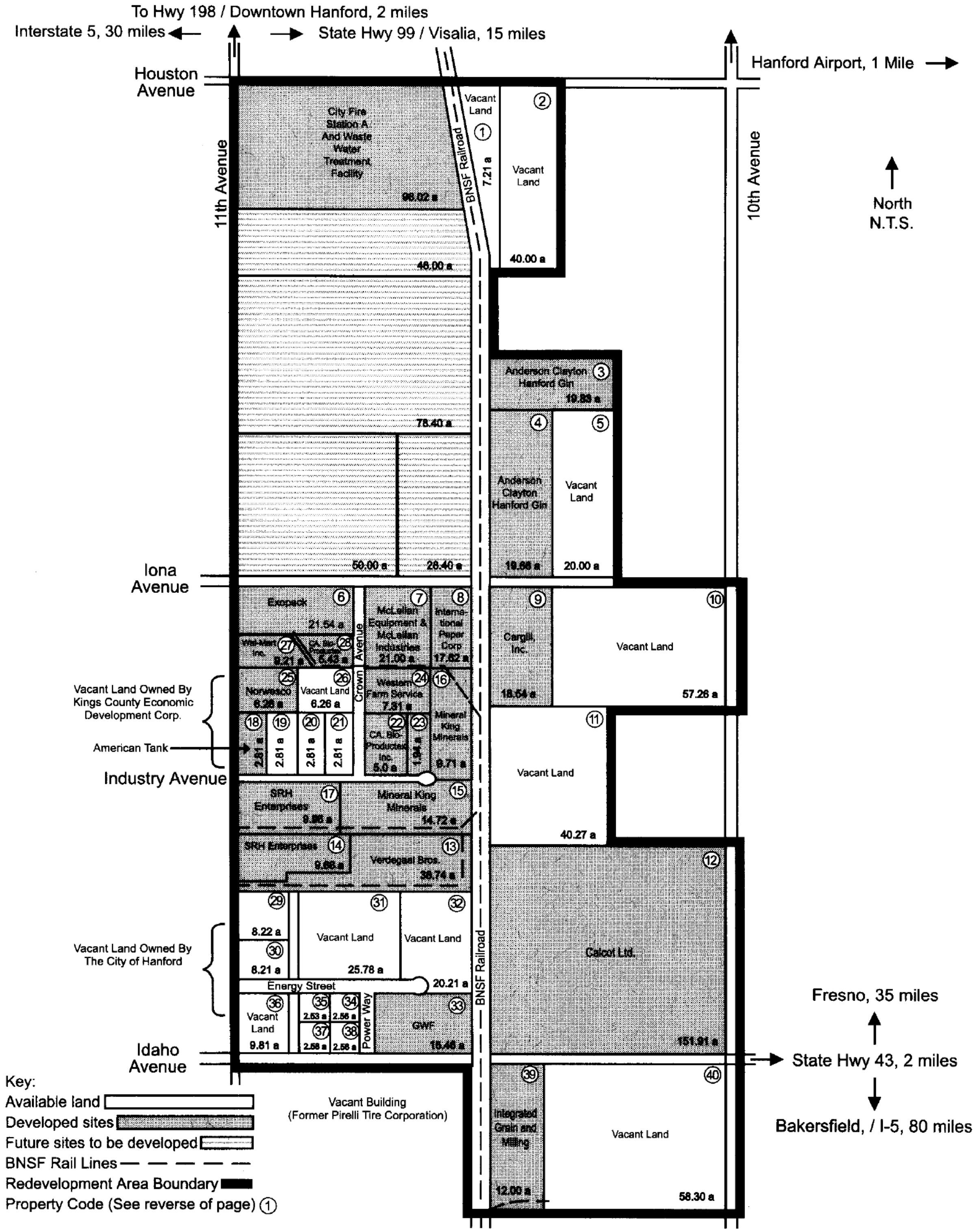
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

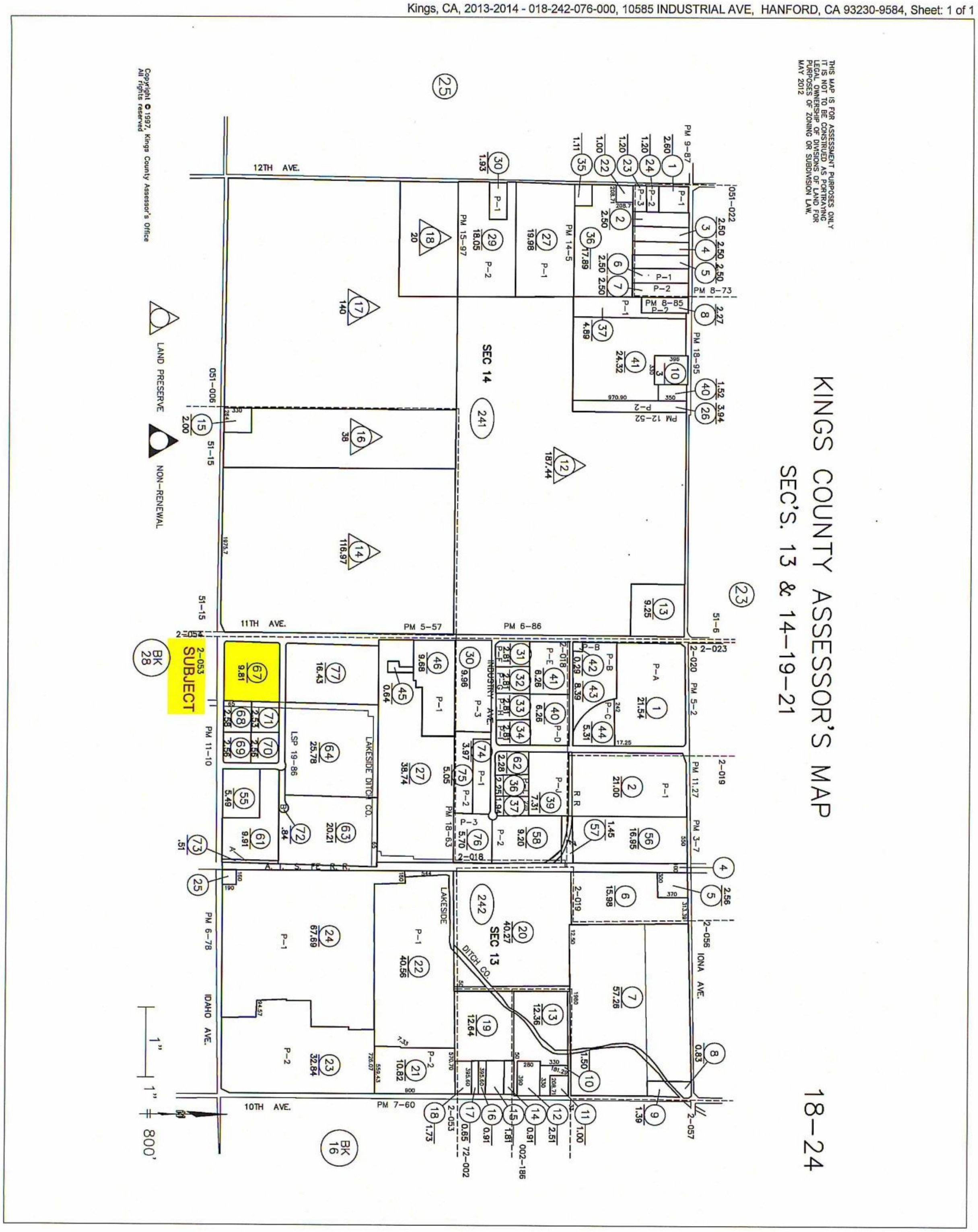
In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. There are no public records indicating a sale of the property in the prior three years. The site not currently in escrow but is listed for sale, at a price of about $30,000-$35,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.
Site:	APN: 018-242-067 Size: 9.81 Zoning: HI 11th Ave. Frontage: 654' est. Idaho Ave. Frontage: 654' est. Energy Ave. Frontage: 654' est. Rail Frontage: No Off-sites: Yes Plantings: None Terrain: Near street grade; level topography Well: None Noted
Access:	The parcel has frontage on Energy Avenue, 11th Avenue and Idaho Avenue. All streets are two-lane asphalt paved roadways. The site is maintained by the city and improved with concrete curb and gutter. The Lakeside Ditch runs along the eastern line of the parcel in a north-south direction. Water and sewer are provided by the City of Hanford.

PARCEL MAP

Kings, CA, 2013-2014 - 018-242-076-000, 10585 INDUSTRIAL AVE, HANFORD, CA 93230-9584, Sheet: 1 of 1



VALUATION

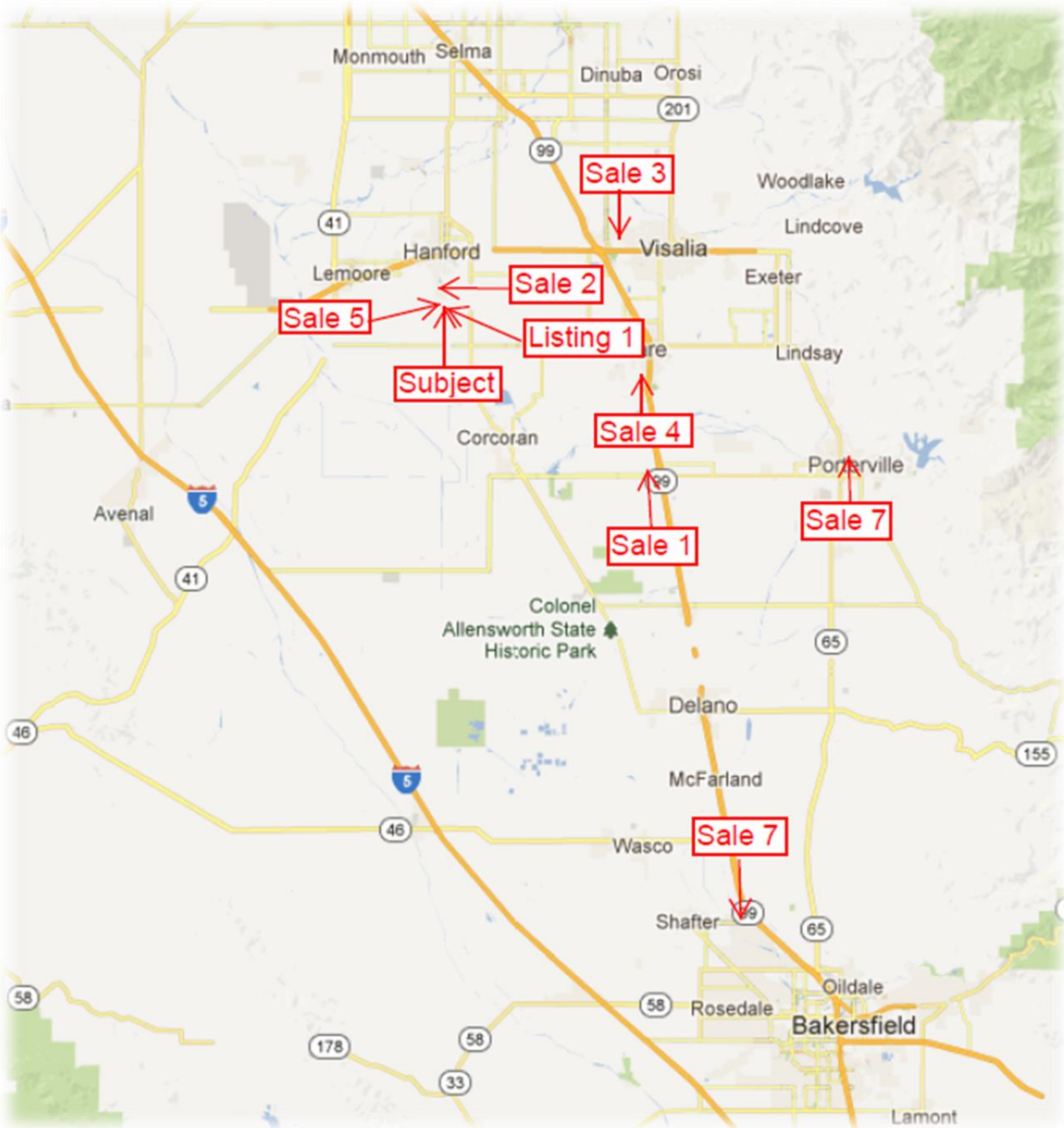
HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES

No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	433 North Westling Road	Jun-2011	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
2	NS of Industry Ave. E of 11th Ave.	Jul-2011	$80,000	$0.65	$28,470	2.81	H-I	Yes	Yes
	Hanford, CA	Buyer:	Norwesco						
	018-242-032	Seller:	Community Redevlopment Agency						
3	SS of Goshen Ave. W of Kelsey St.	Apr-2012	$400,000	$2.07	$90,090	4.44	I-L	Yes	Yes
	Visalia, CA	Buyer	Richard & Jamison Bean						
	081-110-037	Seller:	MDA Real Estate Qualified Fund LLC						
4	SWC of Industrial Ave. & Blackstone St.	June-2012	$300,000	$2.26	$98,619	3.04	M-2	Yes	Yes
	Tulare, CA	Buyer	Jack & Jeanette Kimm						
	191-330-008; 012	Seller:	Deno Vaccher						
5	N. of Idaho east of 11th Ave.	June-2012	$1,380,000	$0.69	$30,007	45.99	H-I	Yes	Yes
	Hanford, CA	Buyer	Tessenderlo Kurley Inc.						
	018-242-064	Seller:	Community Redevlopment Agency						
6	300 Carsen Way	Jun-2012	$690,000	$1.50	$65,465	10.54	M-1	Yes	Yes
	Shafter, CA	Buyer	Antonio						
	091-171-32	Seller:	Citizen's Business Bank						
7	SEC of Main St. & Linda Vista	Mar-2013	$505,660	$0.53	$23,174	21.82	M-1	Yes	No
	Porterville, CA	Buyer	Immodo California 1 LLC						
	243-180-008	Seller:	Tevet						
Listing									
1	Subject Property	Active	$76,800	$0.69	$30,000	2.56	H-I	Yes	Yes
	Hanford, CA	Buyer	----						
	018-242-068; 069	Seller:	Kings EDC						



Monmouth
Selma
Dinuba
Orosi
201
99
Sale 3
Woodlake
41
Lindcove
Hanford
Visalia
Lemoore
Sale 2
Exeter
Sale 5
Listing 1
Lindsay
Subject
Corcoran
Sale 4
Porterville
99
Avenal
5
Sale 7
Sale 1
41
Colonel
Allensworth State
Historic Park
65
Delano
46
155
McFarland
5
46
Sale 7
Wasco
Shafter
99
65
58
Oildale
58
Rosedale
Bakersfield
178
58
33
Lamont

Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	**Rating – Factors**
Sale 1 - $46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - $28,470	Similar – Similar location, smaller parcel
Sale 3 - $90,090	Superior– Better location
Sale 4 - $98,619	Superior– Better location
Sale 5 - $30,007	Similar – Larger than the subject site
Sale 6 - $65,456	Superior – Better location along Hwy 99
Sale 7 - $23,174	Sl. Inferior – Larger but similar location
Listing 1 - $30,000	Similar – This is the subject parcel

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sales 1, 2, 5 and 6 are the most comparable sales in terms of size and location. These sales range between $28,000 and $65,000 per acre. Sales 2 and 5 are both located within the Kings industrial park. The subject is superior to both of these sales due to its corner orientation with frontage and access from three roadways. Sale 1 did not have any off-sites but did have a good location near Highway 99, making it a superior site. Sale 6 is similar in size but has off-sites and is located near Highway 99. With these factors in mind it would seem reasonable for the subject to be worth slightly more than Sales 2 and 5. The marketing history and asking price of $30,000 to $35,000 per acre is also considered. Despite the extended marketing history the lot should command an estimated $35,000 per acre based on the site characteristics. The value is calculated as follows:

9.81 Acres X $35,000/ Acre = $343,350 **$345,000 (rounded)**

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

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

– the statements of fact contained in this report are true and correct.

– the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

– I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.

– I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

– my engagement in this assignment was not contingent upon developing or reporting predetermined results.

– my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

– I have made a personal inspection of the property that is the subject of this report.

– Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.

– I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.

– the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

– the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

– As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the

appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

View from Idaho Avenue

North view on 11th Avenue

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

<u>American Appraisal Associates</u> Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
<u>Wells Fargo Bank Real Estate Industries Group</u> Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
<u>Real Property Analysts</u> Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
<u>Simon Company</u> Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:
Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:
Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:
McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:
Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia and Tulare, CA

Law Firms:
Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA

APPRAISAL REPORT

2.56 & 2.58 ACRE INDUSTRIAL LOTS, HANFORD CA

AS OF AUGUST 8, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

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FAX: (559) 582-9114
WWW.SIMONCO.NET

Serving the Central Valley for 20 years – 1992-2012

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 9, 2013
Subject Property:	2.56 & 2.58 Acre Industrial Lots, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	To develop a market value for possible sale of the properties
Objective of the Assignment:	To develop an opinion of "Market Value." The definition of *market value* was taken from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. This same definition is also cited in Advisory Opinion 22 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).
Effective Date of Value Opinion:	August 8, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$150,000 ($75,000 per lot)

Table of Contents

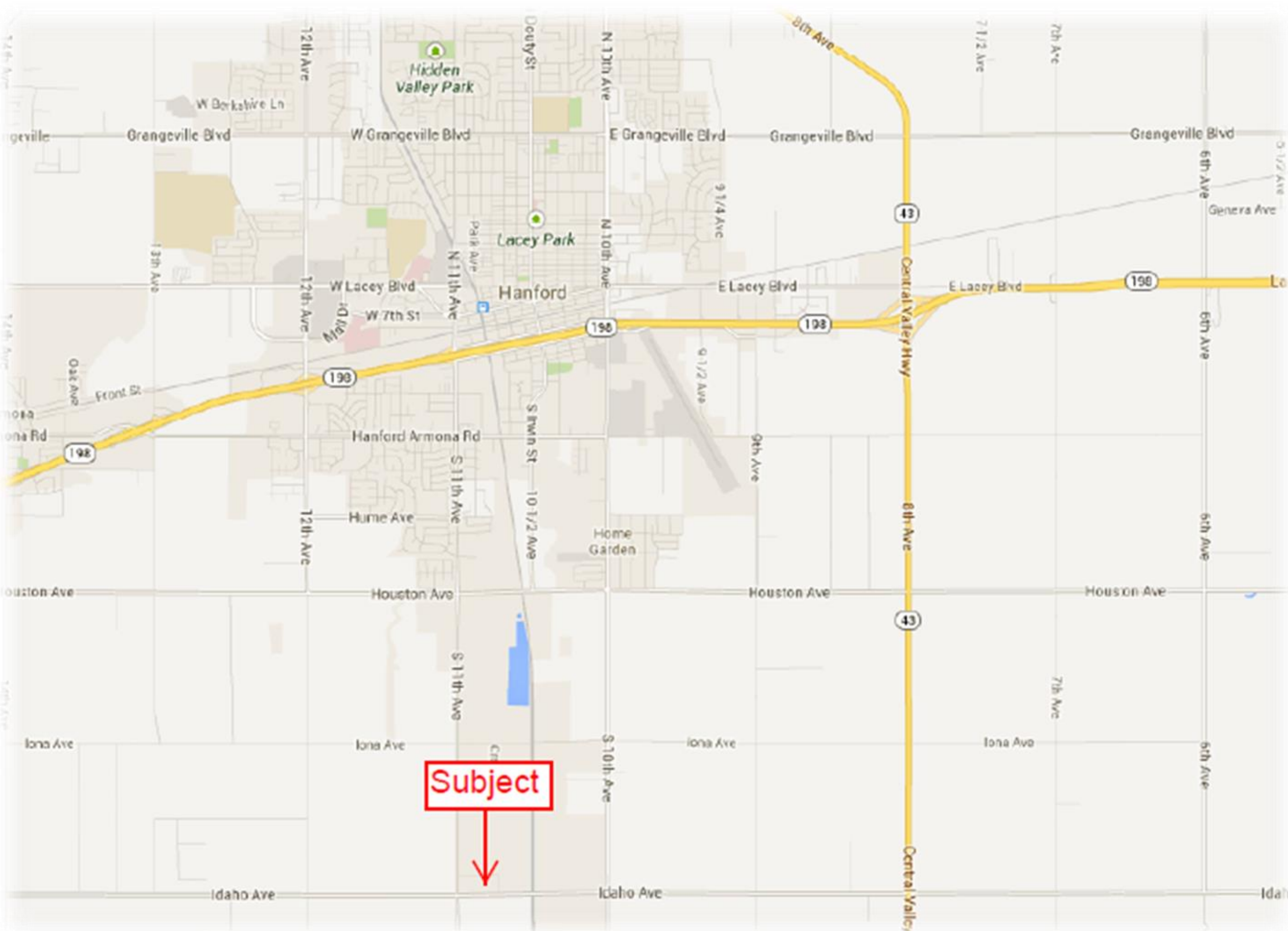
SCOPE OF WORK

- The subject sites were viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value all parcels.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

5 Year Population Trend

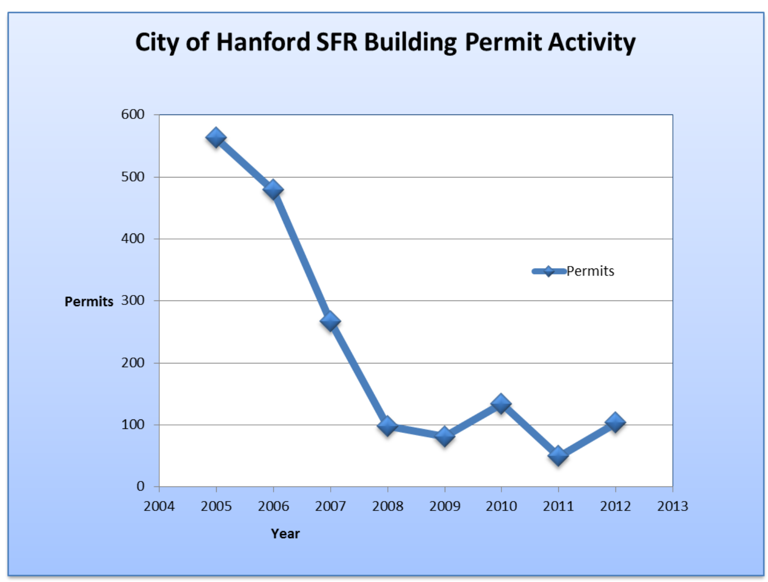
2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.

There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.



The median income for Hanford is $48,655. By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually.

The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in 2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

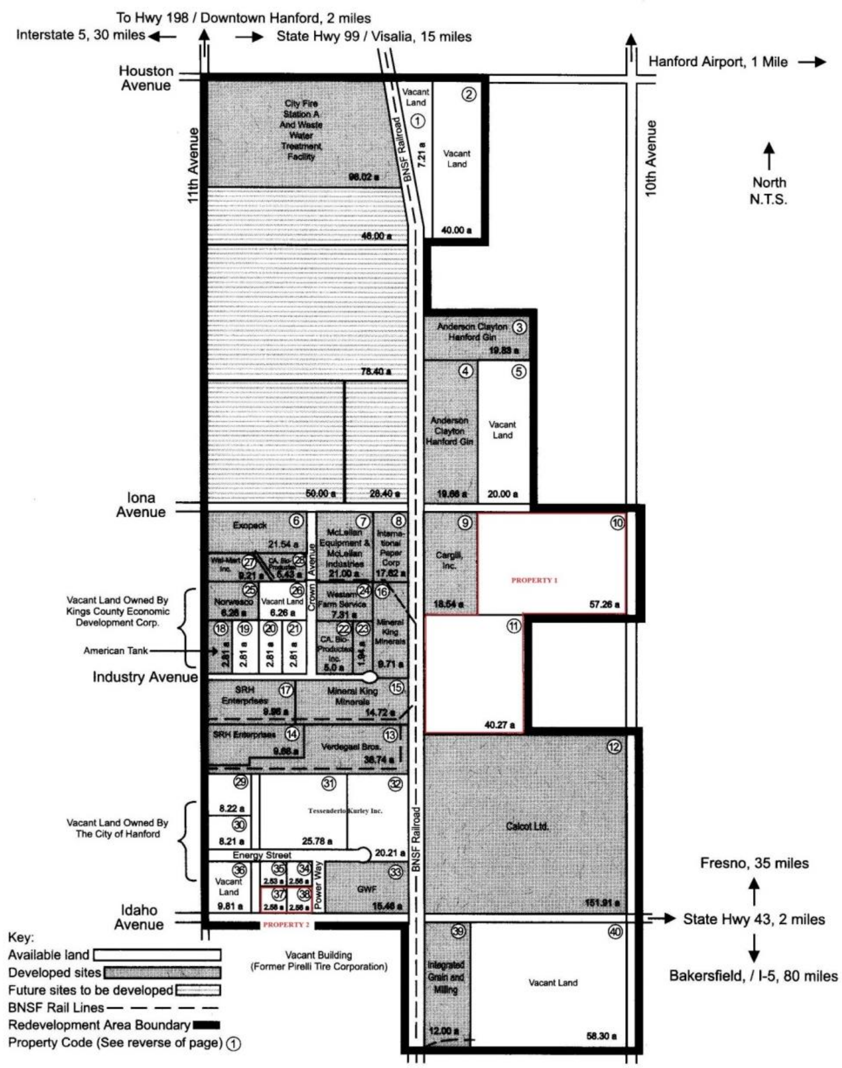
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

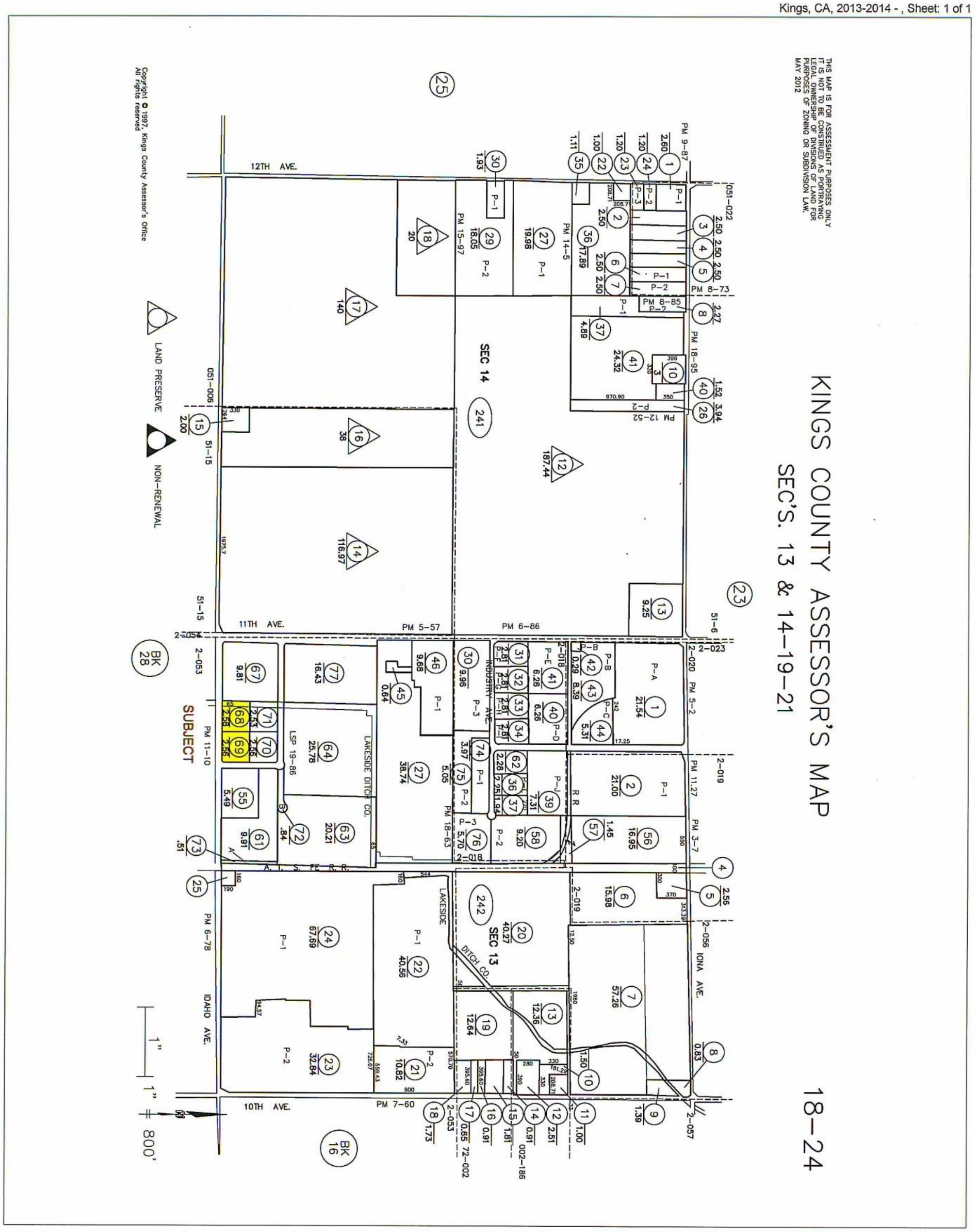
<table>
<tr><td>Property History:</td><td>The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant.

Fee title is vested as The City of Hanford, according to Kings County public records. There are no public records indicating a sale of either subject property in the prior three years. The properties are not currently in escrow but are listed for sale, at a price of about $30,000 per acre. This property is in a redevelopment area and has numerous city supported incentives for buyers.</td></tr>
<tr><td>Site:</td><td><table><tr><td>APN</td><td>018-242-068</td><td>018-242-069</td></tr><tr><td>Size</td><td>2.58</td><td>2.56</td></tr><tr><td>Zoning</td><td>HI</td><td>HI</td></tr><tr><td>Idaho Frontage</td><td>345' est.</td><td>345' est.</td></tr><tr><td>Power St. Frontage</td><td>0'</td><td>320' est.</td></tr><tr><td>Rail Frontage</td><td>No</td><td>No</td></tr></table></td></tr>
</table>

<table>
<tr><td></td><td>
<table>
<tr><td>Off-sites</td><td>Yes</td><td>Yes</td></tr>
<tr><td>Plantings</td><td>None</td><td>None</td></tr>
<tr><td>Well</td><td>None Noted</td><td>None Noted</td></tr>
</table>
</td></tr>
<tr><td>Access:</td><td>The parcels have frontage on Idaho Avenue, and Power Street. Both are two-lane asphalt paved roadways that are city maintained. The Lakeside Ditch runs along the western line of parcel 018-242-068 in a north-south direction. There is a gravity gate on the same parcel at the southwest corner. Water and sewer are provided by the City of Hanford. Both frontages are improved with concrete curb and gutter.</td></tr>
</table>

PARCEL MAP

Kings, CA, 2013-2014 - , Sheet: 1 of 1



VALUATION

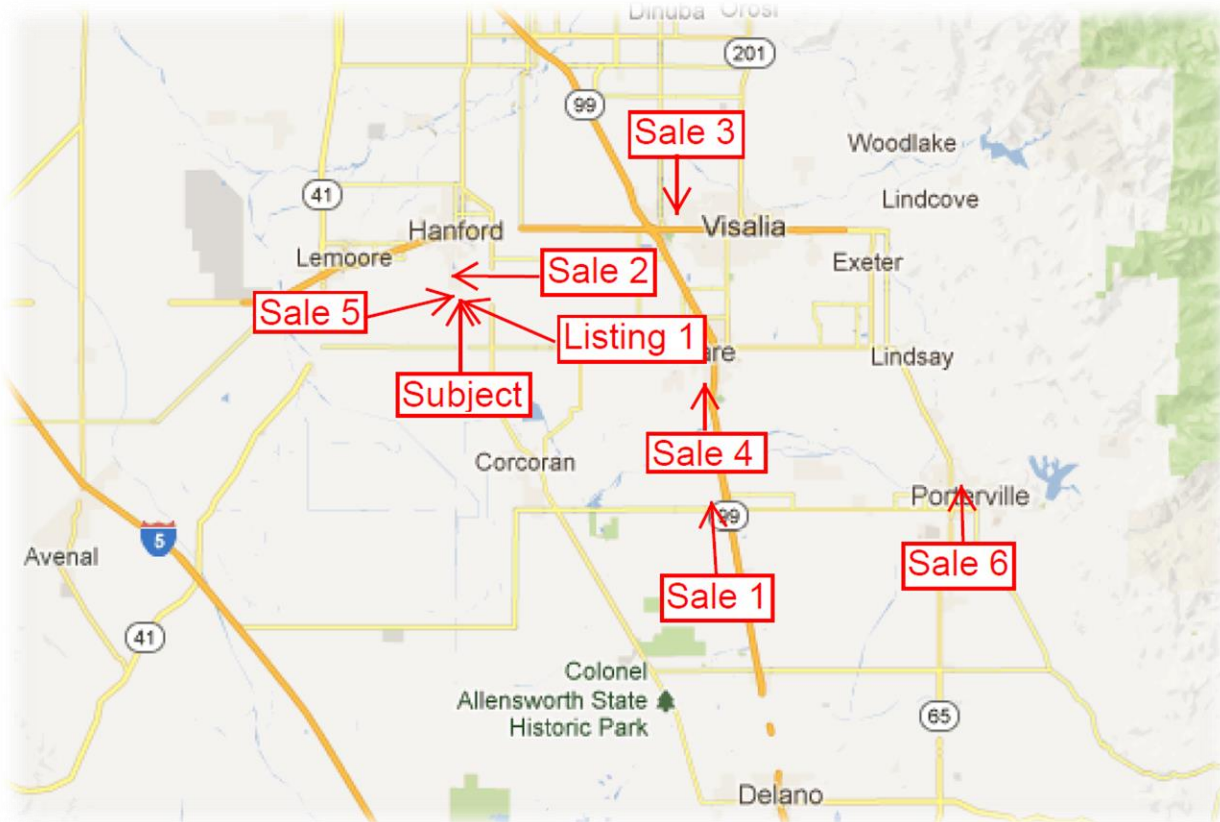
HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is of adequate size for heavy industrial development. Consequently, the highest and best use is for heavy industrial development.

LAND VALUATION

LAND SALES

No.	Location / APN	Sale Date	Sale Price	Price/SF	Price/Acre	Size (ac)	Zoning	Utilities	Off-Sites
1	433 North Westling Road	Jun-2011	$300,000	$1.07	$46,584	6.44	M-1	No	No
	Tipton, CA	Buyer	Garza/Lopez						
	228-180-011	Seller:	Alsup						
2	NS of Industry Ave. E of 11th Ave.	Jul-2011	$80,000	$0.65	$28,470	2.81	H-I	Yes	Yes
	Hanford, CA	Buyer:	Norwesco						
	018-242-032	Seller:	Community Redevlopment Agency						
3	SS of Goshen Ave. W of Kelsey St.	Apr-2012	$400,000	$2.07	$90,090	4.44	I-L	Yes	Yes
	Visalia, CA	Buyer	Richard & Jamison Bean						
	081-110-037	Seller:	MDA Real Estate Qualified Fund LLC						
4	SWC of Industrial Ave. & Blackstone St.	June-2012	$300,000	$2.26	$98,619	3.04	M-2	Yes	Yes
	Tulare, CA	Buyer	Jack & Jeanette Kimm						
	191-330-008; 012	Seller:	Deno Vaccher						
5	N. of Idaho east of 11th Ave.	June-2012	$1,380,000	$0.69	$30,007	45.99	H-I	Yes	Yes
	Hanford, CA	Buyer	Tessenderlo Kurley Inc.						
	018-242-064	Seller:	Community Redevlopment Agency						
6	SEC of Main St. & Linda Vista	Mar-2013	$505,660	$0.53	$23,174	21.82	M-1	Yes	No
	Porterville, CA	Buyer	Immodo California 1 LLC						
	243-180-008	Seller:	Tevet						
Listing									
1	Subject Property	Active	$76,800	$0.69	$30,000	2.56	H-I	Yes	Yes
	Hanford, CA	Buyer	----						
	018-242-068; 069	Seller:	Kings EDC						


Sale 3
Woodlake
Lindcove
Hanford
Visalia
Lemoore
Sale 2
Exeter
Sale 5
Listing 1
Lindsay
Subject
Sale 4
Corcoran
Porterville
Avenal
Sale 6
Sale 1
Colonel
Allensworth State
Historic Park
Delano

Our observations of market conditions indicate that adjustments may be required for interest transferred, conditions of sale, market conditions, location, size, zoning, utilities, and off-site improvements. We have rated each sale in the following qualitative adjustment grid.

Sale No. – Price/Acre	Rating – Factors
Sale 1 - $46,584	Similar – Has off-sites, better located along Hwy 99
Sale 2 - $28,470	Similar – Best comparable sale
Sale 3 - $90,090	Superior– Better location
Sale 4 - $98,619	Superior– Better location
Sale 5 - $30,007	Similar – Larger than the subject site
Sale 6 - $23,174	Similar – Larger but similar location
Listing 1 - $30,000	Similar – This is the subject parcel

The Kings Industrial Park has several lots listed for sale by the City of Hanford. The properties are offered at a discount with hopes bolster the industrial park and increase employment opportunities. In addition the city offers tax incentives for businesses to re-locate to the area. While these incentives are valuable to securing new businesses to the industrial park, land is sold at a discount and affects surrounding property values.

Sale 2 is the most comparable in size, off-sites and location within the Kings Industrial Park. Sale 5 shows there is little difference is value per acre when comparing large sites and smaller sites within the Kings Industrial Park. Minimal discount is given to the sales of larger parcels.

The subject has been simultaneously marketed for two prices by the City of Hanford. The asking price varies between $30,000 and $50,000 per acre. No buyers have been secured at these asking prices; however, considering the small lot sizes and finished off-sites the asking prices are reasonable and lack of interest is attributed to lesser market conditions.

Both sites have similar utility, size and location; therefore, they are allocated the same value, per acre. Despite the marketing history the lots should command $30,000 per acre. The value is calculated as follows:

2.58 Acres X $30,000/ Acre =	$77,400	**$75,000 (rounded)**
2.56 Acres X $30,000/ Acre =	$76,800	**$75,000 (rounded)**
Total Value for Both Parcels		**$150,000**

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of

any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

	
West view of parcels	East view on Idaho Avenue

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:
Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:
Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:
McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:
Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia and Tulare, CA

Law Firms:
Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA

APPRAISAL REPORT

0.51 ACRE INDUSTRIAL LOT, HANFORD CA

AS OF AUGUST 27, 2013

PREPARED FOR:

GRISWOLD LASALLE COBB DOWD & GIN, LLP
111 EAST SEVENTH STREET
HANFORD, CA 93230

SIMON COMPANY, INC.
1306 NORTH IRWIN STREET
HANFORD, CA 93230

PHONE: (559) 582-9112
FAX: (559) 582-9114
WWW.SIMONCO.NET

Serving the Central Valley for 20 years – 1992-2012

APPRAISAL REPORT	
Client:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP 111 East Seventh Street Hanford, CA 93230
Date of Report:	August 30, 2013
Subject Property:	0.51 Acre Industrial Lot, Hanford CA
Intended User:	Griswold, Lasalle, Cobb, Dowd & Gin, LLP & the City of Hanford
Intended Use:	Asset value
Objective of the Assignment:	To develop an opinion of "Use Value." The definition of *use value* is "the value of a property as it is currently used, not its value considering alternative uses; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes; also known as value in use.
Effective Date of Value Opinion:	August 27, 2013 (date of inspection)
Interest Valued:	Fee simple
Conditions of the Assignment:	None
Extraordinary Conditions:	None
Hypothetical Conditions:	None
Report Option:	This is a Summary Appraisal Report in accordance with Standards 2-2 (b) of the Uniform Standards of Professional Appraisal Practice.
Opinion of Value:	$15,000

Table of Contents

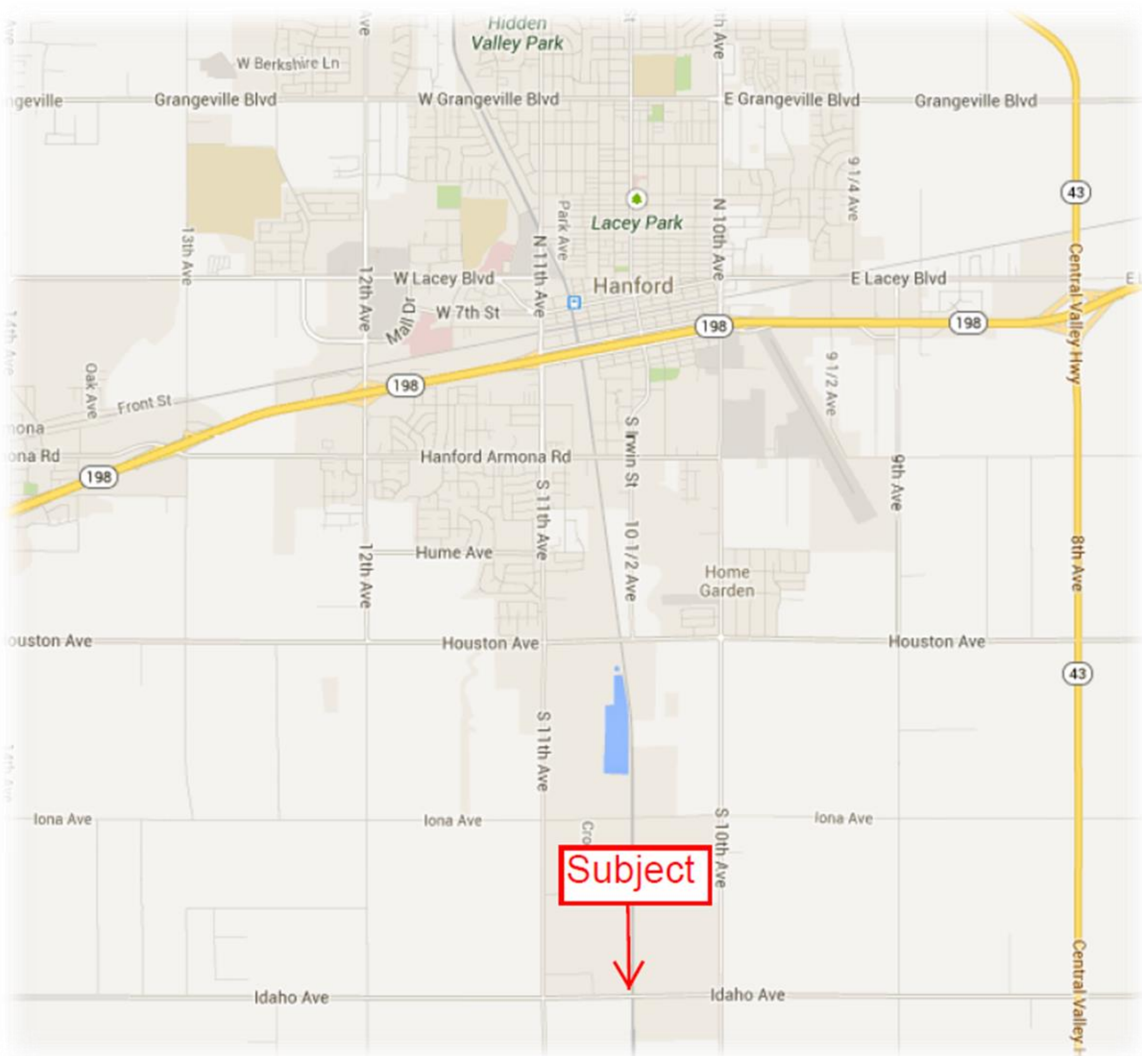
SCOPE OF WORK

- The subject site was viewed by the appraiser.
- Gathered, analyzed and utilized comparable sales and listings; all sales were confirmed with reliable parties involved in the transactions.
- The sales comparison approach was utilized to value the subject.
- Jacob I. Hower participated in the preparation of this report in the areas of research, field inspection and analysis.

MARKET ANALYSIS

CITY OF HANFORD

Located in the northeast portion of the county, the City of Hanford is the county seat for Kings County. The city is generally bounded by State Route 43 to the east, Flint Avenue to the north, 13th Avenue to the west and Houston Avenue to the south.



The City of Hanford has experienced a steady growth rate over the last five years and is expected to continue growing at rate near the statewide average. The five year growth trend represents a 1.80% per year increase. This is near the State of California Average of 1.90% over the same timeframe. Overall projections suggest 2%-3% yearly increases in population over the next 10 years, which will increase demand for housing.

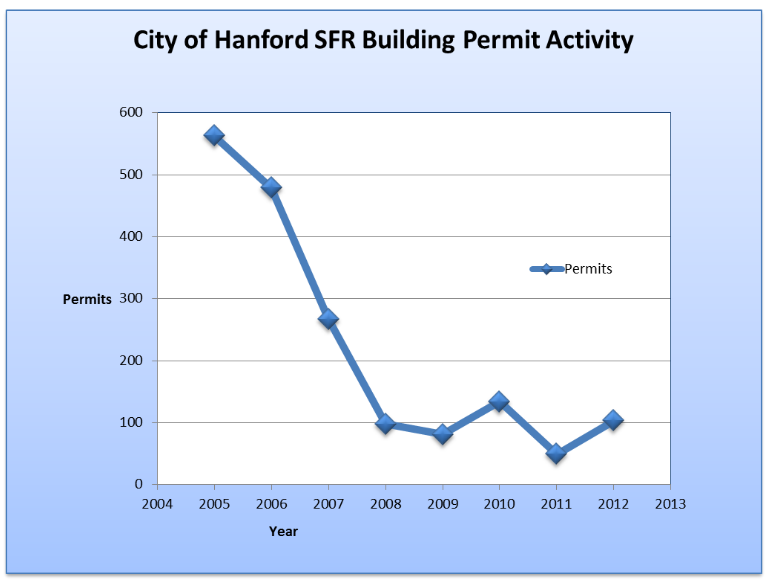
5 Year Population Trend

2006	48,744
2007	50,459
2008	51,965
2009	52,687
2010	53,967
2013 Projection	56,552
2020 Projection	70,177
5-Year Annual Growth Rate	10.21%

The State of California prisons in Corcoran, Coalinga and Avenal have had a strong impact on the population trends in Hanford. Hanford has attracted a large percentage of this workforce. Most of the workforce is commuters who choose to live outside the prison cities. All three are within one hour of Hanford. The same can be said for the Lemoore Naval Air Station, which is 15 miles west. Hanford attracts a number of the civilian employees and the active duty personnel.

Another large employment draw locally is the Pleasant Valley State Prison in Coalinga, which opened in 2005. The mental health and treatment hospital was slated to include 1.2 million square feet with a total of 1,500 beds. This facility was further expanded in 2006 with the expansion slated to add 2,000 jobs. The facility has a significant presence in terms employment.

According to the Kings County Multiple Listing Service, the average sale price for a three-bedroom single-family residence in the City of Hanford for 2012 was $155,249. For the first two quarters of 2013 the residential housing market has continued its climb to an average sales price of $162,239. In contrast the 2011 average home sales price was $154,125. A slight gain in sales price and minimal construction should continue to support stabilized values with moderate gains over the next decade. While there is still activity in regards to construction of single family residences, activity has slowed drastically in the last five years. The number of annual permits has been hovering between 50 and 125 per year since 2008.



There are many apartment options available from subsidized rent levels to the luxury segment. A significant decline in building permits for multi-family properties has also been seen. Only 52 Units have been added to the Hanford market in the last four years. Fuller Apartments has a planned 136 unit apartment complex approved by the city of Hanford to be built near the Lowe's on Lacey Boulevard; however construction has been stifled by economic conditions.

The median income for Hanford is $48,655.

By contrast, the average for Kings County is $48,515, both of which are below the State of California average of $64,878 annually. The average unemployment rate for the City of Hanford as of February 2013 was 13.7%, which has been on a relatively steady increase since 2009 but appears to be leveled out.

There are 18 manufacturing plants in the Hanford community area. Leading group classes of products are petroleum, flour, mill products, synthetic yard, fertilizers, micronutrients, and canned tomato products. The Kings Industrial Park is located on the south side of Hanford and includes the majority of Hanford's industrial base including Del Monte Foods (Contadina tomato processing), Exopack (paper manufacturing), Wal-Mart (photo-lab), Cargil (livestock feed), Calcot (cotton storage), and Marquez Brothers (cheese processing).

The Hanford area is served by the Burlington Northern and Santa Fe Railroad, the Southern Pacific Railroad, and Amtrak. Amtrak San Joaquin serves the San Joaquin Valley from Bakersfield to Sacramento with connections to the Los Angeles region and the Bay Area. Hanford has a small airport for light private aircraft. In October 2001, the city of Hanford received a grant from the FAA for $820,000 to facilitate an expansion of the airport. The runway was extended 1,200 feet, making it 5,000 feet. Commercial airline service is available in the city of Visalia, approximately 30 miles east of Hanford, and in the city of Fresno, approximately 45 miles northeast of Hanford. The Orange Belt bus lines provide bus service to Hanford. State Highways 198 and 43 serve the city of Hanford. Over 30 motor freight carriers service Hanford with overnight deliveries to most points in California.

Community facilities include two general hospitals, ten elementary schools, three middle schools, three high schools, one continuation school, three parochial schools, one adult school, two junior colleges within 25 miles, and California State University of Fresno only 30 miles to the north. Sierra Pacific High School was recently opened and enrollment began in fall of 2010. A satellite facility for College of the Sequoias and a vocational training center was also recently completed in 2010.

Culturally there are approximately 20 churches, one public library, two newspapers, six TV channels received direct and one cable TV system, nine banks, four credit unions, one savings and loan, six parks, three athletic complexes, and a Carnegie Museum. Other recreational facilities include the Kings Country Fairgrounds including Kings Speedway, one private 18-hole country club, two 18-hole municipal golf courses in neighboring Lemoore; and boating, fishing and hunting along the Kings River.

There is a newer, $112 million medical center at the corner of Mall Drive and West 7th Street. The project began in 2007 due to the region's growing demand for health care services. The facility includes 202,000 square feet, three-stories, and 142-beds. Services from Adventist Health's Hanford Community Medical Center and Central Valley General Hospital in town have transferred to the new site. The 142 inpatient beds will include 120 medical/surgical beds and 22 intensive care unit beds, while the Emergency Department will hold 26 treatment stations. In addition, 32,000 square feet in additional expansion area will be shelled in on the second and third floors to house a total of 60 future additional beds when needed. An adjacent outpatient imaging center is also planned. In terms of staffing, hospital hired about 16 new physicians in

2007 and 18 for 2008. About one third of those typically work in Hanford, with the remainder being spread out in the regional area at other facilities. The hospital intends to hire about 10 new physicians per year as it continues to expand. Nursing staff should be increased by about 10%.

One of the reasons Hanford is attracting a number of workers from neighboring communities is the quality of life and availability of shopping and services. The Hanford Mall opened in April 1993 and features major retailers such as JC Penney, and Forever 21. A Sears store and auto center opened in 1999. A Ross Dress For Less store in the mall in 2000. The mall includes an additional 166,000 square feet of in-line space including an eight-screen theater. The mall was recently dealt a blow when long time tenant Mervyn's and Gottschalks closed. The Gotttschalk's store was recently re-leased to Forever 21 and Kohl's is currently occupying the former Mervyn's space.

Major discount retailers are also present including Wal-Mart and Orchard Supply Hardware, two Rite Aid Stores and a Walgreens store. Home Depot is located at the northeast corner of 12th Avenue and Lacey Boulevard. The 96,000 square foot store employs 150 to 200 people. Target has a store in the Mall area along with Michael's, Famous Footwear, Old Navy, PetsMart Cold Stone Creamery, and Jamba Juice can also be found at this location. Wal-Mart recently opened a new super center just south of the Target site. A Lowe's store opened in November 2008 northwest of Target on Lacey Boulevard. An auto mall was completed on 37 acres at the northwest quadrant of 12th Avenue and State Highway 198. A Toyota and Hyundai dealership were the first to open. Costco is also planning a new location near the intersection of Highway 43 and Lacey Boulevard in eastern Hanford.

The majority of office space in Hanford is owned and occupied by owner-users. The strong owner-user influence promotes elevated pricing when good quality properties become available. Brokers report multiple offers to be common once a property becomes available; only a handful of quality office properties become available each year. There is some office vacancy present in the downtown area but the majority of the vacancies are in older commercial buildings that feature retail users on the ground levels and office users on the upper levels.

Nearly all of the new office development has moved to the Lacey Boulevard corridor west of 11th Avenue. The downtown district has seen several new developments recently. The vacant Sears building was purchased and completely renovated for office uses. It is anchored by FAST credit union with Kings County also having an office there. A brand new office building was completed for the Social Security Administration near city hall. One of the centerpieces of downtown, the former Hanford Furniture building, was purchased by the law firm of Griswold, LaSalle, Cobb, Dowd and Gin. It was renovated as their new office space. As a whole the Hanford office market is strong with vacancy typically seen in older run down properties.

The long-term outlook for Hanford is positive. It has a diversified economy based on agriculture, manufacturing, and large public sector employers. It has become the health care provider for the region. Over the short term, Hanford and the majority of Kings County is experiencing the after-effects of the housing collapse and job market crisis. Fortunately, home prices have leveled out and are showing strong gains supported by limited supply. The commercial sector remains slow but stable. Critical to continued recovery will be improvements in unemployment. The effects of this should be experienced into 2014.

KINGS INDUSTRIAL PARK SUB-MARKET

The subject property is located in the southern portion of the City of Hanford. More specifically, the subject is situated on the northern line of Idaho Avenue east of 11th Avenue. This location is near the southern line of the city limits. Houston Avenue and State Route 198 are Hanford's main east-west arterials through this sector. Both intersect with Highway 43 roughly two miles to the east. State Route 198 and Houston Avenue provide linkage to Highway 99 roughly 13 miles east and Highway 41 roughly 10 miles west. Major north-south arterials include 10th and 11th Avenues, which provide access to the central portion of the City of Hanford and State Route 198.

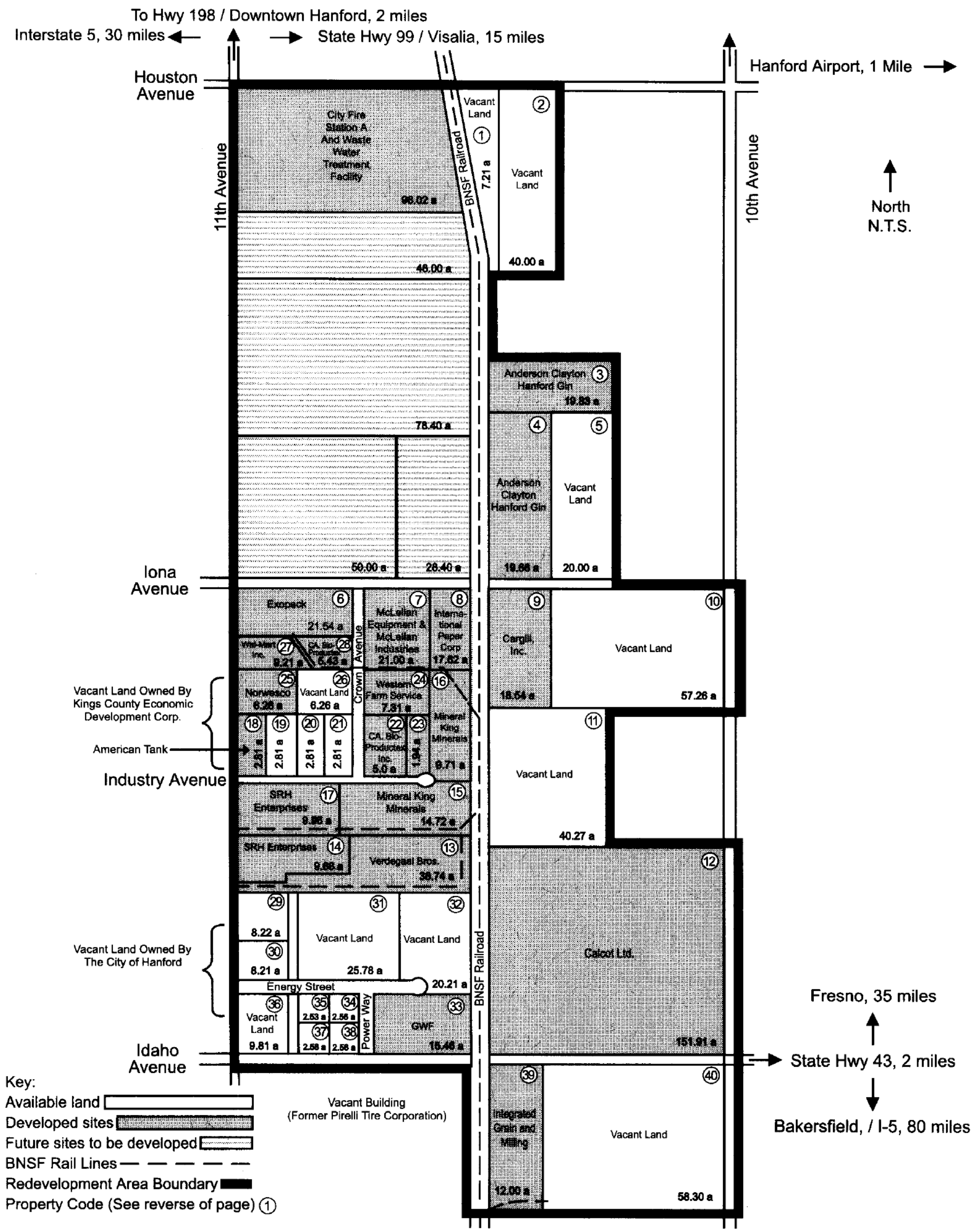
Idaho Avenue is a rural roadway with lighter traffic. It mainly services industrial and agricultural users. Flanking the subject to the west is another vacant parcel zoned for similar uses. To the north are numerous industrial and Ag related businesses. South of Idaho is a large multitenant distribution warehouse, and to the east is a power plant.

The Kings Industrial Park houses some 1,100 acres and the majority of Hanford's industrial base is located within this sector. Exopack, Cargill, Norwesco, Verdeegal Brothers, Wal-Mart and Calcot all have locations within the park. The former Pirelli Tire Plant was purchased by an investor and is offered for lease. Fry's Electronics has been leasing a building for roughly three years and only recently announced that the site would start being utilized as a large warehouse and storage area. One of the most recent developments is a land purchase by Tessenderlo-Kerley Inc., an Arizona based engineering and mining firm. The site has been laser leveled.

In a broader sense, much of the surrounding area to the east, south and west of the industrial park is used primarily for agricultural purposes. Typical crops include alfalfa, corn, cotton, sugar beets, tomatoes and wheat. Dairies are also prevalent. Permanent plantings such as almonds, pistachios and walnuts are also common, but not prominent.

In terms of competing industrial districts, the City of Lemoore ten minutes west has a small industrial district with land available. Lemoore has four large users including two Leprino Foods plants, SK Foods, Agraz USA, and GV Burrows Inc. The City of Visalia some 20 minutes to the east represents the most significant competition. It is ideally located at the intersection of State Highway 99 and State Highway 198. Rail access is also present via Union Pacific with branch lines connecting to other communities including Hanford and Lemoore.

Kings Industrial Park - Hanford



*Map provided by the City of Hanford

Visalia, in particular, has positioned itself as a major warehousing hub on the west coast. Over one million square feet of space has been built over the last five years. The primary builders of the new space in Visalia have been the Allen Group and Diversified Development. Several large manufacturing and processing concerns are also positioned in Visalia including International Paper, California Dairies, and Kawneer/Amax.

Tulare also has an active industrial district. Notable users include U.S. Cold Storage, Hagen Daz, Southern California Edison, Land O' Lakes, and the Cheese Protein International. However, the majority of Tulare's recent industrial development has been smaller owner-users.

Market conditions within the Kings Industrial Park have been middling over the past five years. In comparison to competing parks along Interstate 5 or Highway 99, the subject is second rate. Discounted land values, tax incentives and rail spur have attracted some recent business to the area; however, the distance from the two north-south arterial roadways through central California (Highway 99 and Interstate 5) is adverse. In addition, the park is located well south of Highway 198 which is also unfavorable when compared to locations on the Highway.

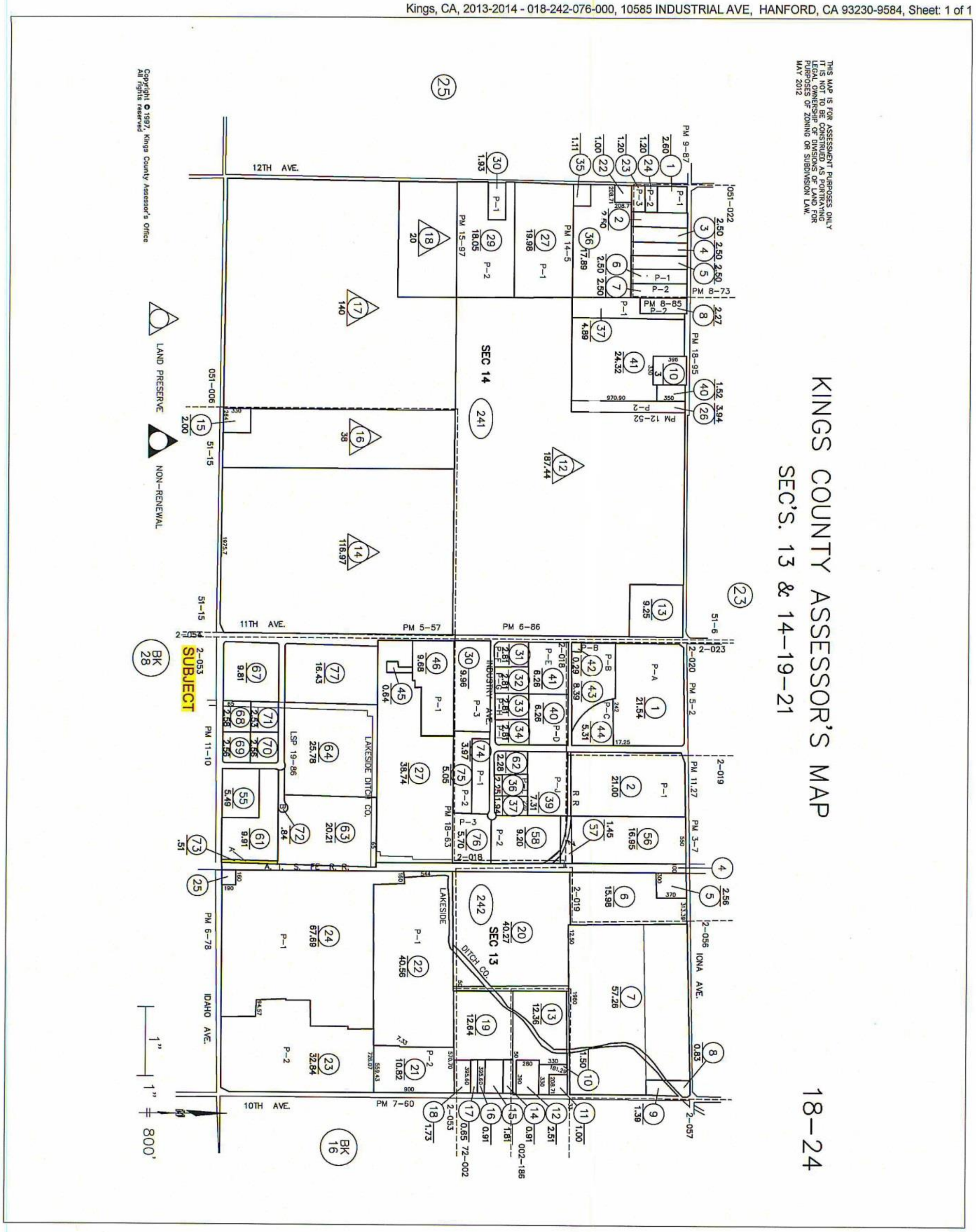
In summary, the subject is located in an industrial district of average character but below average location. The growth pattern in the industrial park has been fairly static over the past five years and a significant amount of vacant land remains. Slow growth for the Kings Industrial Sector is anticipated over the long-term. Competition from Visalia and Tulare is significant in terms of attracting new users. This trend is not likely to change in the near term.

SITE DESCRIPTION

Property History:	The Kings Industrial Park was originally created in 1973 by redevelopment. The original project included 180 acres but was later expanded in 1983 to include an additional 920 acres for a total of 1,100 acres. Roughly 260 acres remain vacant. Fee title is vested as ***The City of Hanford***, according to Kings County public records. There are no public records indicating a sale of the property in the prior three years. The site not currently in escrow nor is it listed for sale on the city website. The parcel is a small sliver adjacent to the railway.
Site:	APN: 018-242-073 Size: 0.51 Zoning: HI Idaho Frontage: 30’ est. Rail Frontage: Yes Off-sites: No Plantings: None Terrain: Near street grade; level Well: None Noted
Access:	The parcel has frontage on Idaho Avenue which is a two-lane asphalt paved roadway. The sites frontage has power lines which make access difficult but not impossible. The site is maintained by the city but is not improved with concrete curb or gutter. The BNSF Rail runs along the eastern line of the parcel in a north-south direction. Water and sewer are provided by the City of Hanford.

PARCEL MAP

Kings, CA, 2013-2014 - 018-242-076-000, 10585 INDUSTRIAL AVE, HANFORD, CA 93230-9584, Sheet: 1 of 1



VALUATION

HIGHEST & BEST USE

The zoning allows for a wide range of heavy industrial uses. The site is located within a heavy industrial park and a zoning change is unlikely. The site is not of adequate size, as a stand-alone parcel to support development but could have utility for expansion or road access/easement for adjacent users. Consequently, the highest and best use is for expansion of surrounding site, or utility as an easement/access point.

VALUATION SUMMARY

No comparable sales could be found that were beneficial to the analysis of this parcel. The shape and size limit utility. The Idaho Avenue frontage could provide for an access roadway to parcels north of the Idaho which are currently owned by Tessenderlo Kurley Inc. The site could aslo have utility to the railway or adjacent user to the west. In this scenario the parcel could be valued something similar to the other parcels within the park at $30,000 per acre with some discount for the size and shape. Considering the one half acre size a value near $15,000 per acre would be a reasonable estimation of the value in use.

EXPOSURE TIME

We have considered the assumptions and conclusions reached in the valuation section of this report. A review was made of the actual exposure times from the comparable sales data. We examined exposure times contained in investor surveys and interviewed commercial real estate brokers. The age and condition/marketability of the subject was considered. All factors considered an exposure time of six months or less is reasonable for the subject at the appraised value.

ADDENDA

CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob I. Hower provided significant real property appraisal assistance to the person signing this certification in the areas of research, inspection, and analysis. He has made a personal inspection of the subject property.
- I have not performed any services as an appraiser or any other capacity, regarding the property that is the subject of the appraisal assignment within the three-year period immediately preceding acceptance of this assignment.
- the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I (Timothy J. Simon) have completed the continuing education program of the Appraisal Institute.

Timothy J. Simon, MAI
Certified General Real Estate Appraiser
California License AG010007 (Expires 5/7/2015)

BASIC ASSUMPTIONS & LIMITING CONDITIONS

1. No survey was made of the property, and the dimensions are those taken from the maps in the Office of the County Assessor of the County of Kings. This appraisal is not an engineering, legal or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied and should not be inferred by the reader.

2. No separation of land and building values may be used for any other purpose than that delineated elsewhere in this report.

3. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to the valuation conclusion, the identity of the appraiser or firm with which it is connected, or any reference to the Appraisal Institute, or to the MAI or SRA designations.

4. No right to expert testimony is included with this report, and the fee for this appraisal does not include payment for pre-trial conferences or taking of depositions.

5. No responsibility is assumed for matters legal in nature.

6. No survey or soil tests of the land have been made by the appraiser.

7. This report and all information contained herein was prepared for the sole and exclusive benefit of the client, as specified herein, and is intended for his use only. No one except the client specified herein may rely on this report for any purpose. Any person or entity who obtained or reads this report, or a copy thereof, other than the client specified herein, expressly assumes all risk of damages to himself or third persons arising out of reliance thereon or use thereof and waives the right to bring any action based on the appraisal, directly or indirectly, and the appraiser shall have no liability to any such person or entity.

8. Possession of this report or any copy thereof does not carry with it the right of publication, nor may the same be used for any purpose by anyone except the appraiser's employer, without the previous written consent of the appraiser, and in any event, only in its entirety.

9. The information and data reported in this appraisal have been obtained from sources that are deemed to be reliable. They are believed to be correct, but cannot be guaranteed by the appraiser. This condition applies generally throughout the appraisal report and specifically to square footage calculations and descriptions of comparable properties.

10. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the appraiser) affecting the analyses, opinions, and conclusions contained in this report.

11. During the course of this appraisal, the appraisers did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It is beyond the expertise of the

appraiser to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraisers or Simon Company, Inc. for any hazard or for any expertise required to discover any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired.

12. The appraiser is not qualified to determine whether the subject building improvements are in compliance with the American with Disabilities Act (ADA) of 1992. Noncompliance with this act could have a negative effect upon the value of the property. An expert in this field should be retained for consultation, if desired.

13. All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.

14. The person signing this report is licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property. I have previously appraised similar real estate.

15. No liability is assumed, expressed, or implied by Simon Company, Inc., or the appraiser for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly, specifically, and explicitly identified as an intended user on Page 1 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

EXHIBITS

	
Idaho Avenue frontage	South view from north end of parcel

QUALIFICATIONS OF TIMOTHY J. SIMON, MAI

STATE OF CALIFORNIA CERTIFICATION

State of California Office of Real Estate Appraisers - Certified General Real Estate Appraiser. Certificate # AG010007, Expiration May 7, 2015.

PROFESSIONAL AFFILIATIONS

MAI - The Appraisal Institute. Member # 10,157 (October 1993)
1999 President - Central California Chapter
State of California Licensed Real Estate Broker # 01264078

EDUCATION

California State University, Fresno
Bachelor of Science, Industrial Technology - Construction, 1981
The Appraisal Institute (1986-Present)
1A1, Real Estate Appraisal Principles
1A2, Basic Valuation Procedures
1BA, Capitalization Theory and Techniques A
1BB, Capitalization Theory and Techniques B
2-1 Case Studies in Real Estate
2-2, Report Writing and Valuation Analysis
SPP-A, B and C, Standards of Professional Practice
International Right of Way Association
Course 403 Easement Valuation
Course 214 Skills of Expert Testimony
Numerous Appraisal Seminars and Workshops

INSTRUCTOR

Instructor of appraisal classes at College of the Sequoias, a community college located in Visalia, CA. (1994)

PARTIAL LIST OF PROPERTY TYPES APPRAISED

Office Buildings	Industrial Properties	Shopping Centers
Apartment Buildings	Residential Subdivisions	Agricultural Properties
Eminent Domain/Right of Way	Special Purpose Properties	

APPRAISAL EXPERIENCE

American Appraisal Associates Walnut Creek, CA 1981-86
Building cost analyst and real estate appraiser. Clients included numerous corporations, business firms, lending institutions and government agencies.
Wells Fargo Bank Real Estate Industries Group Walnut Creek, CA 1986-88
Staff real estate appraiser. Clientele were medium to large developers for construction lending and permanent financing of existing and proposed construction.
Real Property Analysts Fresno, CA 1988-92
Independent fee appraiser. Proposed and existing income real property. Right of way appraisals for Government agencies.
Simon Company Hanford, CA 1992-Present
Independent fee appraiser, self-employed.

COURT EXPERIENCE

Qualified as an expert witness in Kings and Tulare County Superior Court

PARTIAL LIST OF CLIENTS SERVED

Lending Institutions:
Wells Fargo Bank
Bank of America
Sanwa Bank California
Bank of the West
The California Stockmen's Bank
Imperial Thrift & Loan
Westamerica Bank
Clovis Community Bank
Bank of the Sierra
United Security Bank
Comercia Bank
Stockton Savings Bank
Sacramento State Bank
Goleta National Bank
Kaweah National Bank
Heritage Bank of Commerce
California Federal Bank
Zion First National Bank
Federal Land Bank
Temucula Valley Bank
Kings River Bank
Bank of Visalia

Governmental Agencies:
Kings County
Tulare County
City of Hanford
City of Corcoran
City of Lindsay
City of Porterville
City of Huron
Visalia Redevelopment Agency
Hanford Elementary School District
Pioneer School District
Riverdale Unified School District
Central Unified School District
Island Union School District
College of the Sequoias
West Hills College
Lemoore Unified School District
Sierra Kings District Hospital
Hanford Community Medical Center
California Dept. Of Transportation
Southern California Edison Co.
Southern California Gas Co.
Kings County Water District
Tulare Lake Drainage District
Resolution Trust Company

Corporations:
McDonald's Corporation
Chevron USA
Principal Financial
Adventist Health Systems

Accounting Firms:
Brown, Neuman & Semas/Hanford, CA
Gilman, Harris and Travoli/Visalia, CA
M Green and Company/Hanford, Visalia
and Tulare, CA

Law Firms:
Kahn, Soares & Conway – Hanford, CA
Griswold, LaSalle, Cobb, Dowd & Gin –Hanford, CA
Maroot, Hardcastle & Hatherley – Hanford & Visalia, CA
Lazano Smith – Fresno, CA
Horesewill Mederos & Dorman – Tulare, CA