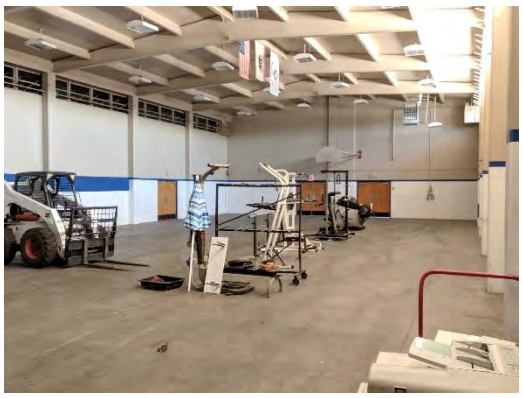
ASSOCIATED RIGHT OF WAY SERVICES, INC.



No. 19066

Appraisal Report

for

City of Turlock

Former California National Guard Armory Property
1040 Flower Street
Turlock, CA
APN: 061-003-017

Prepared by:

Brian C. Drake, R/W-AC
Appraiser

July 2019

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30th 1989 2019 ANNIVERSARY

July 19, 2019

Nathan Bray, P.E.
Interim Director of Development Services / City Engineer
City of Turlock
156 S. Broadway Ste 150
Turlock, CA 95380

Re: Former California National Guard Armory Property
Owner: City of Turlock
Property Address: 1040 Flower Street, Turlock, CA
APN: 061-003-017

Dear Mr. Bray:

In accordance with our contract with the City of Turlock, an appraisal has been made of the market value of the fee simple interest in the above referenced property as requested. The appraisal has been commissioned to assist the Client in internal decision making purposes regarding the possible disposition of the interests under consideration.

The subject property is currently leased and occupied by the California National Guard 149th Chemical Company. The tenant desires to terminate the lease and the purpose of this appraisal is to furnish an opinion of the market value of the fee simple interest in the subject real property. *At the request of the Client, a hypothetical condition has been made that the subject property was not encumbered with a lease on the date of value.*

This Appraisal Report is prepared in conformance with the Uniform Standards of Professional Appraisal Practice, Standard Rule 2-2(a). I have completed an inspection of the subject, gathered pertinent information, sales and other data relevant to the valuation and analyzed the data to reach my conclusions. I visited the property appraised on June 19, 2019. The date of value is the date of the site inspection.

The opinion of value is shown in the following Valuation Summary, which is made a part of this transmittal letter and appraisal report. The accompanying report is submitted for your review and approval. The following report is subject to the Assumptions and Limiting Conditions included herein.

Sincerely,

Brian C. Drake, R/W-AC
State Certified General Appraiser
CA License No. AG031568

ARWS ASSOCIATED RIGHT OF WAY SERVICES, INC.

Valuation Summary

Fee Simple Interest
$535,000 (Five Hundred and Thirty-Five Thousand Dollars)

Date of Valuation:	June 19, 2019 (date of site visit)
Property Location/Address:	1040 Flower Street, Turlock, CA
Assessor's Parcel Number:	061-003-017
Owner:	City of Turlock
Owned Since:	For more than five years
Occupied By:	California National Guard, who is in the process of vacating the property
Principal Improvements:	One-story 11,918 square foot building of concrete block construction demised for a single-user, with interior build-out typical of an armory
Age of Improvements:	Constructed in 1963; the effective age is estimated to be the same as the chronological age, 56 years
Remaining Economic Life:	5-10 years
Site Area:	64,517 square feet or approximately 1.48 acres
Floor Area Ratio (FAR):	0.18
Parking:	40 parking spaces, or 3.36 spaces per 1,000 square feet of building area
Zoning:	P-S – Public & Semi-Public
General Plan:	Public / Institutional (PUB)
Highest and Best Use	
As If Vacant:	Development of a multifamily project at a density consistent with the neighborhood *(see extraordinary assumption used).*

As Improved:	Continued use of the existing improvements for specialty purpose use until redevelopment of the site with a multifamily project becomes feasible
Flood Hazard Information:	Flood Zone X, Map No. 06099C0825E, dated September 26, 2008
Earthquake Information:	Not located in an Earthquake Fault Zone
Environmental Assessment:	A Phase II Environmental Site Assessment (ESA) prepared by Rincon Consultants, Inc. for the subject property, dated February 21, 2017, was reviewed. Based on the results, environmental remediation is required regarding the subject property when considering the highest and best use. At the request of the Client, this appraisal has been made under the hypothetical condition that the subject is clear of environmental contaminants on the date of value.

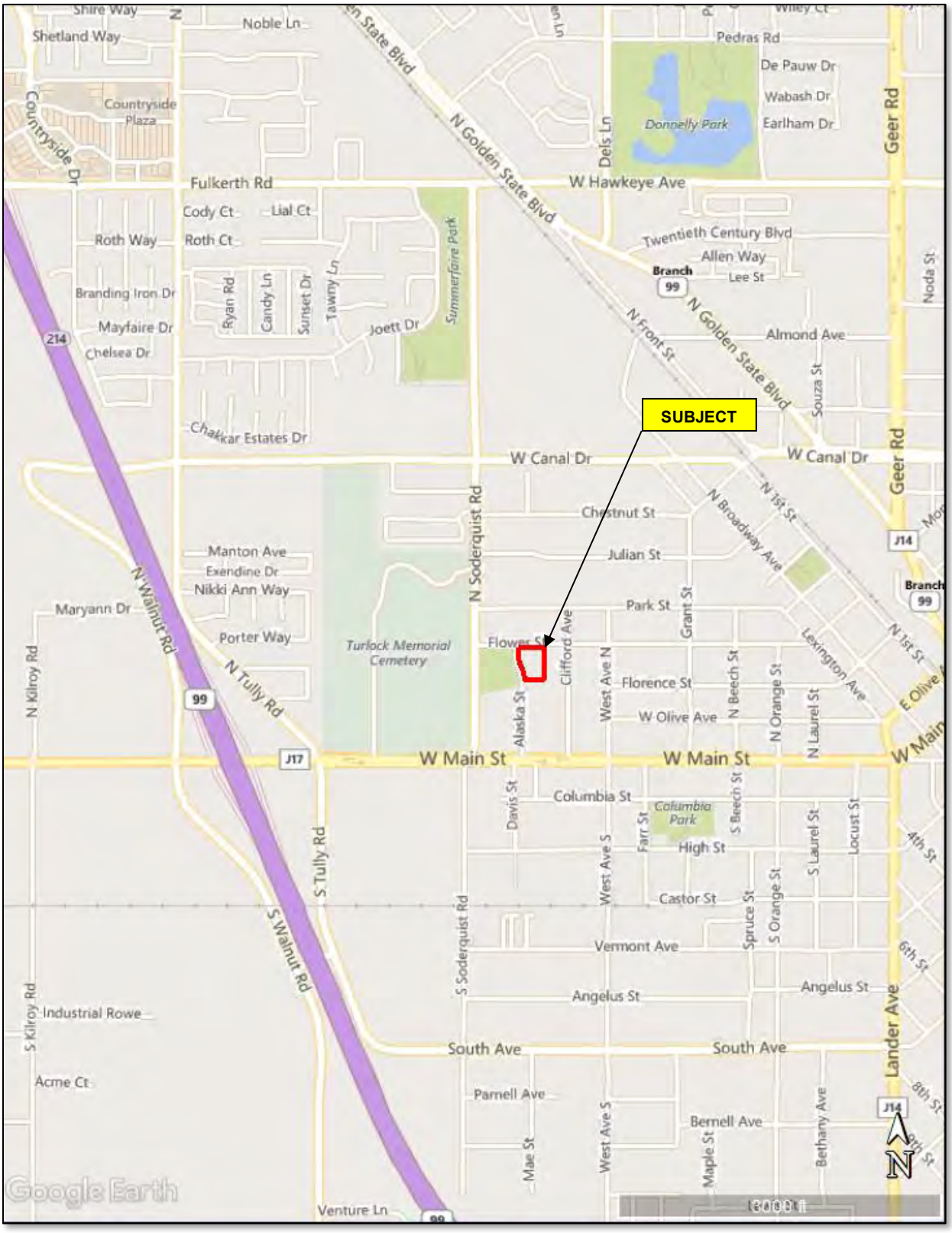
The intent of this appraisal assignment is to conduct an investigation approximating the thoroughness that a typical buyer would conduct when considering similar property on the open market in the subject's neighborhood and competing markets, and in conformance with the necessary policies and techniques used by appraisers in developing an estimate of market value.

An inspection of the subject was conducted to determine size, condition, and utility of the subject land and improvements. Two of the three approaches to value have been utilized in the valuation of the subject property. The sales comparison approach revealed that this market is primarily made up of owner users, and therefore, since properties similar to the subject are not typically purchased as investment properties, the income approach was not utilized. The sales comparison approach was used, considering the quality and quantity of the comparable sales data found in the market. Considering that subject improvements are close to being fully depreciated, and nearing the end of their remaining economic life, the cost approach was also considered to be a reliable value indicator, and also used in the valuation of the subject property.

City of Turlock
Former California National Guard Armory Property
1040 Flower Street, Turlock, CA

ARWS ASSOCIATED RIGHT OF WAY SERVICES, INC.

Subject Location Map



ARWS ASSOCIATED RIGHT OF WAY SERVICES, INC.

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Introduction

Purpose of the Appraisal

The purpose of this appraisal is to furnish an opinion of the market value of the fee simple interest in the subject real property.

Scope of Assignment

The subject property was inspected to determine the size, condition, and utility of the land and any existing improvements and/or encumbrances. Descriptive data about the subject was gathered from online data resources, such as public record summary, assessor's parcel map, aerial map, and flood map, in addition to any data provided by the Client. Planning department personnel with the City of Turlock were contacted and their website utilized to obtain data about land use ordinances as they apply to the subject. Macro and micro-economic information was gathered from the Internet and various news publications. Market participants were interviewed. Analysis of market conditions was completed, both general and specific to the market. Searches of public records, real estate listings and sales services were employed to obtain comparable data. Relevant property sales were researched and confirmed to the extent possible. The data and conclusions are set out in the Valuation section of this report.

The Appraisal Report conforms to Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. The information contained in this report is specific to the needs of the Client and for the intended use stated in this report. I am not responsible for unauthorized use of this report. The intent of this report is to provide sufficient data and analysis so as to have no misleading information and a conclusion of value of high reliability.

Intended Use of the Appraisal

It is understood that this appraisal is intended for use by the Client for internal decision-making purposes to plan the future ownership and possible disposition of the subject property. The appraisal report is subject to administrative review by the Client.

Client and Intended User of the Appraisal

The Client and the intended user of this appraisal report is the City of Turlock.

Date of Valuation

The property in this report has been valued as of June 19, 2019. The date of value is the date of the site inspection.

Property Interest Appraised

This appraisal addresses the fee simple estate in the subject property. The fee simple estate is defined as follows:

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

(The Dictionary of Real Estate Appraisal, Sixth Edition, published by the Appraisal Institute)

Market Value Defined

(The Appraisal of Real Estate, 13th Edition, published by the Appraisal Institute)

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

1. Buyer and seller are typically motivated;

2. Both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;

3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Reasonable Exposure Time

Uniform Standards of Professional Appraisal Practice (USPAP 2018/2019 edition: Definitions) defines exposure time as follows:

> "EXPOSURE TIME: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.
>
> Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market."

Exposure time is presumed to be a reasonably adequate and sufficient period of time with adequate effort necessary to result in a sale fulfilling the definition of value. It is presumed to be a period immediately preceding the effective date of value. Based on the data researched for this assignment, it has concluded that an exposure time of 6 months is appropriate.

Certification of Appraiser

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

I have personally inspected the property that is the subject of this report.

The statements of fact contained in the appraisal report are true and correct, and the information upon which the opinions expressed therein are based is correct; subject to the Limiting Conditions therein set forth.

Neither my employment nor my compensation for completing this assignment is in any way contingent upon the values reported herein. My compensation is not contingent upon the developing or reporting of predetermined values or direction in value that favors the cause of the Client, the amounts of the value opinions, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.

I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the acquiring agency and I will not do so until so authorized by said officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

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

I have performed no services as an appraiser or in any other capacity, regarding the property that is the subject of this report, within a three-year period immediately preceding the acceptance of this assignment.

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

The reported analyses, opinions, and conclusions are limited only by the reported Assumptions and Limiting Conditions, and are my own personal, impartial, unbiased professional analyses, opinions, and conclusions.

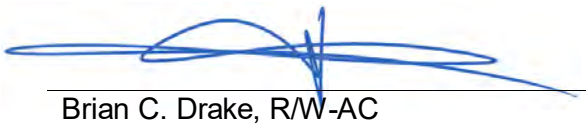
The reported analyses, opinions, and conclusions were developed, and this report, to the best of my knowledge and belief, has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice (USPAP).

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 have completed the Standards and Ethics Education Requirement for Practicing Affiliates of the Appraisal Institute.

The opinion of market value for the subject property, as of the date of valuation, is set forth in the Valuation Summary and is based upon my independent appraisal and the exercise of professional judgment.

John Russell, Appraisal Research Analyst with AR/WS, aided with market research, confirmation of comparable data, and the writing of portions of this report. No one else provided significant real property assistance to the person signing this certification.

I hereby certify that my opinion of the market value of the property appraised as described in this report is included herein and that my opinions and conclusions were made subject to the Assumptions and Limiting Conditions in this report and without collusion, coercion or direction from anyone as to value.



July 19, 2019
Date

Brian C. Drake, R/W-AC
State Certified General Appraiser
CA License No. AG031568

Assumptions and Limiting Conditions

The following Assumptions and Limiting Conditions have been relied upon and used in making this appraisal and estimating the respective values required by the purpose of the appraisal and its intended use.

- No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable, unless otherwise stated in this report.

- The property is appraised free and clear of any or all liens and encumbrances, unless otherwise stated in this report.

- Responsible ownership and competent property management are assumed, unless otherwise stated in this report.

- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.

- Sketches, plat maps, or photographs contained in this report are included to assist the reader in visualizing properties and I have personally made no survey of the property.

- No responsibility is assumed for discovery of hidden or non-apparent conditions of the property, subsoil, or the structures that render it more or less valuable. Encroachment of real property improvements is assumed to not exist. No responsibility is assumed for arranging for engineering studies or a survey, which may be required to discover these conditions.

- It is assumed that the subject is in full compliance with all applicable Federal, State, and local environmental regulations and laws, unless otherwise stated in this report.

- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this report.

- It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value conclusions contained in this report are based.

- I am not a soil expert. The existing soil and substructure have been assumed adequate for existing or proposed uses unless contrary information is provided and contained in this report. It is advisable to have a soil analysis and report completed by a qualified soil engineer, or other qualified expert, so that any interested party will become knowledgeable as to the important soil information including seismic data, soil contaminants, type of fill, if any, or other relevant matters.

- Unless otherwise stated in this report, it is assumed that there are no hazardous or toxic substances in the soil comprising the subject land.

- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature and would restrict access by disabled individuals may adversely affect the property's values, marketability, or utility.

- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without my written prior consent, and in any event, only with proper written qualification and only in its entirety.

- The delivery and/or possession of this report does not require me to attend or give testimony at any meeting, public hearing, pretrial conference, deposition or court trial unless there is a written agreement between myself and the party possessing or relying on this report or requesting such services.

- Neither all nor any part of the contents of this report *(especially any conclusions as to value, my identity, or the firm with which I am connected)* shall be disseminated to the public through advertising, public relations, news sales, or other media.

- Public records, assessor's parcel maps, and/or exhibits provided by the Client were relied upon to determine the location, size, and shape of the subject property. Property boundaries were not staked by survey.

Hypothetical Conditions

Uniform Standards of Professional Appraisal Practice (USPAP 2018/2019 edition: Definitions) defines hypothetical condition as follows:

> "HYPOTHETICAL CONDITION: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
>
> Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

The following hypothetical condition(s) is used for this appraisal and may affect the assignment results:

- A Phase II Environmental Site Assessment (ESA) prepared by Rincon Consultants, Inc. for the subject property, dated February 21, 2017, was reviewed and the report appears in the Addenda (excluding the Appendix). Based on the results of the soil assessment for the Phase II ESA, environmental remediation is required regarding the subject property when considering the highest and best use. At the request of the Client, this appraisal has been made under the hypothetical condition that the subject is clear of environmental contaminants on the date of value.

- The subject property is currently leased and occupied by the California National Guard 149th Chemical Company. The tenant desires to terminate the lease and the purpose of this appraisal is to furnish an opinion of the market value of the fee simple interest in the subject real property. At the request of the Client, a hypothetical condition has been made that the subject property was not leased on the date of value.

- A small portion of the building had been recently damaged by fire. According to a representative for the tenant, the repairs were the responsibility of the tenant and the representative was unaware as to why they had not already been completed. This appraisal has been made under the hypothetical condition that the repairs to the fire-damaged part of the building have been completed.

Extraordinary Assumptions

Uniform Standards of Professional Appraisal Practice (USPAP 2018/2019 edition: Definitions) defines extraordinary assumptions as follows:

> "EXTRAORDINARY ASSUMPTION: an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.
>
> Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

The following extraordinary assumption(s) is used for this appraisal and may affect the assignment results:

- A preliminary report prepared by a title company for the subject property was not provided for use in this assignment. This appraisal assumes that a current title report would not reveal any conditions that affect market value.

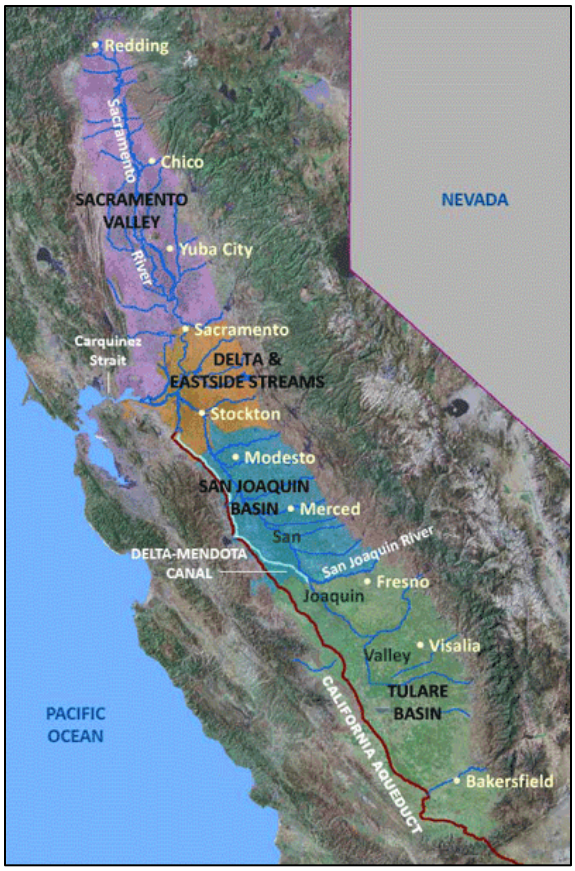
- The reason the subject has been zoned and general planned Public is because of its current use as an armory. It is stated in the General Plan that "designation of any future public or institutional site that has not been acquired shall not be construed to limit the

existing or future use of the designated land, and that the predominant land use designation surrounding any property designated for public facilities shall be used to determine the potential use of the property prior to its acquisition by the applicable governmental agency or private institution." According to City planning staff, the likely use of the subject property, as if vacant, would be residential that conforms to the neighborhood. With the exception of Soderquist Ballpark, the properties in the vicinity of the subject have a General Plan designation of Medium Density Residential, allowing for single-family and multifamily developments with a permitted density in the range of 7 to 15 dwelling units per acre. It is an extraordinary assumption of this appraisal that a General Plan amendment would be approved by the City and zoning changed for the subject property to conform with the Medium Density Residential land use designation.

- I was unable to gain access to the interior of the metal utility building located on the subject property. A representative for the tenant indicated that the structure had no interior partitioning and was filled floor to ceiling with storage racks. This appraisal assumes that the interior of the metal utility building is as described by a representative for the tenant and that the storage racks are easily moved and therefore deemed to be personal property.

General Information

Region, City and Neighborhood Data



The subject is located in the Central Valley, which dominates the central portion of California, stretching roughly 400 miles in a north-south direction and spanning an average of about 50 miles wide. The Central Valley has a long history of being one of the most productive agricultural regions. With more than 250 different crops grown using fewer than 1% of U.S. farmland, the Central Valley supplies 8% of the nation's agricultural output (by value) and produces one-quarter of the nation's food, including 40% of all fruits, nuts, and other table foods, according to figures from the USGS website.

The Central Valley is generally divided into two parts, with the northern one-third referred to as the Sacramento Valley and the southern two-thirds as the San Joaquin Valley, encompassing all or parts of 19 counties. Stanislaus County, the region the subject is located in, is at the heart of the San Joaquin Valley, bordered by the counties of San Joaquin, Calaveras, Tuolumne, Mariposa, Merced, Santa Clara, and Alameda. Stanislaus County was formed in 1854 from part of Tuolumne County shortly after California became a state in 1850. Stanislaus County encompasses 1,515 square miles and is home to about 555,624 people as of January 2018, according to the California Department of Finance.

More than 800,000 acres of farmland in Stanislaus County places the subject in one of the prime agricultural regions in the country and is among the top 15 counties across the U.S. for agricultural production. In total, Stanislaus County hosts more than 250 major industrial plants focused on food processing and related industries.

There are nine incorporated cities in Stanislaus County and four times as many census designated places and unincorporated communities. With 215,692 people, the City of Modesto is the largest municipality by a wide margin and serves as the County Seat. Modesto's growth in recent decades has bolstered its position as the hub of Stanislaus County. Located just over 10 miles southeast of Modesto, along the State Route (SR)-99 corridor, is the next largest city in the County, Turlock, with a population of 74,730. The subject is located in Turlock. Turlock was incorporated in 1908, and like many San Joaquin Valley towns from the time period, it was focused around a railroad station with streets arranged in a grid oriented to the tracks running diagonally through the city. As Turlock proceeded to expand, the land use pattern and built form was reflective of the City's historical growth within an agricultural area, and the town shifted to an

orthogonal north-south grid matching the rural road and parcel pattern around it. Golden State Boulevard, which parallels the railroad, was part of the original highway through the Central Valley that became U.S. 99 in the 1920s. A bypass was completed in the early part of the 1970s, and the highway, now SR-99, was shifted to the west of the railroad right-of-way, drawing development with it. However, growth in Turlock has mainly occurred east of the railroad tracks and north of the City's core. Turlock currently covers an area that is approximately 17 square miles.

Much of the developed land in Turlock is residential, consisting mostly of detached single-family homes in subdivisions with densities ranging from three to seven dwelling units per acre. Some of the more recently developed neighborhoods include a greater diversity of housing types, including townhouses and garden-style apartment complexes, and there are multifamily units included as a component of mixed-use projects located in the downtown. Altogether, residential uses occupy over 40% of the land within the city limits, according to the Turlock 2012 General Plan.

The largest concentration of retail development in Turlock is Monte Vista Crossings, located just east and south of the Monte Vista interchange with SR-99, and includes numerous large anchor tenants such as Target, Safeway, Home Depot, and Kohl's; two hotels; and numerous smaller national-brand specialty stores and restaurants. Community-oriented shopping areas, comprising both national chains and locally owned businesses, characterize the City's downtown and commercial corridor along Geer Road. Older automobile-oriented commercial development lines Golden State Boulevard and is also located just south of the downtown area. Emanuel Medical Center is a large office land use that is located northeast of the downtown, with a collection of smaller medical offices surrounding it. The California State University, Stanislaus (CSUS), a four-year public university campus with approximately 6,800 full-time equivalent students, occupies 210 acres within the city limits.

Modesto currently serves as the primary employment center in Stanislaus County, providing over two-thirds of the total jobs, while Turlock represents a significant portion of the remaining one-third. Turlock's agricultural setting has historically provided a basis for the City's industry, and food processing supplies the largest number of jobs in the city. Foster Farms, Emanuel Medical Center, and Turlock Unified School District are the largest employers in Turlock. According to the California Employment Development Department, as of April 2019, Turlock has 31,800 employed, Modesto has 88,300, and Stanislaus County has 224,600. The following chart displays the top employers for Stanislaus County:

#	Employer	# of Employees	% of Total Employment
1	E & J Gallo Winery	6,700	2.97%
2	Stanislaus County	4,480	1.99%
3	Modesto City Schools	3,556	1.58%
4	Doctors Medical Center	2,600	1.15%
5	Memorial Medical Center	2,400	1.06%
6	Foster Farms	2,200	0.98%
7	Del Monte Foods	2,010	0.89%
8	Stanislaus Food Products	1,875	0.83%
9	Ceres Unified School District	1,790	0.79%
10	Save Mart Supermarkets	1,650	0.73%

Source: Stanislaus County's Comprehensive Annual Financial Report, 2018

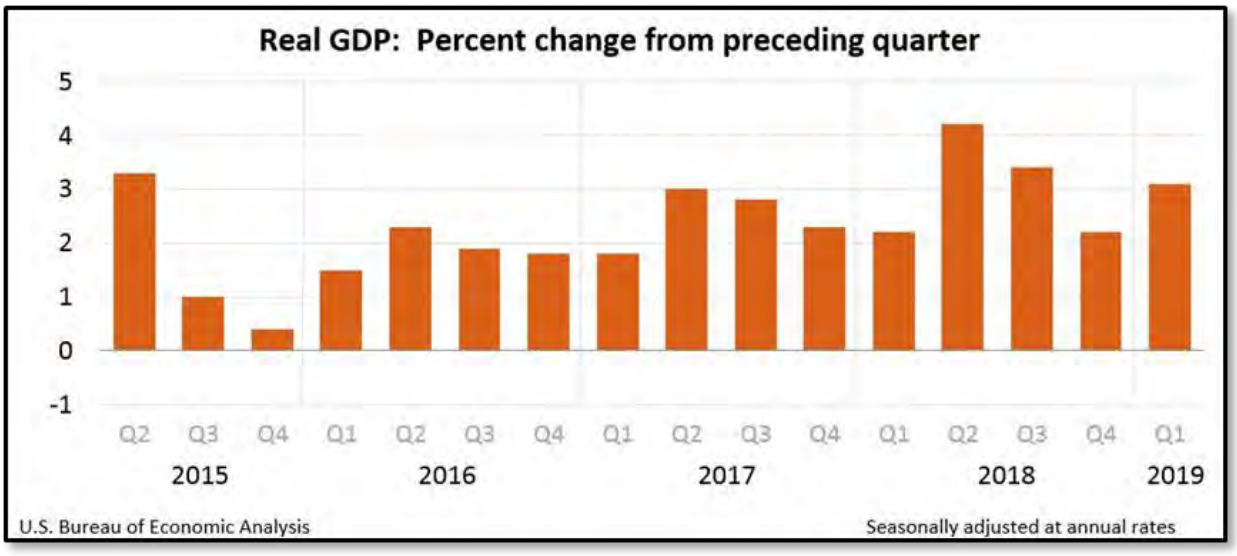
Over ten percent of the City, or just about 1,000 acres, is currently developed with industrial uses, roughly half of which are located in the Turlock Regional Industrial Park (TRIP), a master planned area with roughly 2,000 acres designated for industrial and business park uses, located west of SR-99. Industrial development located east of the freeway is situated immediately south of the downtown area, on both sides of the railroad right-of-way. A substantial portion of the industrial/commercial zoned land in the TRIP remains in agriculture, planted with row crops or orchards, with supporting rural residential uses. The plan area represents an estimated 50-year (or more) industrial/commercial land supply, and the City anticipates that agricultural activity will continue to be a part of the TRIP for many years to come.

The subject property is located in southwest Turlock, roughly one mile west of the downtown area and just under a mile east of SR-99. The subject resides at the southeast corner of Flower Street and Alaska Street in a primarily residential neighborhood with some mixed uses and some small multi-residential developments. Single family residences in the area were constructed as far back as the 1930s, with the majority being built in the 1940s through the 1970s. Just west of the subject is Soderquist Park, a 2.39-acre parcel that houses a baseball field. Further west is the Turlock Memorial Park and Funeral Home that has existed for over a century. Osborn Elementary School resides southeast of the memorial park, at the corner of North Soderquist Road and West Main Street. The neighborhood is generally bounded by West Canal Drive to the north and West Main Street to the south, both major arterial roads serving south Turlock. There is also an array of small commercial businesses in the immediate area, mainly located on West Main Street a few blocks to the south of the subject.

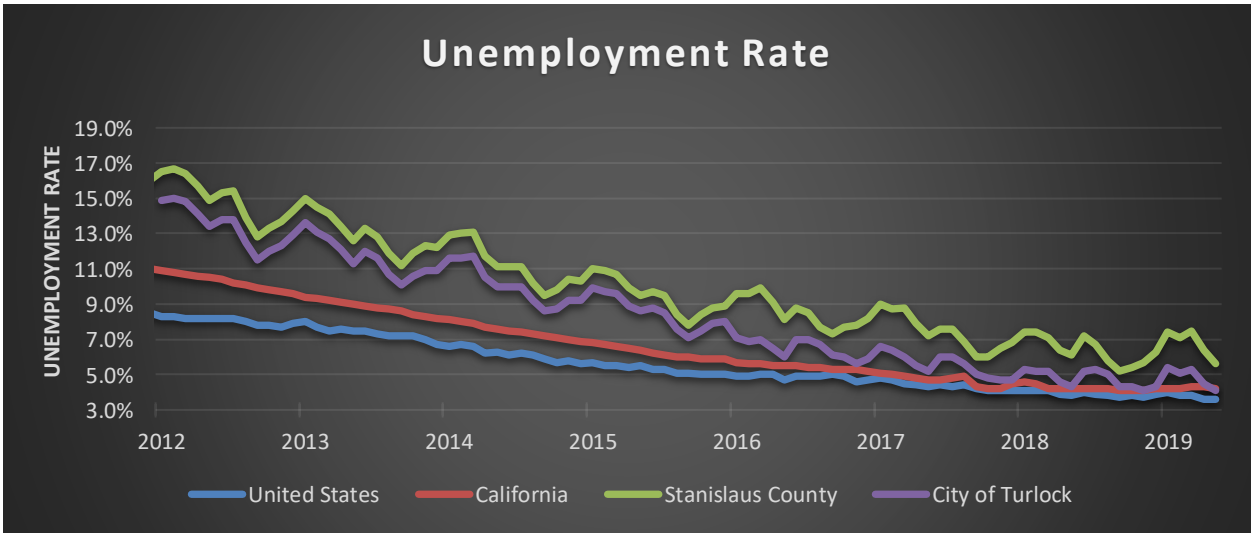
Market Conditions

Led by a rise in business investment, the U.S. economy expanded 3.2% in the first quarter of 2019, the Commerce Department reported. Increases in consumer spending, inventory investment, exports, government spending, and business investment reflect the increase in real GDP. January of 2019 started off strong by adding over 300,000 jobs and ending the first quarter

at a 3.8% unemployment rate. Annual wage growth for hourly workers increased by 3.4% the first quarter of 2019, the fastest rate increase since early 2009.



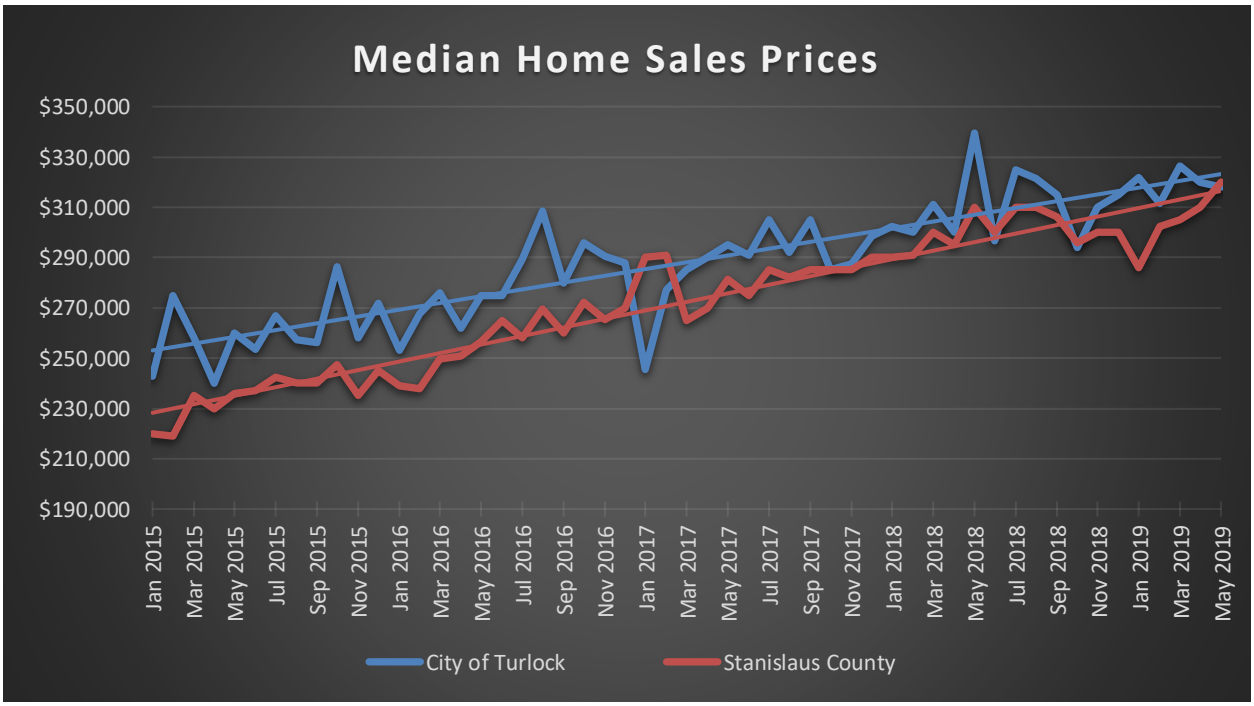
The Conference Board Consumer Confidence Index declined in June 2019 to 121.5, following an increase in May (Index, 131.3). After two consecutive months of improvement, consumer confidence declined in June to its lowest level since September 2017 (Index, 120.6). The current economic climate centered around escalations in trade and tariff tensions appears to have shaken consumers' confidence and continued uncertainty could result in further volatility in the Index, according to the Conference Board. However, the Index remains at a high level, and consumer spending, which accounts for more than two-thirds of U.S. economic activity, continues to be a relative bright spot in GDP growth.



The unemployment rate is the most frequently cited indicator of labor market health and data from the job market gives a picture of a strong economy. Job creation in the U.S. slowed somewhat to

finish out May 2019 with 75,000 jobs added, compared to 224,000 in April, and the unemployment rate remained at 3.6% when compared to May of 2018. The unemployment rate in Stanislaus County was 5.6% in May 2019, down from 6.4% reported for the prior month, and below the year-ago estimate of 6.0%. This compares with an unadjusted unemployment rate of 3.5% for California. The graph displayed on the preceding page shows the trend for unemployment rates for the nation, state, county and Turlock going back to 2012.

While median home prices are an imperfect measure of the current value of any individual home, they do provide important information regarding the overall health of residential real estate markets. The median home price for Stanislaus County in May 2019 was $320,000, up 3.2% year-over-year, according to CoreLogic. Comparatively, the median price paid for a home in California in May was $611,190, according to the California Association of Realtors.
The following graph depicts the growth of the median home sale prices in Stanislaus County and Turlock since 2015, based on CoreLogic data. Although there are some fluctuations in the median home price from month-to-month, the trends show the market consistently moving in a positive direction over the last several years. Increasing median home prices and residential development activity indicate a rebounding, robust residential market locally.



The following table shows median home sales price trends for the various cities in Stanislaus County, including Turlock:

Area	# Sold	Median Price May 2019	Median Price May 2018	% Change Year to Year
Stanislaus County	**680**	**$320,000**	**$310,000**	**3.2%**
Ceres	33	$310,000	$297,000	4.4%
Denair	4	$365,000	$445,000	-18.0%
Hughson	11	$365,000	$305,000	19.7%
Keyes	8	$384,250	$295,000	30.3%
Modesto	361	$297,500	$287,500	3.5%
Newman	15	$300,000	$250,000	20.0%
Oakdale	64	$387,000	$386,500	0.1%
Patterson	47	$380,000	$370,000	2.7%
Riverbank	27	$362,000	$315,000	14.9%
Salida	20	$337,500	$357,500	-5.6%
Turlock	80	$318,000	$339,500	-6.3%
Waterford	8	$251,500	$255,000	-1.4%

Source: CoreLogic

Residential building permits issued in Turlock over the past few years have been steady but somewhat bleak. Going back to 2015, the City issued a total of 57 residential permits, 56 units for single-family and 1 for multifamily. 2016 was the busiest year over the past five years, with 96 total permits issued consisting of 90 single-family units and 6 multifamily units. 2017 realized just 21 total permits for residential, all single-family units. 2018 had 45 total residential permits issued, all single-family units, and 2019, as of June, has seen 46 total residential permits issued, all single-family units. Comparatively, during the housing boom between 1998 and 2006, Turlock averaged about 550 single-family units per year, with the highest level of single-family permit activity occurring in 2003, when 873 were issued.

Subject Property Information

Subject Property Data Summary

Property Location/Address:	1040 Flower Street, Turlock, CA
Assessor's Parcel Number:	061-003-017
Owner:	City of Turlock
Owned Since:	For more than five years
Occupied By:	California National Guard, who is in the process of vacating the property
Principal Improvements:	One-story 11,918 square foot building of concrete block construction demised for a single-user, with interior build-out typical of an armory
Age of Improvements:	Constructed in 1963; the effective age is estimated to be the same as the chronological age, 56 years
Remaining Economic Life:	5-10 years
Site Area:	64,517 square feet or approximately 1.48 acres
Floor Area Ratio (FAR):	0.18
Parking:	40 parking spaces, or 3.36 spaces per 1,000 square feet of building area
Zoning:	P-S – Public & Semi-Public
General Plan:	Public / Institutional (PUB)
Highest and Best Use	
As If Vacant:	Development of a multifamily project at a density consistent with the neighborhood *(see extraordinary assumption used)*.
As Improved:	Continued use of the existing improvements for specialty purpose use until redevelopment of the site with a multifamily project becomes feasible
Flood Hazard Information:	Flood Zone X, Map No. 06099C0825E, dated September 26, 2008

Earthquake Information:	Not located in an Earthquake Fault Zone
Environmental Assessment:	A Phase II Environmental Site Assessment (ESA) prepared by Rincon Consultants, Inc. for the subject property, dated February 21, 2017, was reviewed. Based on the results, environmental remediation is required regarding the subject property when considering the highest and best use. At the request of the Client, this appraisal has been made under the hypothetical condition that the subject is clear of environmental contaminants on the date of value.

Assessor's Parcel Map

Subject Aerial Photograph

Subject Property Photographs

View of the front elevation of the building located on the subject property, as seen from Flower Street

View of the west side elevation of the building located on the site, as seen from the parking lot

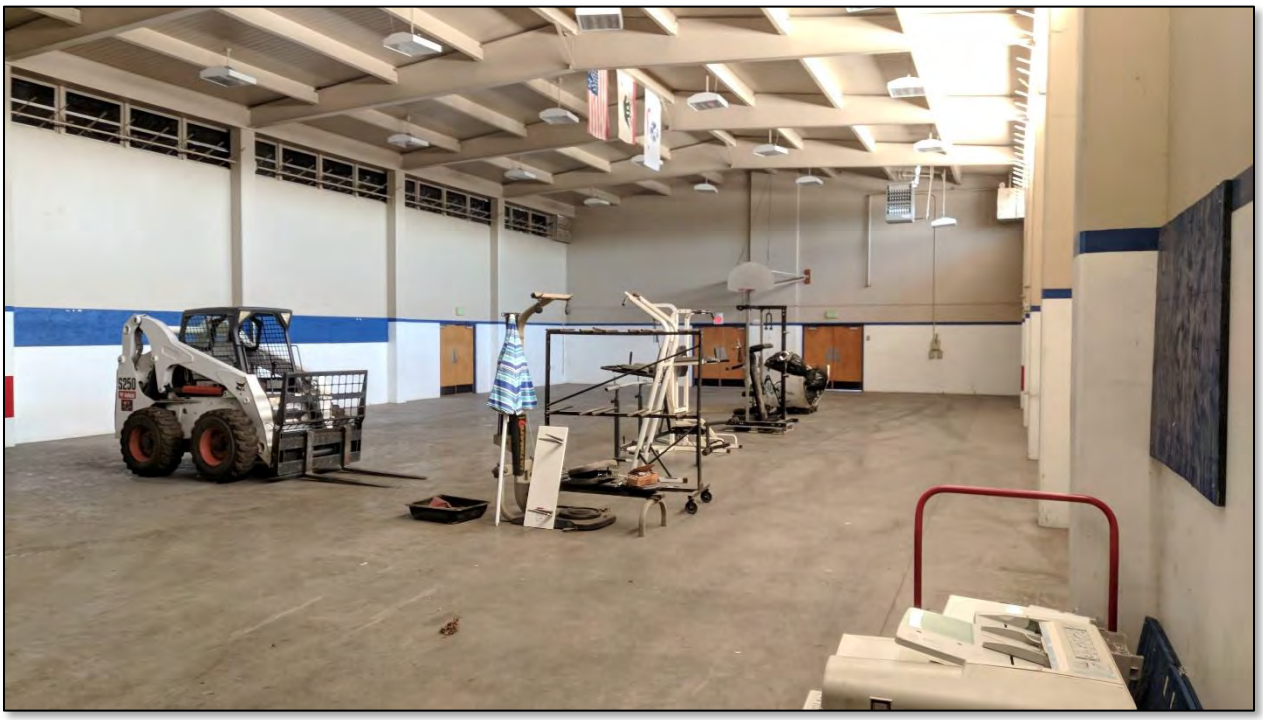
Subject Property Photographs

View of the rear elevation of the building located on the site, as seen from the yard space

View of the east side elevation of the building located on the subject property, as seen from Flower Street

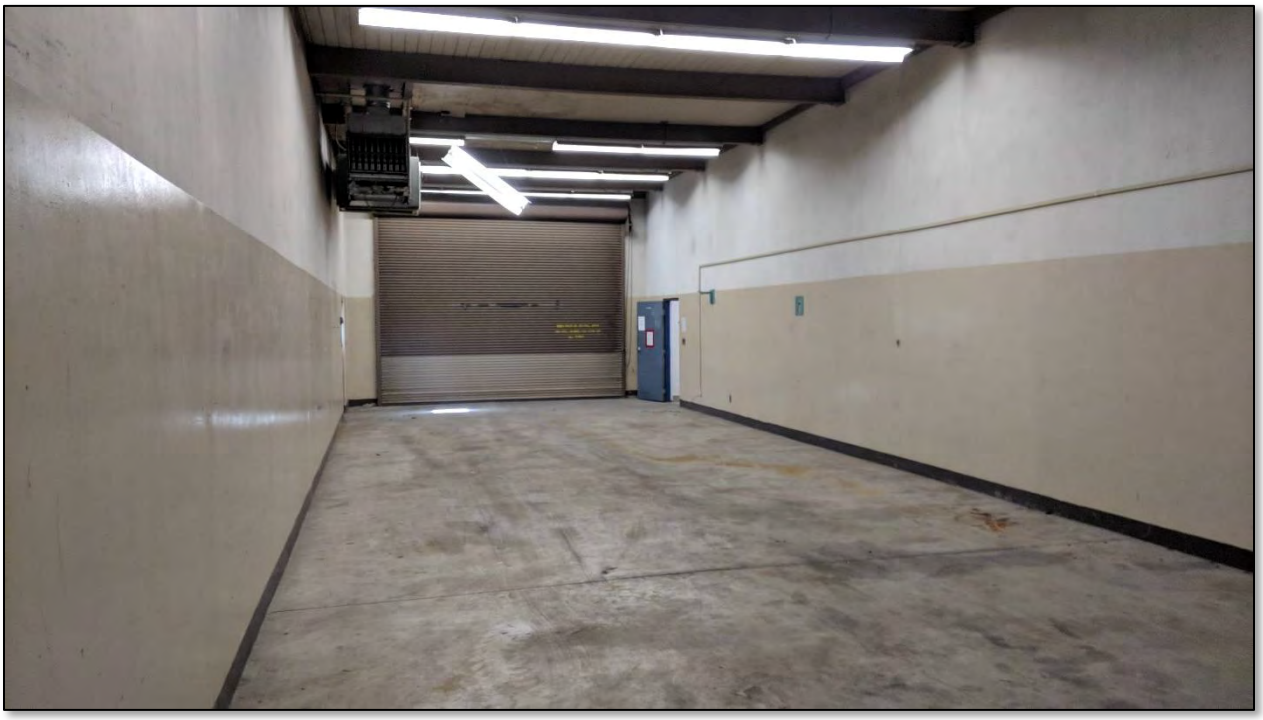
Subject Property Photographs

View of the roof deck of the building located on the subject property (typical)

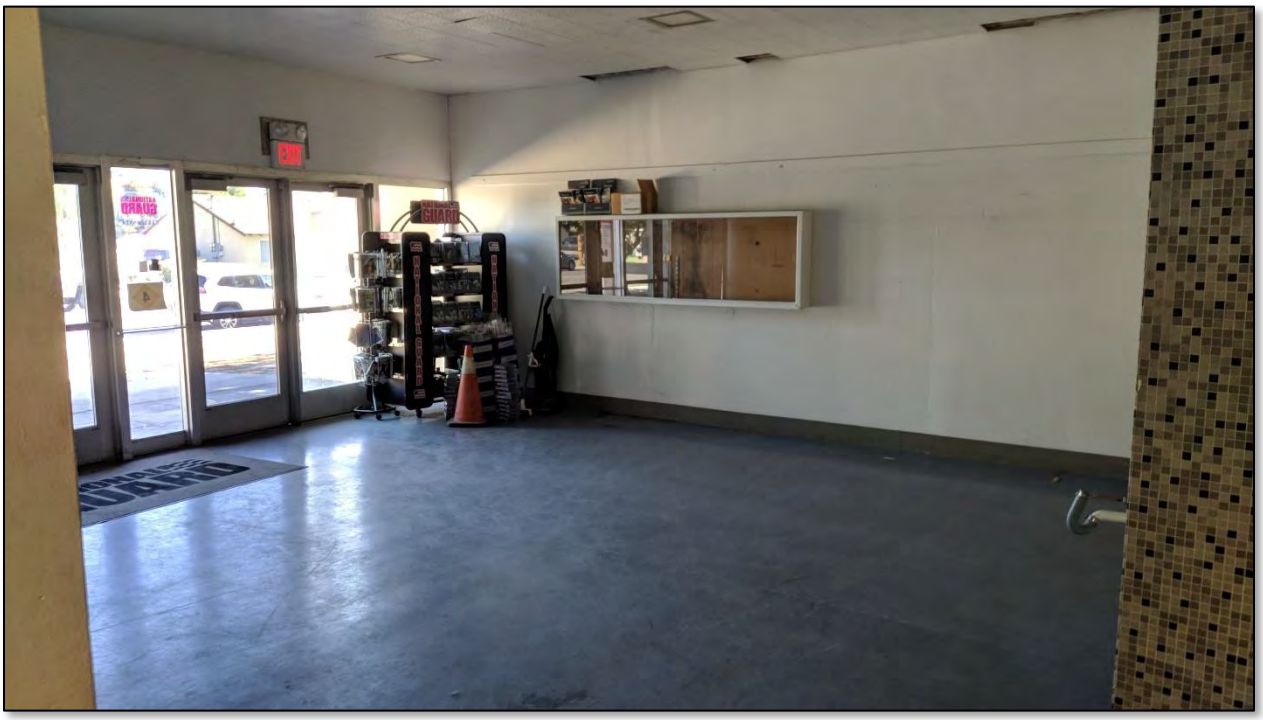


View of the interior “Assembly” area of the building located on the subject property

Subject Property Photographs

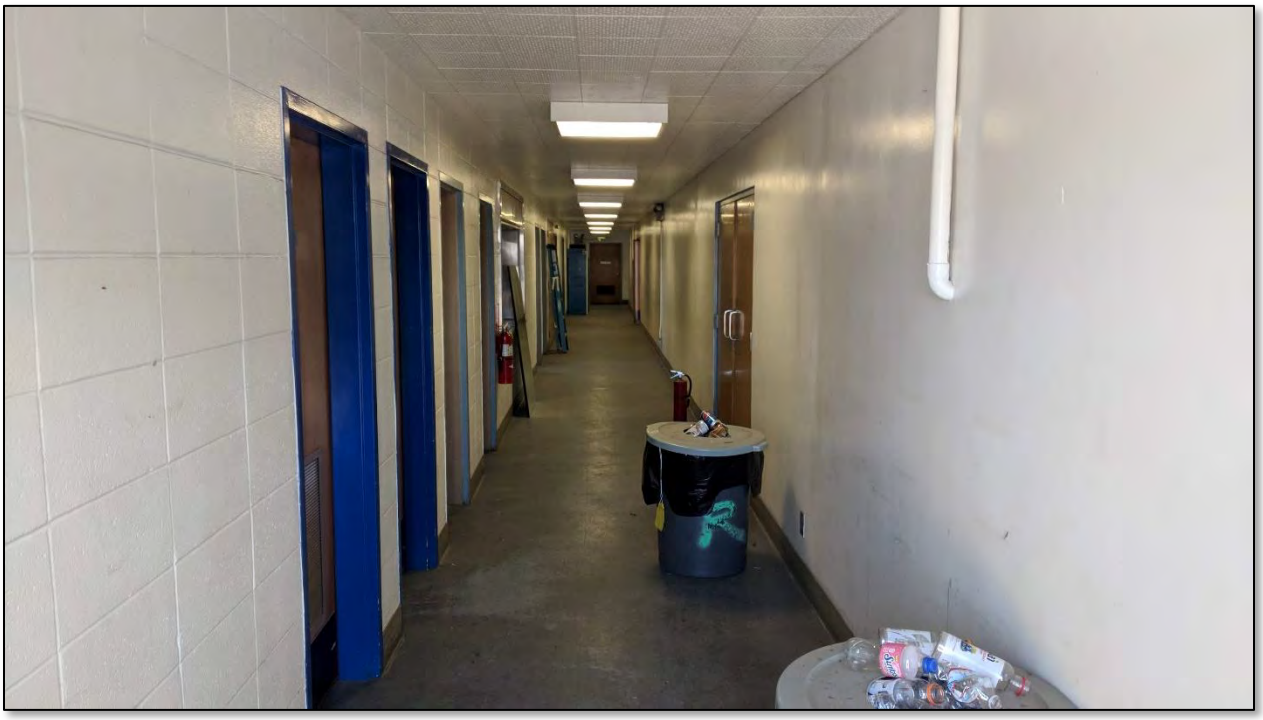


View of the interior “Rifle Range” area of the building located on the subject property



View of the interior lobby area of the building located on the subject property

Subject Property Photographs



View of a typical interior corridor of the building located on the subject property

View of a typical interior room of the building located on the subject property

Subject Property Photographs

View of the restroom facilities in the building located on the subject property

View of the food preparation area in the building located on the subject property

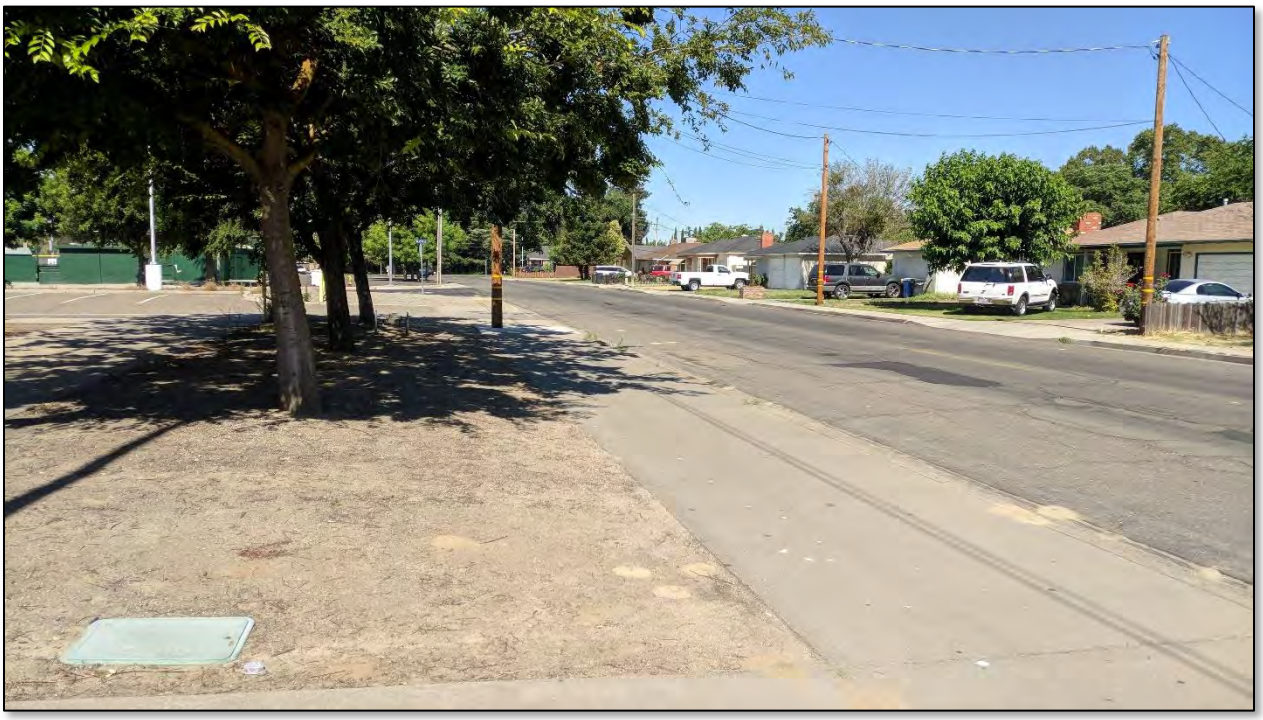
Subject Property Photographs

View of the metal utility building located on the subject property, as seen from the yard space

View of the secured yard space, as seen from near the metal utility building

Subject Property Photographs

View of Alaska Street, as seen from the subject property's street frontage, facing south



View of Flower Street, as seen from the subject property's street frontage, facing west

Property Description

Site Description

The subject is located on the southeast corner of the intersection of Flower Street and Alaska Street in the City of Turlock, in Stanislaus County. The street address for the subject is 1040 Flower Street. Flower Street and Alaska Street are both two lane, two directional streets that lend access to properties improved with single-family and low-density style multifamily developments located in a predominately residential neighborhood situated just to the east of the City's downtown core area. The subject shares its southern and eastern boundaries with improved residential properties. Soderquist Ballfield is situated across Alaska Street to the west of the subject. The nearest commercial services are concentrated along W. Main Street, which borders the neighborhood to the south, and provides access to CA-99, located about one half of a mile to the west.

The assessor's parcel number (APN) for the subject is 061-003-017. The subject's lot size was not identified on the assessor's parcel map. A summary of the public record reviewed for the subject indicates an area of 64,517 square feet or approximately 1.48 acres. The site is generally rectangular in shape and it is flat, level and at street grade. A curb cut on Flower Street gives access to the subject. Curb, gutter and sidewalk are partially improved along both street frontages. The City provides water and sewer service, as well as solid waste hauling. Electrical service is provided by Turlock Irrigation District (TID), and natural gas is provided by PG&E.

Improvement Description

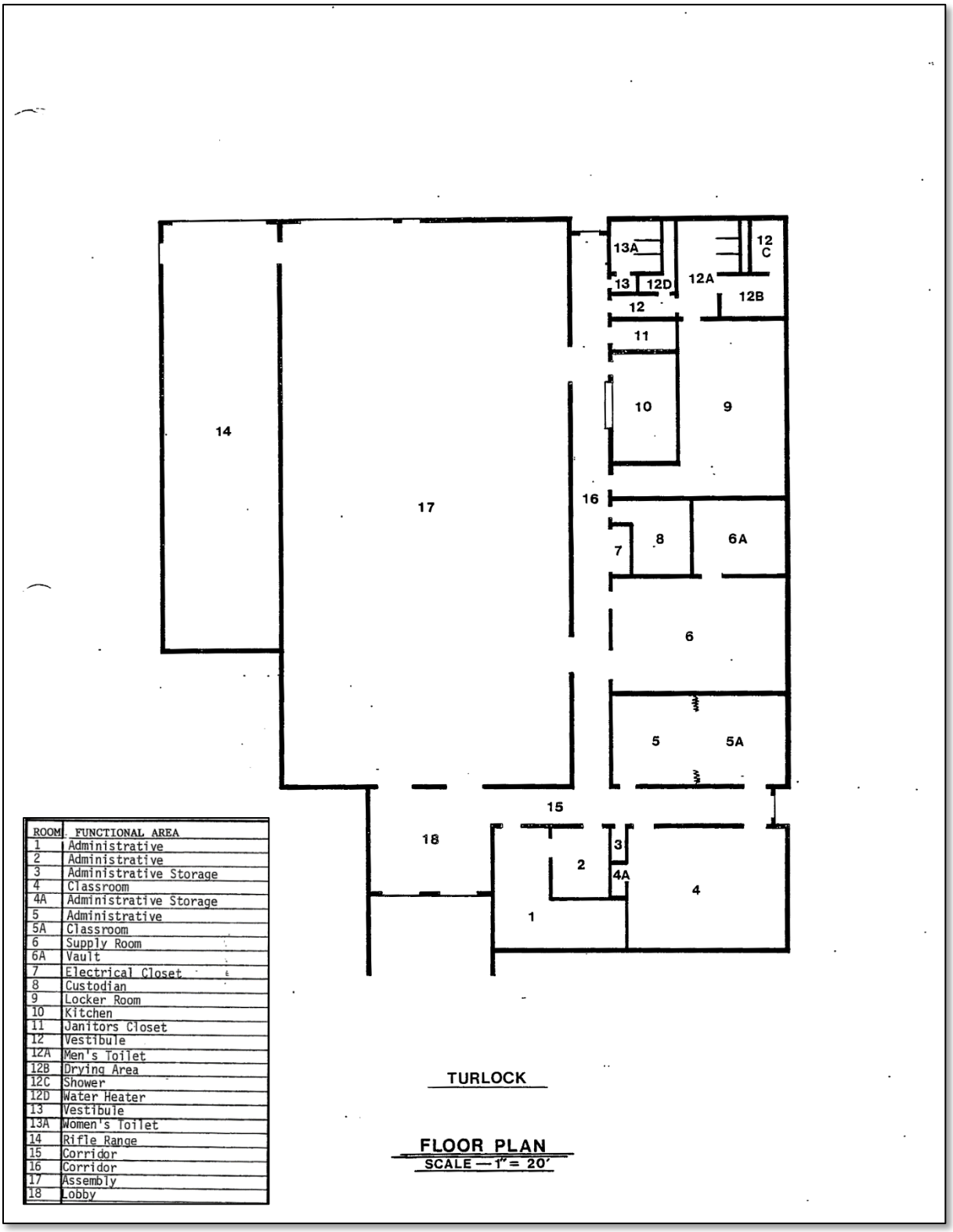
The subject is improved with a one-story building of masonry construction. The building was constructed in 1963 and has had minimal updating. Based on my observations at the time of inspection, the effective age has been determined to be commensurate with the chronological age, 56 years. The building is 11,918 square feet, based on measurements taken at the time of the site visit. A sketch of the building appears on a following page and area calculations are included in the Addenda. The exterior masonry walls of the building have various stamped decorative patterns and are painted. The main entrance to the building is located on the side facing Flower Street and there are additional exterior man doors on the other elevations. Two 12 foot by 16 foot grade level doors are accessed from a secured rear yard area. There is a bank of windows at the front of the building and the side facing Alaska Street, including those located under the roof line where natural light enters into an area of the building with an approximately 18 foot clear height. The roof deck is flat and built-up with an unknown material. The age of the roof was not discovered. Past roof leaks were evident from stained ceiling tiles visible from the interior. There was evidence that the roof had been repaired and the tenant's representative indicated that roof was water tight.

Approximately half of the building has been partitioned with walls from floor to ceiling with various rooms that are connected by two corridors. This area of the building was used for offices, and it also included a room for food preparation and separate men's and women's lavatories with multiple fixtures in each. The men's restroom was expanded to include showers and a changing area. A secured weapons vault was also part of this area of the building. The other half is comprised of two large rooms that currently resemble warehouse space, but in its use as an

armory, had been used as a gun range and an area of assembly. Interior finish is minimal. Wall surfaces are mostly exposed concrete block or other masonry that has been painted. Floor coverings are laminate or tile, but otherwise sealed concrete. There is drop ceiling in some areas consisting of acoustic tiles and recessed lights, or open to the roof deck with hanging florescent fixtures. The building is climate controlled with a central forced air system, which had been recently replaced, and various window mounted air handlers for cooling. A few self-contained heating units were observed in some of the rooms that do not appear to be functional. No fire sprinklers were observed. Power to the building is 225 amps, 600 volts.

The subject's floor area ratio (FAR) is 0.18. Outside the area of the site not covered by the footprint of the building is paved with asphalt or concrete, or is designated for landscaping. The asphalt is cracked and starting to deteriorate in some areas and needs to be sealed. A portion of the asphalt-paved area is striped for 40 parking spaces or a ratio of 3.36 spaces per 1,000 square feet of building area. The portion of the paved area not being used as a parking lot has been fenced. The site is illuminated by pole mounted florescent fixtures. Within the fenced area is a 50 foot by 58 foot metal utility building and an 8.25 foot by 10.5 foot hazardous materials (hazmat) shed. Landscaping areas are mostly barren with a few mature trees. No irrigation system was observed.

Floor Plan/Property Sketch



ROOM	FUNCTIONAL AREA
1	Administrative
2	Administrative
3	Administrative Storage
4	Classroom
4A	Administrative Storage
5	Administrative
5A	Classroom
6	Supply Room
6A	Vault
7	Electrical Closet
8	Custodian
9	Locker Room
10	Kitchen
11	Janitors Closet
12	Vestibule
12A	Men's Toilet
12B	Drying Area
12C	Shower
12D	Water Heater
13	Vestibule
13A	Women's Toilet
14	Rifle Range
15	Corridor
16	Corridor
17	Assembly
18	Lobby

Note: Area calculations are included in the Addenda.

Title and Property History

A preliminary title report for the subject property has not been provided for use in this assignment. According to public records, the subject's fee ownership is vested in the City of Turlock. This appraisal assumes that a current title report would not reveal any conditions that affect market value.

The subject has been under the same ownership for more than five years. The owner is contemplating offering the property for sale but it is not at present.

The subject property is currently leased and occupied by the California National Guard 149th Chemical Company. A lease agreement has not been provided for review; however, as previously stated, the tenant desires to terminate the lease and the purpose of this appraisal is to furnish an opinion of the market value of the fee simple interest in the subject real property. Therefore, at the request of the Client, a hypothetical condition has been made that the subject property was not leased on the date of value.

The subject building was constructed on the site in 1963 and has been used as an armory, occupied by the California National Guard since the early 1970s until present day; however, much of the property has been vacated. Prior uses of the site were agricultural.

Existing Easements

There are no known easements that encumber the subject property. It is recommended that a title report be ordered and reviewed prior to any financial decisions being made pertaining to the subject property.

Flood Hazard Information

The subject property is in a mapped area designated to be in Flood Zone X by the Federal Emergency Management Agency (FEMA). Flood Zone “X” is defined as areas of minimal flood hazard, usually depicted on FEMA Flood Insurance Rate Maps as above the 500-year flood level. The FEMA Flood Zone Map Panel is 06099C0825E and the effective date is September 26, 2008.

Earthquake Information

All properties in California are subject to some degree of seismic risk. The Alquist-Priolo special Studies Zone Act of 1972 was enacted by the State of California to regulate development near active earthquake faults. The Act required the State Geologist to delineate “special studies zones” along known active faults in California. Cities and counties affected by the identified zones must limit certain development projects within the zones unless geologic investigation demonstrates that the sites are not threatened by surface displacement from future faulting.

According to the California Department of Conservation, California Geological Survey, the subject property is not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act. Related development limitations, therefore, do not apply.

Environmental Assessment

A Phase II Environmental Site Assessment (ESA) prepared by Rincon Consultants, Inc. for the subject property, dated February 21, 2017, was reviewed and the report appears in the Addenda (excluding the Appendix). The purpose of the Phase II ESA was to assess subsurface soil for potential impact from organochlorine pesticides (OCPs), metals, volatile organic compounds (VOCs), and total petroleum hydrocarbons (TPH) based on the San Francisco Bay Regional Water Quality Control Board (SFRWQCB) Environmental Screening Level (ESL) acceptance criteria for commercial/industrial use. Note: According to the SFRWQCB*, "…direct-exposure assumptions incorporated into the soil ESLs for commercial/industrial land use assume shorter, less frequent exposure for receptors compared to assumptions used for residential land use receptors."* Considering the age and historic use of the subject property, it was also sampled for lead and asbestos in the structures. Based on the results of the Phase II ESA, Rincon has concluded that soil having elevated chlordane be removed and disposed offsite if people are to come in contact with this area; lead dust be removed from the interior of the building in the area previously used as a gun range, and that it be conducted under the guidance of an Independent State Certified Consultant; and that any renovation/demolition activities be considered "lead related construction work" in accordance with OSHA CCR Title 17, division 1, chapter. 8, article 1. It is also stated in the report that should the future use of the subject property differ, that an additional subsurface assessment may be warranted to further characterize the extent of impact from OCPs.

Zoning and General Plan of the Subject Property

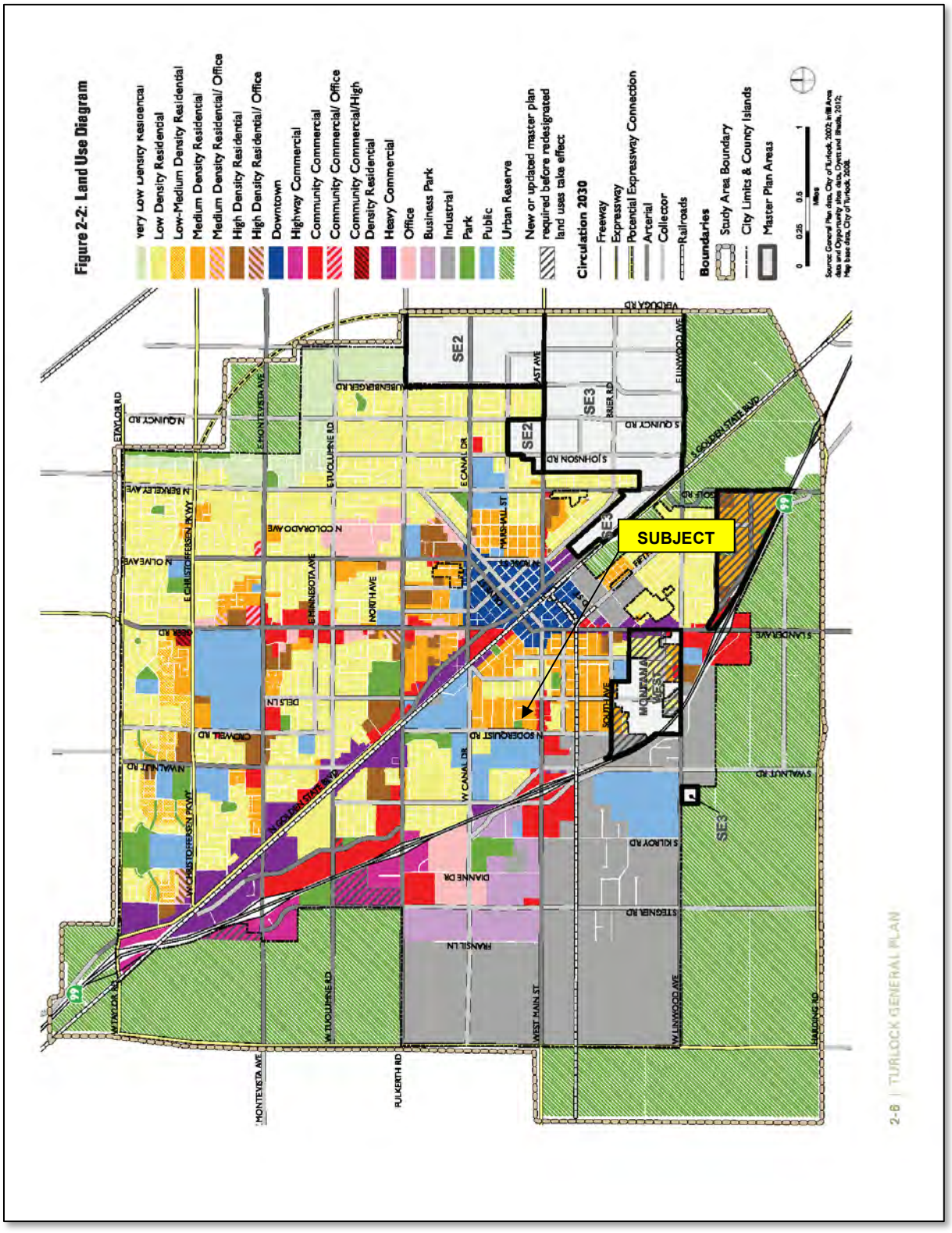
Utilization of the subject real property is regulated by the City of Turlock Municipal Code. The laws that govern the use of the land are the zoning ordinance and General Plan.

Zoning	General Plan	Current Use
P-S – Public & Semi-Public	Public / Institutional (PUB)	Armory

The zoning category for the subject is P-S – Public & Semi-Public, which is consistent with the General Plan land use designation of Public / Institutional (PUB). The PUB classification is applied to the City's major public and private institutional uses, including public safety facilities, public schools, California State University Stanislaus (CSUS), the State fairgrounds, and other prominent public uses and facilities. Private schools are also permitted with a minor discretionary permit under the P-S zoning, in addition to other assembly type uses, including religious facilities, clubs / lodges, or day care centers. The subject's current use as an armory is a permitted use.

The reason the subject has been zoned and general planned Public is because of its current use as an armory. It is stated in the zoning ordinance under the P-S zoning that the Planning Commission and City Council will be allowed to consider the most appropriate use of a site following discontinuance of a large public or semipublic use without the encumbrance of a base zoning district that may or may not provide appropriate regulations for reuse of the site. According to City planning staff, the likely use of the subject property, as if vacant, would be residential that conforms to the neighborhood. With the exception of Soderquist Ballpark, the properties in the vicinity of the subject have a General Plan designation of Medium Density Residential, allowing for single-family and multifamily developments with a permitted density in the range of 7 to 15 dwelling units per acre (see the General Plan Land Use Diagram presented on the following page). This appraisal assumes that a General Plan amendment would be approved by the City and zoning changed for the subject property to conform with the Medium Density Residential land use designation.

General Plan Map



Note: City planning department staff has indicated that the subject is incorrectly designated MDR on the Land Use Map.

Highest and Best Use Analysis

The following definition of the term "Highest and Best Use" provides a reasonable basis for analyzing the subject property:

The reasonable, probable and legal use of vacant land or improved properties which is physically possible, appropriately supported, financially feasible, and results in the highest value.

Inherent in this definition are the following four criteria:

Legally Permissible: What uses are permitted, given existing deed and lease restrictions, zoning, building codes, historic controls, and environmental regulations?

Physically Possible: What uses of the site are possible, given the physical characteristics as revealed in the site analysis?

Financially Feasible: Which possible and permissible uses will produce positive net income from the development of the site after paying operating expenses and other financial obligations?

Maximally Productive: Which financially feasible use will provide the highest value or rate of return on investment?

The primary purpose of the highest and best use analysis is to identify the most productive, competitive use to which the property can be put. This analysis is done in two parts. The first part considers the possible uses of the site as if vacant. The second part evaluates the improvements to determine if they represent the highest and best use or if they should be modified.

Another purpose of the highest and best use analysis is to assist in defining the scope of the appraisal. In investigating the highest and best use, items that affect value such as accrued depreciation and functional and external obsolescence are identified. Also, by defining the highest and best use the selection of the comparable sales is narrowed, as they typically have the same or similar highest and best use.

Based on the four tests of legally permissible, physically possible, financially feasible, and maximally productive, the highest and best use of the subject has been analyzed as if vacant and as improved.

As If Vacant

The subject property is zoned Public & Semi-Public and has a General Plan land use designation of Public / Institutional. Uses allowed under this classification that are economically viable are limited. However, as previously indicated in the prior report section, it is stated in the General Plan that "designation of any future public or institutional site that has not been acquired shall not be construed to limit the existing or future use of the designated land, and that the predominant land use designation surrounding any property designated for public facilities shall be used to

determine the potential use of the property prior to its acquisition by the applicable governmental agency or private institution." This appraisal assumes that if made available for sale on the open market a General Plan amendment would be approved by the City and zoning changed for the subject property to conform with the Medium Density Residential land use designation, allowing for single-family and multifamily developments with a permitted density in the range of 7 to 15 dwelling units per acre. Physically, the subject property could accommodate a residential project at the highest permitted density that is legally allowed. There were virtually no homes being built in cities throughout the region during the most recent recession through the 2014-2015 timeframe, but despite the resurgence of demand for new homes, as discussed in a previous report section, development of the subject with a residential development is still speculative at this time, given the subject's infill, low-income housing location, and the amount of land available throughout the region in new growth areas. This is supported by the fact that most of the comparable land sales used in the following analysis were not purchased for immediate development. It has been concluded that improving the subject property with a multifamily development at the maximum density allowed under the zoning and that is accepted by the market, is the highest and best use of the subject (as if vacant); however, the development timeline is uncertain.

As Improved

The subject property is currently improved with a one-story concrete block building with an interior built-out for use as an armory. The subject improvements were constructed in 1963 and have had minimal updating. Based on my observations at the time of inspection, the effective age has been determined to be commensurate with the chronological age, 56 years. The subject improvements also suffer from functional obsolesce with regard to the interior built-out for use as an armory; the gun range has been adapted to warehouse use, but the weapons vault has no use to a typical user. Also, the subject's location in a predominately residential neighborhood results in external obsolesce since the potential uses of the subject improvements are limited. However, the value as multifamily land does not exceed the value of the improved property. The local housing market has been steadily improving, as previously discussed, and at some point the highest and best use will be to scrape the existing improvements and develop the site with a multifamily project. The concluded highest and best use of the subject (as improved) is for continued use of the existing improvements until redevelopment of the site becomes feasible in approximately 5 to 10 years.

Valuation

Valuation Methodology

There are three generally recognized approaches considered in the valuation of real property. These are the cost approach, sales comparison approach, and income approach. The type and age of the property and the quantity and quality of the available data affect the applicability of each approach in a specific appraisal situation.

The **Cost Approach** estimates, through support sources, the cost of constructing the subject improvements. Accrued depreciation from all causes is estimated and deducted from the estimates of cost new of the improvements. The market value of the land is added to this depreciated cost estimate to indicate the value of the subject property by the cost approach. The **Land Value Estimate** in the valuation process is usually a separate step, which is generally accomplished through the application of the sales comparison approach. The land value conclusion is then incorporated into the cost approach.

The **Sales Comparison Approach** involves a search for recent sales of properties similar to the subject. The prices paid for these properties provide the basis for estimating the value of the subject by comparison. Adjustments are made for the differences in the properties as they compare to the subject. A correlation of the data provides a value estimate for the subject. This is the most used, and considered the most reliable, approach to estimating the value of land.

The **Income Approach** looks at the relationship between a property's income producing ability and the value buyers and sellers assign to the income. An estimate is made of the market rent to indicate an annual gross income. Estimated fixed and variable operating expenses are deducted from the annual gross income to provide an annual net operating income. An indicated value of the subject is derived through direct capitalization of the indicated net income by a market derived overall rate or through the use of the discounted cash flow technique.

Reconciliation involves consideration of the relevance and influence of each approach in relation to the actions of typical users and investors of properties and particularly the subject property. The three indications of value are discussed and reconciled into a final conclusion of market value.

Two of the three approaches to value have been utilized in the valuation of the subject property. The sales comparison approach revealed that this market is primarily made up of owner users, and therefore, since properties similar to the subject are not typically purchased as investment properties, the income approach was not utilized. The sales comparison approach was used, considering the quality and quantity of the comparable sales data found in the market. Considering that subject improvements are close to being fully depreciated, and nearing the end of their remaining economic life, the cost approach was also considered to be a reliable value indicator, and also used in the valuation of the subject property.

Cost Approach

The cost approach to value utilizes the estimated replacement cost of the improvements, less accrued depreciation from all causes, plus the estimated indirect costs such as interest, financing carrying costs and entrepreneurial incentive. The estimated land value is then added to the depreciated value of the improvements to determine the value of the property being appraised.

Land Value

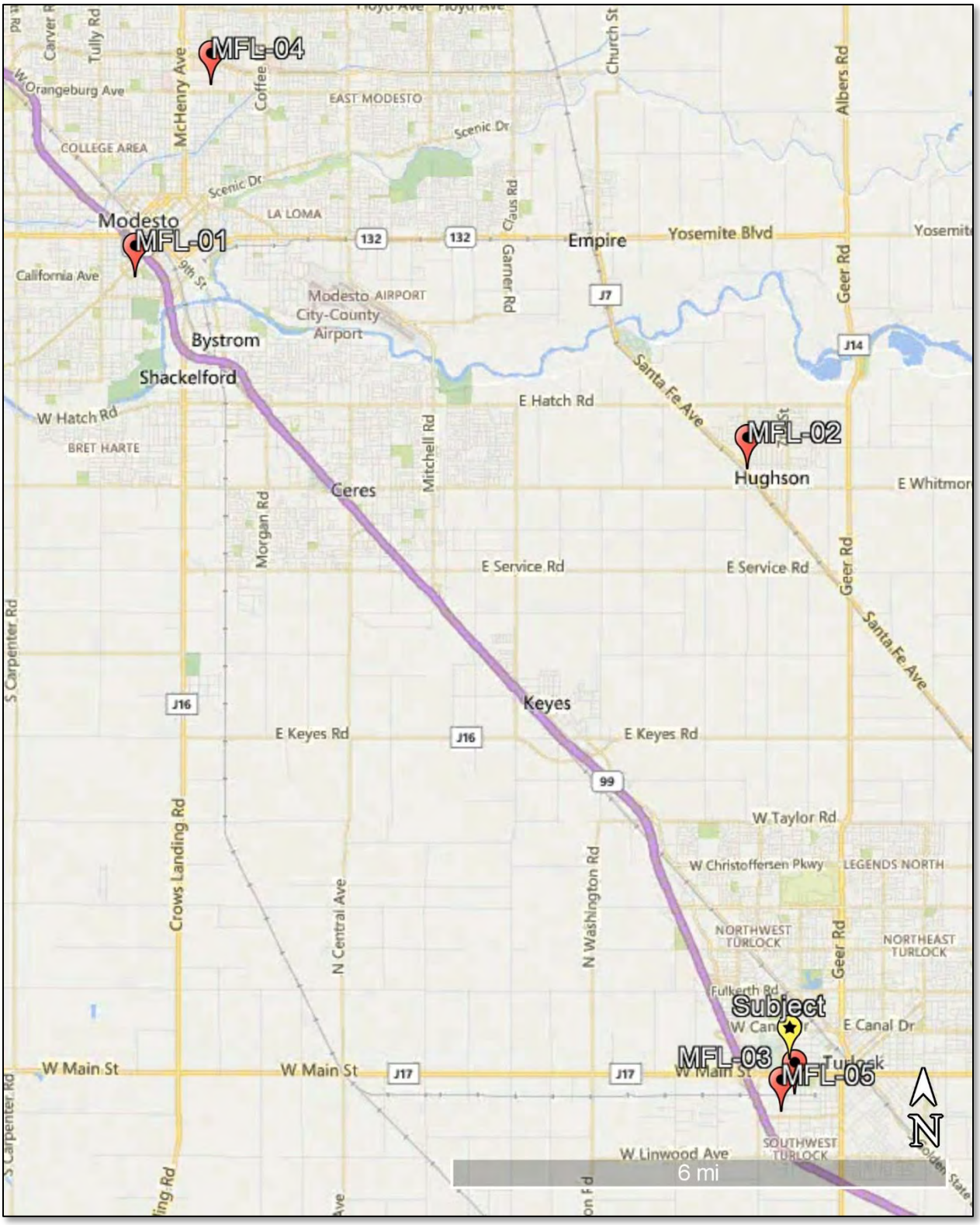
The first step of the cost approach is to establish land value. This is accomplished through the sales comparison approach. The highest and best use as if vacant for the subject property is for development of a multifamily project at a density consistent with the surrounding neighborhood.

A search was made for comparable land sales that transacted over the past few years throughout Stanislaus County, with emphasis on those zoned for multifamily, allowing densities in the range similar to that of Turlock's General Plan designation of Medium Density Residential (7.0 to 15.0 du/ac). The following table displays a summary of the selected sales reflecting the actions of buyers and sellers in the marketplace and judged to be most representative of current market conditions for the subject property. A location map and comparable data sheets, including photographs for each comparable sale, are presented on the following pages, and assessor's parcel maps are included in the Addenda.

Sales Data Summary

No.	Address City, State APN	Type of Transaction COE	Parcel Size (Acres) (Sq. Ft.)	Zoning General Plan	Sales Price *$/Sq. Ft. (Land)*
MFL-01	Sierra Drive Modesto, CA 103-022-001	Pending Sale Est. 7/15/19	0.57 24,829	TND Mixed Use	$120,000 *$4.83*
MFL-02	2230 Santa Fe Avenue Hughson, CA 018-036-001	Sale 04/24/19	0.47 20,247	R-3 High Density Residential	$75,000 *$3.70*
MFL-03	337 N. West Avenue Turlock, CA 050-003-042	Sale 04/26/19	2.65 115,434	R-M Medium Density Residential	$185,000 *$1.60*
MFL-04	416 E Coolidge Avenue Modesto, CA 031-006-011	Sale 04/20/17	0.71 30,690	R-3 Mixed Use	$210,000 *$6.84*
MFL-05	1150 Angelus Street Turlock, CA 050-005-059	Sale 04/14/17	0.84 36,624	R-M Medium Density Residential	$95,000 *$2.59*
Subject	1040 Flower Street Turlock, CA 061-003-017	**DOV** 06/19/19	1.48 64,517	P-S Public /Institutional *HBU (As if Vacant) assumes R-M*	

Comparable Land Sale Location Map



Comparable Land Sale Data Sheet

MFL-01

Property Type	Multi-family - Land
Type of Transaction	Pending Sale
COE	Est. 7/15/19
Sales Contract Date	06/03/19
Sales Price	$120,000
$/Sq. Ft. (Land)	$4.83
Address	Sierra Drive
City, State	Modesto, CA
Zip	95350
APN	103-022-001
Buyer	Not Discovered
Seller	Thuan K. Tieu
Document #	Not Recorded
Terms	Cash to Seller
Parcel Size (Acres)	0.57
Parcel Size (Sq. Ft.)	24,829
Approx. Dimensions	Triangular
Utilities	All at Street
Zoning	TND
General Plan	Mixed Use
Density	14 du/ac (avg)
Entitlements	None
Verified By	Alicia Jimenez - Listing Agent
Contact Info.	209-312-1015

Comments

The property is located in a residential neighborhood that was mostly built-out in the 1920s, situated to the southwest of CA-99 and the downtown area. The property fronts onto 2nd Street and G Street, in addition to Sierra Drive. The parcel had been city owned in the past and was at one time proposed to become a fire station but no development ever occurred and it has remained vacant land. The property was on the market for only 20 days and had some interest. The buyer plans on developing 8 apartment units (14 du/ac) on the site.

Comparable Land Sale Data Sheet

MFL-02

Property Type	Multi-family - Land
Type of Transaction	Sale
COE	04/24/19
Sales Contract Date	01/21/19
Sales Price	$75,000
$/Sq. Ft. (Land)	$3.70
Address	2230 Santa Fe Avenue
City, State	Hughson, CA
Zip	95326
APN	018-036-001
Buyer	Richard A. and Autumn Daniel
Seller	Lynn Winkleman (et al)
Document #	2019-0024853
Terms	Cash to Seller
Parcel Size (Acres)	0.47
Parcel Size (Sq. Ft.)	20,247
Approx. Dimensions	Generally Rectangular
Utilities	All at Street (See Comments)
Zoning	R-3
General Plan	High Density Residential
Density	10.1 to 27.0 du/ac
Entitlements	None
Verified By	Tricia Martinho - Associate Listing Agent
Contact Info.	209-668-0501

Comments

The property is located within the city limits of Hughson on the corner of a fairly busy intersection. The site was a gas station many years ago and still has an old capped water meter and electrical meter that reportedly might not work. Frontage lacks curb, gutter and sidewalk improvements. This property was purchased by the owner of the adjacent parcel, initially for assemblage but may redevelop the site with a higher density project. The property was on the market for 48 days and had a decent amount of interest.

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Comparable Land Sale Data Sheet

MFL-03

Property Type	Multi-family - Land
Type of Transaction	Sale
COE	04/26/19
Sales Contract Date	30 day escrow
Sales Price	$185,000
$/Sq. Ft. (Land)	$1.60
Address	337 N. West Avenue
City, State	Turlock, CA
Zip	95380
APN	050-003-042
Buyer	LUMAJU Properties LLC
Seller	Stanislaus County Affordable Housing Corporation
Document #	2018-0028533
Terms	Cash to Seller
Parcel Size (Acres)	2.65
Parcel Size (Sq. Ft.)	115,434
Approx. Dimensions	Generally Rectangular
Utilities	All at Street
Zoning	R-M
General Plan	Medium Density Residential
Density	7.0 to 15.0 du/ac
Entitlements	None
Verified By	Carry Pope - Listing Broker
Contact Info.	209-456-6297

Comments

This property sold to Stanislaus County Affordable Housing Corporation who resold the property on 5/8/18 for $300k. The broker claims the buyer had a larger project underway and had to offload this property quickly, but they had initially wanted to develop affordable housing. The property was on the market a few years and had little interest. The area is reportedly less desirable and the railroad tracks may have impacted the sales price as well. The street frontage along the parcel is unimproved.

ARWS ASSOCIATED RIGHT OF WAY SERVICES, INC.

Comparable Land Sale Data Sheet

MFL-04

Property Type	Multi-family - Land
Type of Transaction	Sale
COE	04/20/17
Sales Contract Date	03/15/17
Sales Price	$210,000
$/Sq. Ft. (Land)	$6.84
Address	416 E Coolidge Avenue
City, State	Modesto, CA
Zip	95350
APN	031-006-011
Buyer	Housing Authority of the County of Stanislaus
Seller	Bobby Christoulakis
Document #	2017-0028256
Terms	Cash to Seller
Parcel Size (Acres)	0.71
Parcel Size (Sq. Ft.)	30,690
Approx. Dimensions	Rectangular
Utilities	All at Street
Zoning	R-3
General Plan	Mixed Use
Density	14 du/ac (avg)
Entitlements	See Comments
Verified By	Debbie Kelly - Listing Broker
Contact Info.	209-996-3465

Comments

This property was on the market for 201 days and had a lot of interest and offers, but the Housing Authority ended up outbidding all. There were a few single family homes on the property that were demolished a few years ago. The buyer plans on developing affordable housing of 10 townhomes with carports. The townhome plans were already in place from the seller and the site was graded. The area is desirable and has a few new multi-residential developments and rents are reported to be increasing at a healthy rate.

Comparable Land Sale Data Sheet

MFL-05

Property Type	Multi-family - Land
Type of Transaction	Sale
COE	04/14/17
Sales Contract Date	Not Discovered
Sales Price	$95,000
$/Sq. Ft. (Land)	$2.59
Address	1150 Angelus Street
City, State	Turlock, CA
Zip	95380
APN	050-005-059
Buyer	Darshan Gill
Seller	Farmers & Merchants Bank of Central California
Document #	2017-0027022
Terms	Cash to Seller
Parcel Size (Acres)	0.84
Parcel Size (Sq. Ft.)	36,624
Approx. Dimensions	Rectangular
Utilities	All at Street
Zoning	R-M
General Plan	Medium Density Residential
Density	14 du/ac (avg)
Entitlements	None
Verified By	Public Records
Contact Info.	n/a

Comments

The property is located on the fringe of a residential district and Soderquist Road , a major thoroughfare which the property also has frontage on, separates the site from heavy industrial uses. The property was an REO, but any particular motivation on behalf of the seller is unknown. Details about the transaction was obtained from public records and a recorded deed. The property had been openly marketed for a list price of $115,000, which was obtained from a marketing flyer, for an unknown period of time.

Sales Data Analysis

Adjustments are made to the comparable sale prices for the differences in the properties as they compare to the subject. A number of adjustments were considered for the analysis of the comparable data in relation to the subject property. The comparable data has been adjusted for inferior and superior characteristics. For Example: where a comparable had an inferior characteristic, a positive (+) adjustment to the comparable was made. Where the comparable had a superior characteristic, a negative (-) adjustment was made to the comparable. Adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale, expenditures incurred by the buyer immediately after the sale, and market conditions at the time of sale. Adjustments for location characteristics, physical characteristics, use and non-realty components of value are subsequently added and applied.

A summary of the adjustments made to the comparable sales for the various factors affecting land value, as compared to the subject, is included in the table below, followed by a discussion that expands upon the adjustments made in greater detail. Embolden and/or larger font denotes a more significant adjustment.

Comparable	MFL-01	MFL-02	MFL-03	MFL-04	MFL-05
	Sierra Dr Modesto, CA	*2230 Santa Fe Ave Hughson, CA*	*337 N. West Ave Turlock, CA*	*416 E Coolidge Ave Modesto, CA*	*1150 Angelus St Turlock, CA*
Sale Date	Est. 7/15/19	Apr-19	Apr-19	Apr-17	Apr-17
Sales Price	$120,000	$75,000	$185,000	$210,000	$95,000
Parcel Size (Acres)	0.57	0.47	2.65	0.71	0.84
Sales Price / Sq. Ft.	$4.83	$3.70	$1.60	$6.84	$2.59
Property Rights Conveyed	Ø	Ø	Ø	Ø	Ø
Financing Terms	Ø	Ø	Ø	Ø	Ø
Conditions of Sale	Ø	Ø	Positive	Ø	Positive
Expenditures After Purchase	Ø	Ø	Ø	Ø	Ø
Market Conditions (Time)	Ø	Ø	Ø	Positive	Positive
Location	Ø	Positive	Ø	Negative	Positive
Size	Negative	Negative	Positive	Negative	Negative
Site Utility / Constraints	Ø	Ø	Positive	Positive	Ø
Utilities / Off-Sites	Ø	Positive	Positive	Positive	Positive
Entitlements	Ø	Ø	Ø	Negative	Ø
Land Use / Zoning	Ø	Ø	Ø	Ø	Ø
Net Adjustment	**Negative**	**Positive**	**Positive**	**Negative**	**Positive**

MFL-03 resold immediately following this transaction for a much higher price. The listing agent was not privy to all the details but did indicate that the sale was arm's length and it was an apparent direct deal between the buyer and seller. The subsequent sale of MLF-03 could not be confirmed with a party to the transaction but is considered to be an indicator that MLF-03 sold for a below market price, which is supported by the other comparable data, warranting an upward adjustment. An upward adjustment has also been applied to MFL-05 for conditions of sale because of seller motivation, being that it was bank-owned.

MFL-04 and MFL-05 sold at a time of inferior market conditions than that on the date of value, which is supported by data presented in a previous report section, warranting upward

adjustments. No adjustments have been applied to the other comparables for this factor, which each sold within the past few months.

The subject is located in a residential neighborhood that consists of a mix of detached single-family and multifamily developments that were mostly constructed pre-1950s. MFL-03 and MFL-05 are located in the same general area as the subject, but MFL-03 is situated adjacent to railroad tracks and MFL-05 is located across the street from heavy industrial uses, warranting upward adjustments for these negative external influences. MFL-02 is located in Hughson, judged to rate inferior overall, which is compounded by the fact that the property is on a high-traffic corner, and an upward adjustment has been applied to this comparable. MFL-04 is located in Modesto in an older residential neighborhood similar to the subject but that is undergoing redevelopment, judged to rate superior, warranting a downward adjustment. No adjustment has been applied to MFL-01 for this element of comparison.

With the exception of MFL-03, the comparable sales are significantly smaller than the subject in terms of size, warranting downward adjustments based on the law of diminishing returns, which dictates that smaller multifamily sites transact at a higher price on a per unit basis and vice versa. Conversely, MFL-03 is much larger, warranting an upward adjustment

The subject site is level in topography, is generally rectangular shape, and has ample street frontage, given its corner location. All of the comparables have flat, level sites. MFL-03 and MFL-04 are long compared to their width, with relatively limited street frontage, are judged to rate inferior to the subject in terms of their site utility, warranting upward adjustments. No adjustments appeared to be warranted to the other comparables for this factor; MFL-01 has a triangular shape, but has frontage on three streets which has been determined would counteract any development challenges caused by its irregular shape.

The subject property's street frontage is improved with curb, gutter and sidewalks. If developed, with the exception of MFL-01, frontage improvements would need to be completed along the right-of-way of the other comparables, warranting an upward adjustment.

MFL-04 sold with plans for 10 multifamily units, which is the intended use of the buyer, and the site graded, warranting a downward adjustment. The other comparables sold as raw land.

No adjustments were judged to be warranted for differences in zoning, which permit similar residential densities.

Land Value Conclusion

The unit selling prices of the comparables range from $1.60 to $4.83 on a per square foot basis. After adjusting for the various factors considered for this type of property, as compared to the subject, the unit value range narrows to between $3.70 and $4.83 per square foot, as indicated by MFL-02 and MFL-01, respectively. Based on the prior analysis and discussion, the unit market value of the subject land is concluded to be $4.00 on a per square foot basis, when applying the sales comparison approach.

The estimated market value of the subject's underlying land is as follows:

$4.00/Sq. Ft. x 64,517 Sq. Ft. = **$258,068**

Improvement Value

Replacement Cost New

The next step of the cost approach is to establish improvement value. Replacement costs can be estimated with reasonable accuracy using published cost data. The comparative unit method has been employed using Marshall Valuation Service (MVS) data published by Marshall and Swift.

Base building costs (direct costs) indicated by MVS are refined. By making these refinements, using various multipliers, the direct building cost is indicated. Some items are not accounted for in the direct building cost estimate and the cost for these items is estimated separately using the segregated cost sections of the MVS cost guide. The total estimated structural improvement replacement cost is **$1,871,517** (see cost approach summary displayed at the end of this report section).

In addition to direct building costs, MVS data accounts for some indirect costs including, architectural and engineering fees, which include plans, plan check, and nominal building permits and surveying; normal construction loan fees and interest during typical course of construction; sales tax on materials; utilities from the lot line to the structure for typical setbacks; contractor overhead and profit; and costs of typical site preparation.

Some costs are not included in the MVS estimate and must be added, which might include costs of buying or assembling land such as escrow fees, legal fees, property taxes, right of way costs, demolition, storm drains, or rough grading, are considered costs of doing business or land improvement costs; costs of land planning or preliminary concept and layout for large developments inclusive of developer's overhead and profit are not included, nor is interest or taxes on the land, feasibility studies, E.I.R., hazardous material testing, appraisal or consulting fees, etc.; yard improvements including septic systems, signs, landscaping, paving, walls, yard lighting, etc.; and off site costs including roads, utilities, park fees, jurisdictional hook-up, tap-in or impact fees and assessments, etc.

Research into the various indirect costs not included in the MVS cost data leads to the conclusion that an average commercial property in the subject market requires an allowance of about **15.0%** of the total direct costs.

The total estimated replacement cost new of all of the buildings and site improvements is **$2,728,638**, which includes an estimate of entrepreneurial incentive. The cost approach fundamentally implies that a developer would undertake the construction of a project with the same functional utility as the subject property. In order for a developer to take on the project, some enticement, known as *entrepreneurial incentive*, would be considered as an anticipation of profit after completion and sale of the project. In this appraisal, entrepreneurial incentive was estimated at **10.0%**.

Accrued Depreciation

Accrued Depreciation is the difference between the replacement cost of the improvements on the date of value and the market value of the improvements on the same date. The components that make up accrued depreciation are physical deterioration (curable and incurable short-lived and long-lived), functional obsolescence (curable and incurable), and external obsolescence.

Physical Deterioration is an estimate of the diminution in value resulting from the passage of time, exposure to the elements, and wear and tear. Curable physical deterioration can be cured at a cost that is less than the value gained by curing. Incurable physical deterioration cannot be cured at a cost that is less than the value gained by curing. Curable physical deterioration is also called deferred maintenance. It involves repairs that need immediate attention, such as a leaky roof for example.

Depreciation is incurable if the cost to cure is more than the economic benefit derived. This does not mean that it is physically impossible to cure. For example, a roof that is beginning to deteriorate is considered to be incurable physical deterioration (short-lived in most cases) until its degree of deterioration is such that the roof leaks cannot be repaired at a moderate cost. At this point it becomes curable physical deterioration.

Incurable Short-lived items are the building components that are expected to have a remaining economic life that is shorter than the remaining economic life of the structure. These items suffer from physical deterioration, but they are still adding value to the structure and have not yet reached the end of their economic lives.

Incurable long-lived items are the building components contributing value that are expected to have a remaining economic life that is the same as the remaining economic life of the entire structure.

At the time of inspection, the condition of the subject improvements was fair overall, as described in more detail in a previous report section. The major structural components of the armory *(foundation, load bearing walls, etc.)* were constructed 56 years ago. According to MVS, the subject buildings have surpassed their typical life expectancy. However, renovation, rehabilitation, and remodeling will extend the economic life of a building and it was observed in the competing market that older buildings of this product type exist beyond the life expectancies reported by MVS.

Functional obsolescence is a loss in value resulting from a defect, deficiency or superadequacy as determined in the market. It can also be attributed to obsolete materials and construction standards. The problem may be curable or incurable.

The subject's weapons vault is specific to the use as an armory and may contribute value to the value in use but not to a typical user of the property and has been determined to be a source of incurable functional obsolescence. The amount of functional obsolescence is measured by calculating the direct and indirect construction cost of the vault, without consideration of entrepreneurial incentive (which has been deducted as external obsolescence, as discussed below).

The diminished utility of a structure or improvements resulting from negative influences outside the site boundaries is called external obsolescence. Although both the land and improvements are affected by external obsolescence, the land value estimated previously accounts for these factors as they affect the lot. Therefore, obsolescence estimated here applies only to the improvements.

It was determined previously that 10% of the total direct and indirect cost of the project is a reasonable incentive to induce development. However, in the case of the subject, external obsolescence results from the lack of entrepreneurial profit that would be realized in the current market due to the subject's location. The subject property is located in predominately residential neighborhood, which significantly limits the potential uses of the subject improvements. Therefore, external obsolescence matching entrepreneurial incentive is applied.

Considering all the components of accrued depreciation discussed above, total accrued depreciation for the subject improvements was estimated to be **90%** of the total replacement cost new.

Cost Approach Conclusion

The estimated market value of the subject property using the cost approach, as shown on the cost approach summary displayed on the following page, is **$530,864**.

Estimated Market Value	
Using the Cost Approach:	**$531,000 (Rounded)**

ARWS ASSOCIATED RIGHT OF WAY SERVICES, INC.

COST APPROACH SUMMARY

Building Component	Armory	Light Commercial Utility	Toolshed		
MVS Section/Page	14 / 22	17 / 12	17 / 12		
MVS Class/Type	C / Good-Avg	S / Low Cost	D / Avg		
Component Sq. Ft.	11,918 SF	2,900 SF	86 SF		
Base Square Foot Cost	$110.00	$14.60	$13.75		
Base Cost Subtotal	*$1,310,980*	*$42,340*	*$1,183*		
Refinements					
Height Multiplier	1.071	1.058	1.000		
Perimeter Multiplier	0.994	0.943	1.000		
Subtotal	*$1,395,635*	*$42,242*	*$1,183*		
Additions					
None					
Subtotal	*$1,395,635*	*$42,242*	*$1,183*		
Cost Multipliers					
Current Cost Multiplier	1.05	1.01	1.02		
Local Multiplier	1.24	1.24	1.24		
Building Component Cost	$1,817,117	$52,904	$1,496		**$1,871,517**
Base Building(s) Cost					$1,871,517
	Cost/Unit		**Units**		
Site Improvements					$285,509
Parking Lot *(includes lighting)*	$1,725.00	×	40 Space	$69,000	
Landscaping	$5.50	×	17,165 Sq. Ft.	$94,408	
Concrete Paving / Walkways	$6.00	×	6,215 Sq. Ft.	$37,290	
Asphalt Paving w/Lighting *(excludes parking lot)*	$4.75	×	12,350 Sq. Ft.	$58,663	
Fencing & Gates	$33.50	×	685 LFT	$22,948	
Flag Pole	$3,200.00	×	1	$3,200	
Direct Building Cost					$2,157,026
Indirect Costs	15.0%	of Direct Building Cost			$323,554
Direct and Indirect Building Cost					$2,480,580
Entrepreneurial Incentive	10.0%	of Direct and Indirect (Total) Building Cost			$248,058
Replacement Cost New					**$2,728,638**
Replacement Cost New					$2,728,638
Accrued Depreciation					
Total Accrued Depreciation	90.0%	of Replacement Cost New			($2,455,774)
Depreciated Replacement Cost					**$272,864**
Depreciated Replacement Cost					$272,864
Land Value (Rounded)					$258,000
Total Depreciated Value of Land & Improvements					$530,864
Rounded					**$531,000**

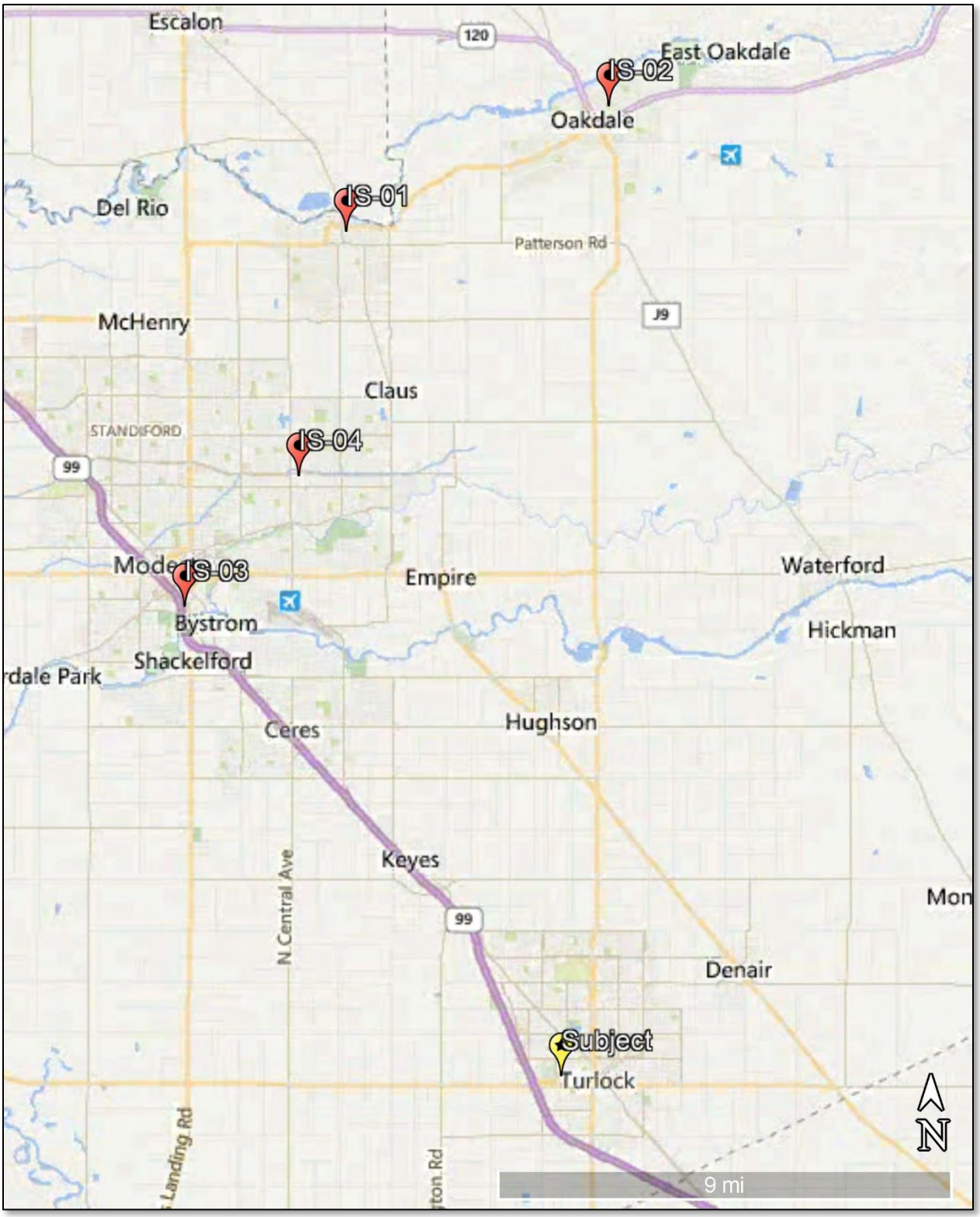
Sales Comparison Approach

In the sales comparison approach, I examined data that was discovered by talking to brokers, agents, property owners, and market participants from within the subject market; reviewing LandVision, CoStar, and MLS databases for recent sales; inspecting the subject environs; and searching for properties that compete with the subject with improvements ranging in size from half and twice the size of the subject's improvements and that sold within the last several years. Due to a lack of recent comparable sales in Turlock, the search was expanded to include competing markets in other parts of Stanislaus County. Emphasis was placed on specialty purpose properties, such as those where the use or proposed use is for assembly, private school, or religious facility. The properties found to be most comparable are displayed in the summary table below. A location map and comparable data sheets, including photographs for each comparable sale, are presented on the following pages, and assessor's parcel maps are included in the Addenda.

Sales Data Summary

Comparable	IS-01	IS-02	IS-03	IS-04
	6701 2nd St Riverbank, CA	*335 N. 8th Ave Oakdale, CA*	*133 Tuolumne Blvd Modesto, CA*	*Briggsmore Ave Modesto, CA*
Sale Date	May-19	Mar-19	Sep-18	May-18
Sales Price	$350,000	$480,000	$455,000	$1,850,000
Sq. Ft. (Building)	10,000	5,915	11,423	21,866
Sales Price / Bldg. Sq. Ft.	$35.00	$81.15	$39.83	$84.61
Property Rights Conveyed	Ø	Ø	Ø	Ø
Financing Terms	Ø	Ø	Ø	Ø
Conditions of Sale	Ø	Ø	Ø	Ø
Expenditures After Purchase	Ø	Ø	Ø	Ø
Market Conditions (Time)	Ø	Ø	Ø	Ø
Location	Positive	Ø	Ø	Negative
Building Size	Ø	Negative	Ø	Positive
Interior Build-Out	Ø	Negative	Negative	Negative
Age / Condition / Quality of Improvements	Ø	Negative	Positive	Negative
Functional Utility	Ø	Ø	Ø	Ø
Parking	Positive	Ø	Positive	Negative
Parcel Size / FAR	Positive	Negative	Positive	Negative
Use / Zoning	Negative	Ø	Ø	Negative
Net Adjustment	**Positive**	**Negative**	**Positive**	**Negative**

Comparable Sale Location Map



Comparable Sale Data Sheet

IS-01

Property Type	Special Use
Type of Transaction	Sale
COE	05/09/19
Sales Contract Date	09/05/18
Sales Price	$350,000
$/Sq. Ft. (Building)	$35.00
Address	6701 2nd St
City, State	Riverbank, CA
Zip	95367
APN	132-010-051
Buyer	Rita Plaza LLC
Seller	Riverbank Masonic Temple Assoc.
Document #	2019-0028907
Terms	Cash to Seller
Improvements	Two-story commercial building of masonry construction (see comments for description of the interior)
Sq. Ft. (Building)	10,000
Percent Build Out	See Comments
Year Built	1914
Parcel Size (Acres)	0.29
Parcel Size (Sq. Ft.)	12,500
FAR	0.80
Parking Spaces	16
Parking Ratio	1.6
Zoning	C-2
General Plan	Mixed Use
Vacancy Rate	See Comments
Cap. Rate	n/a
Verified By	Victor Barraza - Listing and Selling Agent
Contact Info.	209-541-9229
Comments	The property is located in the downtown area of Riverbank. In addition to the two stories above ground, there is reportedly a 3,450 square foot unfinished basement. The finished floor area has a large meeting hall, office areas, first floor kitchen, and restrooms on both floors. There is no elevator. The condition of the improvement was somewhat dilapidated at the time of sale. The buyer purchased this property for investment purposes and their specific intentions are unknown. The property was partially rented at the time of sale on month-to-month terms. There was a long escrow period due to the seller needing to reactivate their non-profit status, and the buyer requested additional time as well for reasons not discovered. There was some interest in the property and it was on and off the market for a few months.

Comparable Sale Data Sheet

IS-02

Property Type	Special Use
Type of Transaction	Sale
COE	03/18/19
Sales Contract Date	01/26/19
Sales Price	$480,000
$/Sq. Ft. (Building)	$81.15
Address	335 N. 8th Ave
City, State	Oakdale, CA
Zip	95361
APN	129-014-048
Buyer	Oakdale Event Center LLC
Seller	Timothy and Dorothy McKinsey
Document #	2019-0015861
Terms	Seller Financing, 52.08% down payment
Improvements	One-story concrete block building (see comments)
Sq. Ft. (Building)	5,915
Percent Build Out	100%
Year Built	1962; Renovated (See Comments)
Parcel Size (Acres)	0.96
Parcel Size (Sq. Ft.)	42,000
FAR	0.14
Parking Spaces	80
Parking Ratio	13.56
Zoning	R1
General Plan	Low Density Residential
Vacancy Rate	100.00%
Cap. Rate	n/a
Verified By	Gayle Higgins - Listing and Selling Agent
Contact Info.	209-480-3602

Comments

The property is located in a residential neighborhood, adjacent to a public park and church property. The improvement on the site was in above average condition at the time of sale and had been previously upgraded, including a new roof. The interior is divided into two large meeting rooms and there is also a large kitchen with new appliances. There is a packaged HVAC system. The buyer added a bathroom after the sale. The buyer will use the existing improvement as an event center. This was the seller's down leg in a 1031 exchange that did not impact the sales price, according to the agent involved in the transaction. The seller financed approximately half of the purchase price; the terms were not discovered but were reportedly at market.

Comparable Sale Data Sheet

IS-03

Property Type	Special Use
Type of Transaction	Sale
COE	09/07/18
Sales Contract Date	Not Discovered
Sales Price	$455,000
$/Sq. Ft. (Building)	$39.83
Address	133 Tuolumne Blvd
City, State	Modesto, CA
Zip	95354
APN	102-015-031
Buyer	Eagle Nest Construction, LLC
Seller	Bhullaar LLC
Document #	2018-0062080
Terms	Seller Financing, 30.77% down payment
Improvements	Partial two-story building with an interior built-out consisting of 16 classrooms/offices, 4 bathrooms, kitchen, reception area, and sanctuary/event hall
Sq. Ft. (Building)	11,423
Percent Build Out	100%
Year Built	1932
Parcel Size (Acres)	0.46
Parcel Size (Sq. Ft.)	20,000
FAR	0.57
Parking Spaces	10
Parking Ratio	0.88
Zoning	R-3
General Plan	Mixed Use
Vacancy Rate	100.00%
Cap. Rate	n/a
Verified By	Public Records
Contact Info.	n/a
Comments	The property is located on the fringe of the downtown in a mixed-use area. The improvements had previously been used as a church. The improvements were in fair condition and sold with deferred maintenance. Information regarding the improvements were obtained from a marketing flyer and details regarding the sale obtained from public records. The property had been listed for $525,000 at the time of sale. The seller financed $315,000 of the purchase price for unknown terms. The intended use of the buyer is unknown.

Comparable Sale Data Sheet

IS-04

Property Type	Special Use
Type of Transaction	Sale
COE	05/16/18
Sales Contract Date	3 month escrow
Sales Price	$1,850,000
$/Sq. Ft. (Building)	$84.61
Address	2300 E. Briggsmore Ave
City, State	Modesto, CA
Zip	95355
APN	067-033-024
Buyer	Connecting Waters Charter Schools
Seller	First Church of the Nazarene of Modesto
Document #	2018-0033805
Terms	Cash to Seller
Improvements	Three buildings: church sanctuary; classrooms; offices
Sq. Ft. (Building)	21,866
Percent Build Out	100%
Year Built	1978
Parcel Size (Acres)	3.90
Parcel Size (Sq. Ft.)	169,884
FAR	0.13
Parking Spaces	264
Parking Ratio	12.07
Zoning	P-D
General Plan	Mixed Use
Vacancy Rate	100.00%
Cap. Rate	n/a
Verified By	Danny Price - Listing and Buyer's Agent
Contact Info.	209-351-0708

Comments

The property is located in a commercialized area of Modesto and has above average exposure and visibility from E. Briggsmore Avenue. The improvements were older but reportedly well maintained; however, are being rehabilitated and reconfigured for use a charter school. The previous owners had originally bought just land, including the two adjacent parcels to the south, and constructed a church in 1978. The previous owners had sold off the two adjacent parcels years ago, which were improved with two medical office buildings. The property was on the market for 6 months and had lots of interest.

Sales Data Analysis

Adjustments are made to the comparable sale prices for the differences in the properties as they compare to the subject. Adjustments were made sequentially for property rights conveyed, financing terms, conditions of sale, expenditures incurred by the buyer immediately after the sale, and market conditions at the time of sale. Adjustments for location characteristics, physical characteristics, use and non-realty components of value are subsequently added and applied.

A summary of the adjustments made to the comparable sales for the various factors affecting value, as compared to the subject, is included in the table below, followed by a discussion that expands upon the adjustments made in greater detail. Embolden and/or larger font denotes a more significant adjustment.

Comparable	IS-01	IS-02	IS-03	IS-04
	6701 2nd St Riverbank, CA	*335 N. 8th Ave Oakdale, CA*	*133 Tuolumne Blvd Modesto, CA*	*Briggsmore Ave Modesto, CA*
Sale Date	May-19	Mar-19	Sep-18	May-18
Sales Price	$350,000	$480,000	$455,000	$1,850,000
Sq. Ft. (Building)	10,000	5,915	11,423	21,866
Sales Price / Bldg. Sq. Ft.	$35.00	$81.15	$39.83	$84.61
Property Rights Conveyed	Ø	Ø	Ø	Ø
Financing Terms	Ø	Ø	Ø	Ø
Conditions of Sale	Ø	Ø	Ø	Ø
Expenditures After Purchase	Ø	Ø	Ø	Ø
Market Conditions (Time)	Ø	Ø	Ø	Ø
Location	Positive	Ø	Ø	Negative
Building Size	Ø	Negative	Ø	Positive
Interior Build-Out	Ø	Negative	Negative	Negative
Age / Condition / Quality of Improvements	Positive	Negative	Positive	Negative
Functional Utility	Ø	Ø	Negative	Negative
Amenities	Ø	Ø	Ø	Ø
Parcel Size / FAR / Parking	Positive	Negative	Positive	Negative
Use / Zoning	Negative	Ø	Ø	Negative
Net Adjustment	**Positive**	**Negative**	**Positive**	**Negative**

Both IS-02 and IS-03 involved seller financing with sizable down payments, while the other comparables were all cash transactions. An agent involved in the sale of IS-02 did not recall the details of the financing, but indicated that the terms were favorable to both sides and that there was no apparent effect on the sales price. The transaction details of IS-03 could not be confirmed with a party to the transaction, so the exact terms regarding this sale were not discovered. The data did not suggest that adjustments were warranted for IS-02 and IS-03 for this factor.

The buildings located on IS-01 and IS-03 reportedly sold with deferred maintenance. Since the actual cost to cure is not known in either case, it has been accounted following in an overall quality/condition line item adjustment.

The subject is located in a predominantly residential neighborhood that is mostly built-out with pre-1950s single-family and multifamily dwellings in an area situated just to the west of the City's

downtown core. IS-01 is located in downtown Riverbank, a city in the region which typically is considered to be an inferior location when generally compared to Turlock, based on market perception, warranting an upward adjustment. A downward adjustment has been applied to IS-04 for its above average exposure/visibility and its overall superior location in a commercialized area of Modesto. The locations of the other comparables were judged to have similar appeal when compared to the subject's location, warranting no adjustment.

IS-02 is roughly half the size of the subject in terms of its building area and IS-04 is almost twice the size, both warranting adjustments based on the law of diminishing returns which appears to apply here. A negative adjustment has been made to the unit selling price of IS-02, while a positive adjustment has been applied to IS-04. The other comparables were judged to be in a similar size class, warranting no adjustment.

Approximately 50% of the subject building is partitioned for use as office space and/or classrooms. Restrooms, kitchen, reception area, and vault are also located in this area of the building. The balance is open warehouse that had previously been used as a gun range and assembly area. With a partial unfinished basement, IS-01 was judged to rate similar to the subject for this factor; however, the other comparables are 100% built-out with airconditioned space and downward adjustments have been applied.

The subject building was constructed in 1963 and the effective age is judged to be commensurate with the chronological age of 56 years. Based on my observations at the time of inspection, the subject building has been somewhat maintained (a forced air system was recently replaced); however, there are worn out surfaces and it appears to have had minimal updating. The roof is older, but reportedly water tight, despite evidence of past roof leaks. Interior finish is minimal with mostly ceilings that are open to the roof deck, exposed (sealed) concrete floors, and painted masonry walls. The buildings located on IS-01 and IS-03 are pre-1950s vintage and had both sold with deferred maintenance, as previously stated, rating inferior quality/condition overall, warranting positive adjustment for this factor. IS-02's improvements had been constructed in the early 1960s, similar to the subject, but renovated by the seller prior to the sale, including a new roof and interior finish, and a downward adjustment has been applied. Despite the buyer's intentions of renovating the buildings located on IS-04 for a change in use, the improvements are much newer when compared to the subject, being built in 1978, and were maintained, warranting a downward adjustment.

As currently configured, the subject improvements are judged to have below average functional utility from its prior use as an armory. The former gun range has already been adapted for use as warehouse space, but most users would have no need for a weapons vault. In addition, despite having a central forced air system, the building is not air conditioned. IS-01 is a two story building located above a basement foundation without an elevator. IS-02 sold without any bathroom facilities, which the buyer added subsequent to the sale. Adjustments for differences between the subject and IS-01 and IS-02 for this element of comparison were concluded to be offsetting. The functional utility of IS-03 and IS-04 were judged to rate average, and downward adjustments have been applied to these two comparables for this factor.

There is a 50 foot by 58 foot metal utility building located on the subject property. None of the sale comparables are improved with a similar amenity; however, despite having some contributory

value, it has been determined to be limited and adjustments to the comparable sales was not warranted.

The subject has a floor area ratio (FAR) of 0.18 and the site is currently configured for outside storage and improved with a parking lot that is striped for 40 parking stalls or 3.36 spaces per 1,000 square feet of gross building area. An upward adjustment has been applied to IS-01 for this element of comparison, due to the fact that most of the site is occupied by the footprint of the building and it has substandard parking. An upward adjustment was also warranted for IS-03 for this factor, but to a slightly lesser degree than that of IS-01 because a portion of the site can be used to accommodate outdoor activities (currently improved as a playground). With a much lower FAR and higher parking ratio, when compared to the subject, downward adjustments have been to IS-02 and IS-04 for this element of comparison.

The subject's zoning limits the range of allowable uses. A downward adjustment was judged to be warranted for IS-01 for its general commercial zoning. No adjustments have been applied to the other comparables for this factor, where their zoning similarly restricts the number of uses allowed.

Sales Comparison Approach Conclusion

The comparables analyzed above each reflect the sale of properties with improvements suitable for specialty purpose use. The unit selling prices of the comparables range from $35.00 to $84.61 per square of building area. IS-01 and IS-02 are more recent sales and IS-01, at the low end of the indicated range of unit selling prices, warranted the least amount of gross adjustment. IS-02's improvements are of similar vintage when compared to the subject but had been renovated prior to the sale and warranted a significant downward adjustment for quality/condition. Several other negative adjustments have been applied to IS-02 for various factors. Like IS-01, IS-03 is similar in size to the subject and warranted the least amount of net adjustment. IS-04 was judged to be superior to the subject in most aspects and given the least weight. More emphasis has been placed on IS-01 and IS-03 in determining a value for the subject property via the sales comparison approach. Based on the foregoing data and analysis, the estimated market value of the subject property is as follows:

Unit ($/Sq. Ft.)	×	Building Area (Sq. Ft.)	=	Indicated Value
$45		11,918		$536,310

Estimated Market Value
Using the Sales Comparison Approach: **$536,000 (Rounded)**

Reconciliation and Final Value Conclusion

The three approaches estimated these values:

Cost Approach:	$531,000
Sales Comparison Approach:	$536,000
Income Capitalization Approach:	Not Applied

Two of the three approaches to value have been utilized in the valuation of the subject property. The sales comparison approach revealed that this market is primarily made up of owner users, and therefore, since properties similar to the subject are not typically purchased as investment properties, the income approach was not utilized. The cost approach and sales comparison approaches were generally given equal weight considering that the subject improvements are close to being fully depreciated, and nearing the end of their remaining economic life, and considering the quality and quantity of the comparable sales data found in the market.

The estimated market value of the fee simple interest of the subject property, as of the date of value, is concluded to be:

Fee Simple Market Value: **$535,000**

(Five Hundred and Thirty-Five Thousand Dollars)

This opinion is subject to the assumptions and conditions displayed at the beginning of this report. If these were not made, my opinion might be different.

ADDENDA

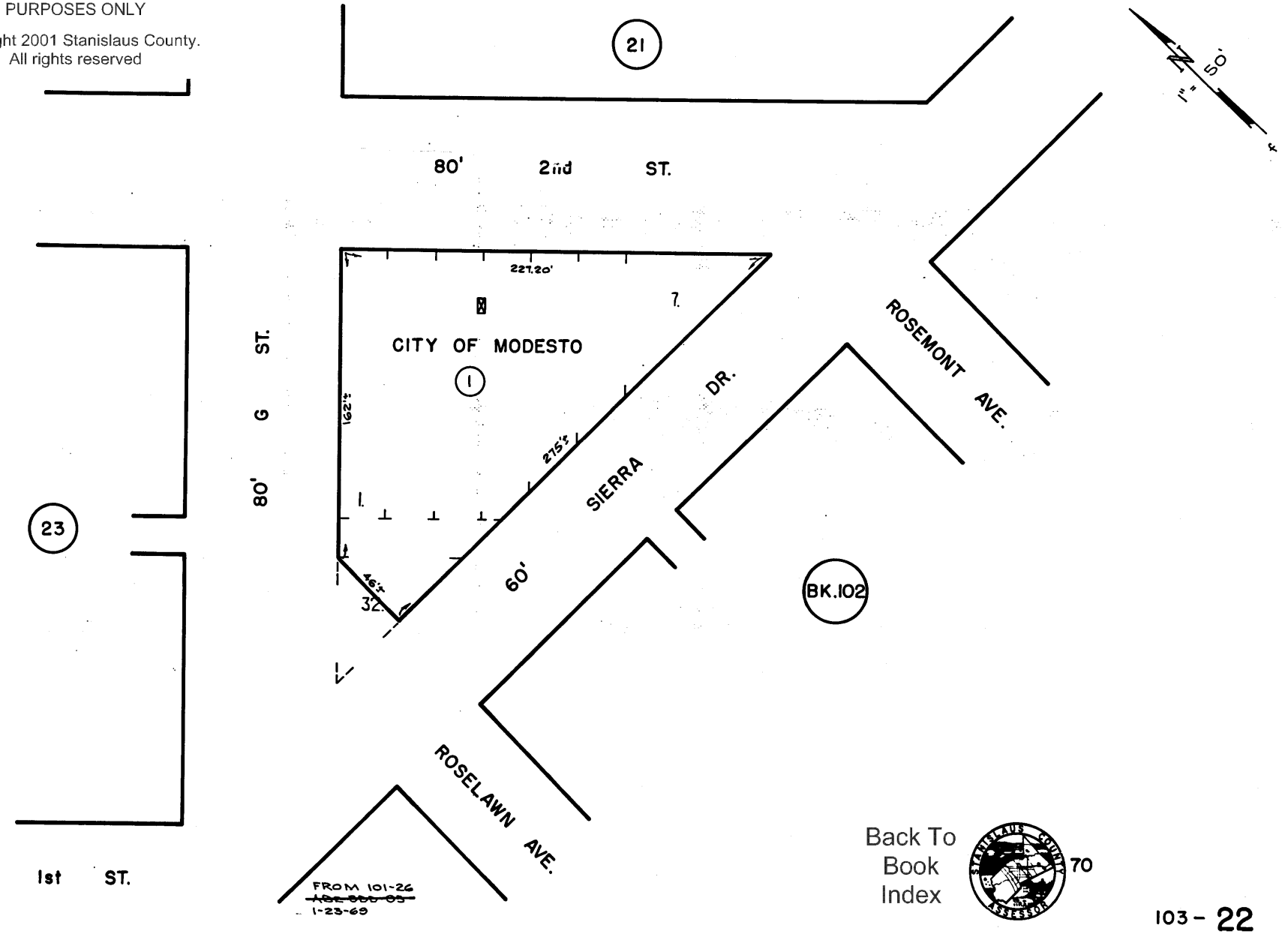
COMPARABLE LAND SALES PARCEL MAPS

PORTION NW 1/4 SECTION 32 T.3S. R.9 E. M.D. B.& M.

CITY OF MODESTO - BLK. Z

002 001

103 - 22



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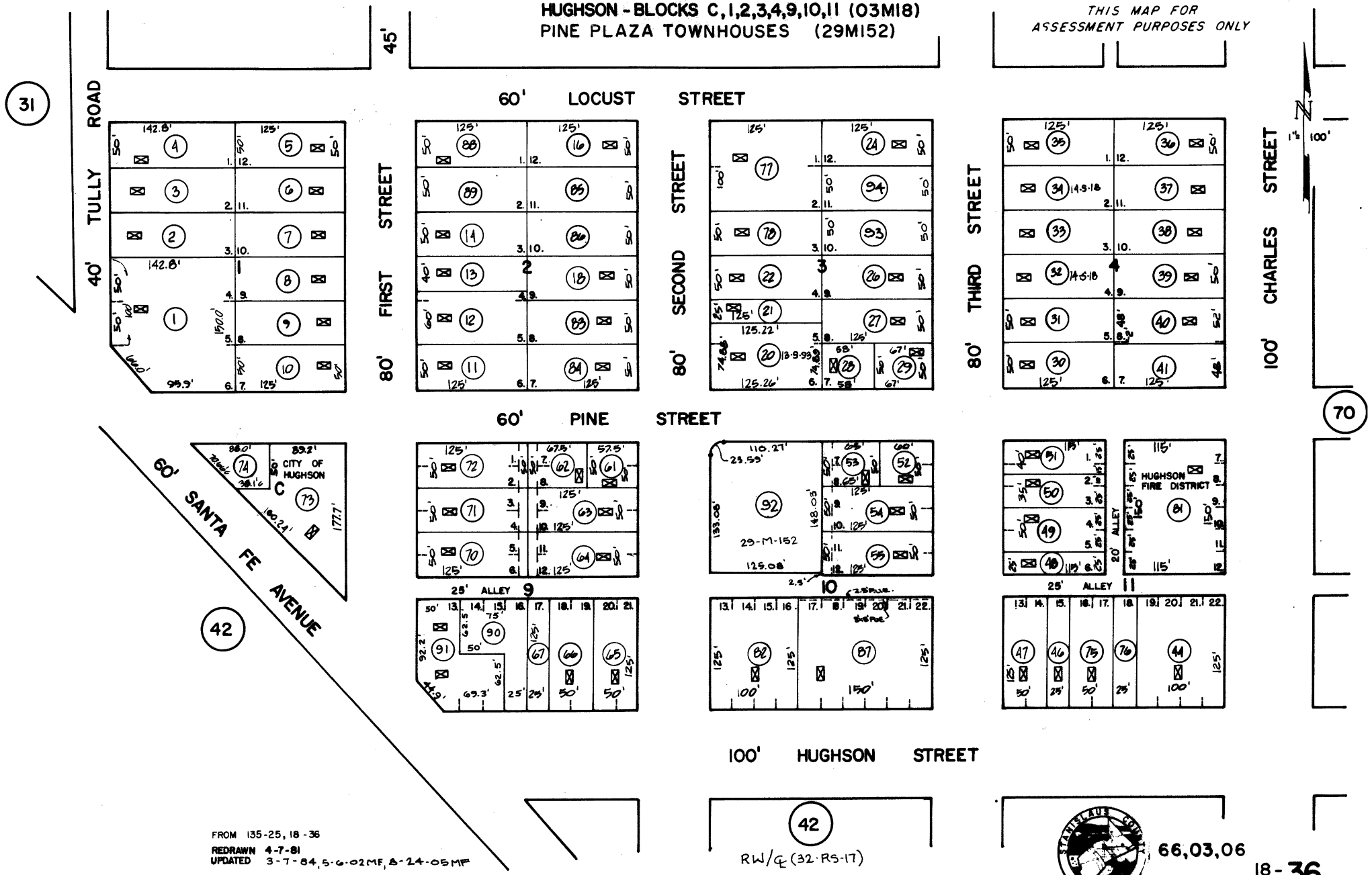
103 - 22

009 001 18-36

PORTION SE 1/4 SECTION 9 T.4S R.10E M.D.B.&M.

HUGHSON - BLOCKS C, 1, 2, 3, 4, 9, 10, 11 (03M18)
PINE PLAZA TOWNHOUSES (29M152)

THIS MAP FOR ASSESSMENT PURPOSES ONLY



FROM 135-25, 18-36
REDRAWN 4-7-81
UPDATED 3-7-84, 5-6-02 MF, 8-24-05 MF

66,03,06

18-36

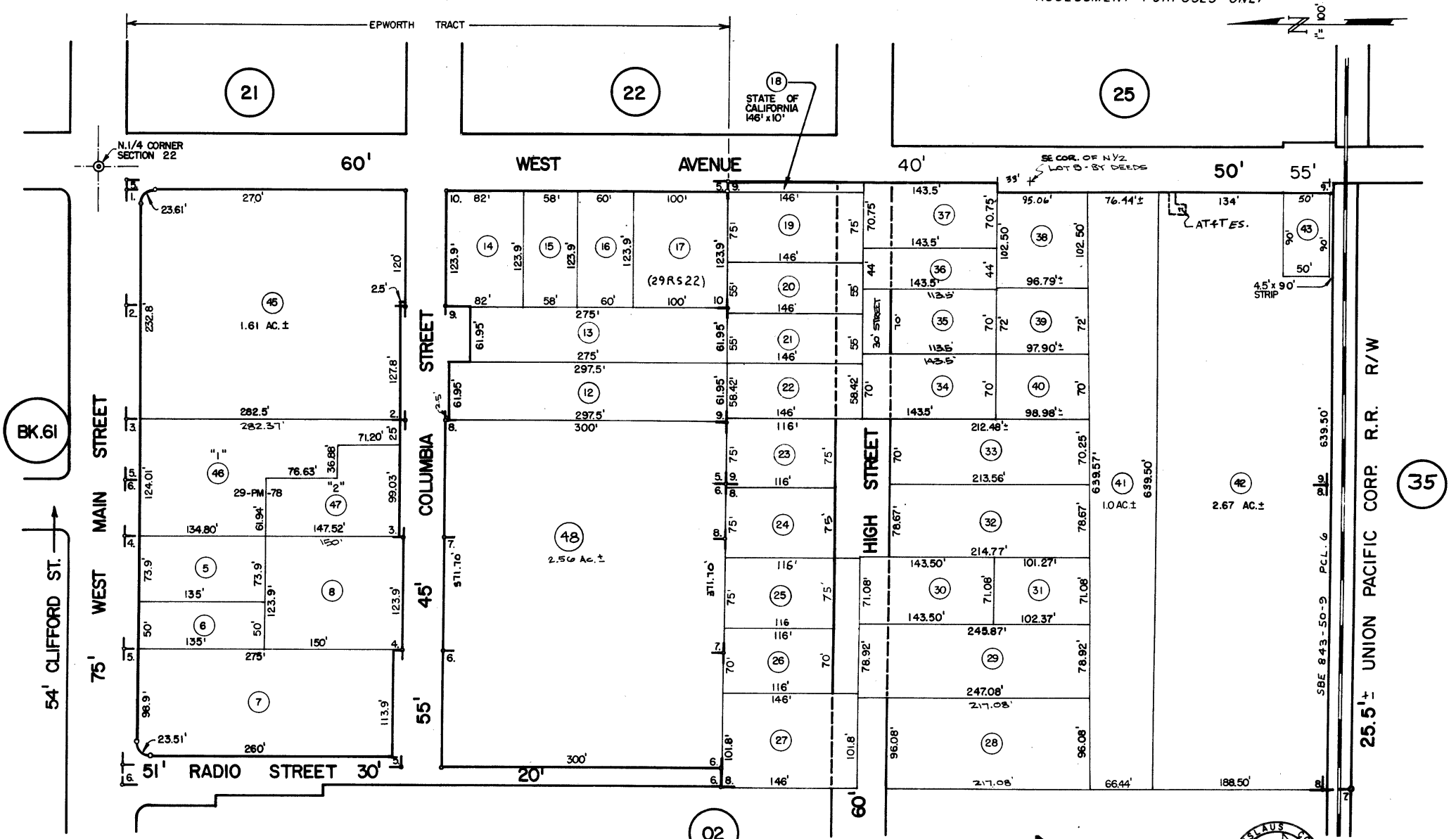
PORTION N.W. 1/4 SECTION 22 T.5S. R.10E. M.D.B.&M.

CROW & BROWDER COLONY LOTS 5,6,8&9 LOTS 1-10 EPWORTH TRACT

007 000
101 000
007 074

50-03

THIS MAP FOR ASSESSMENT PURPOSES ONLY



FROM J-26, 50-03
R.M. 2-11, 5-8
REDRAWN 12-15-82
UPDATED 8-1-97 SG, 7-11-05 MF, 8-29-08 DH, 9-24-08 MF, 12-14-11 MB,

66,06

50-03

PORTION NW 1/4 SECTION 21 T. 3 S. R. 9 E. M. D. B. & M.

002 001

31 - 06

PORTION OF COOLIDGE COLONY - LOTS 11 & 12

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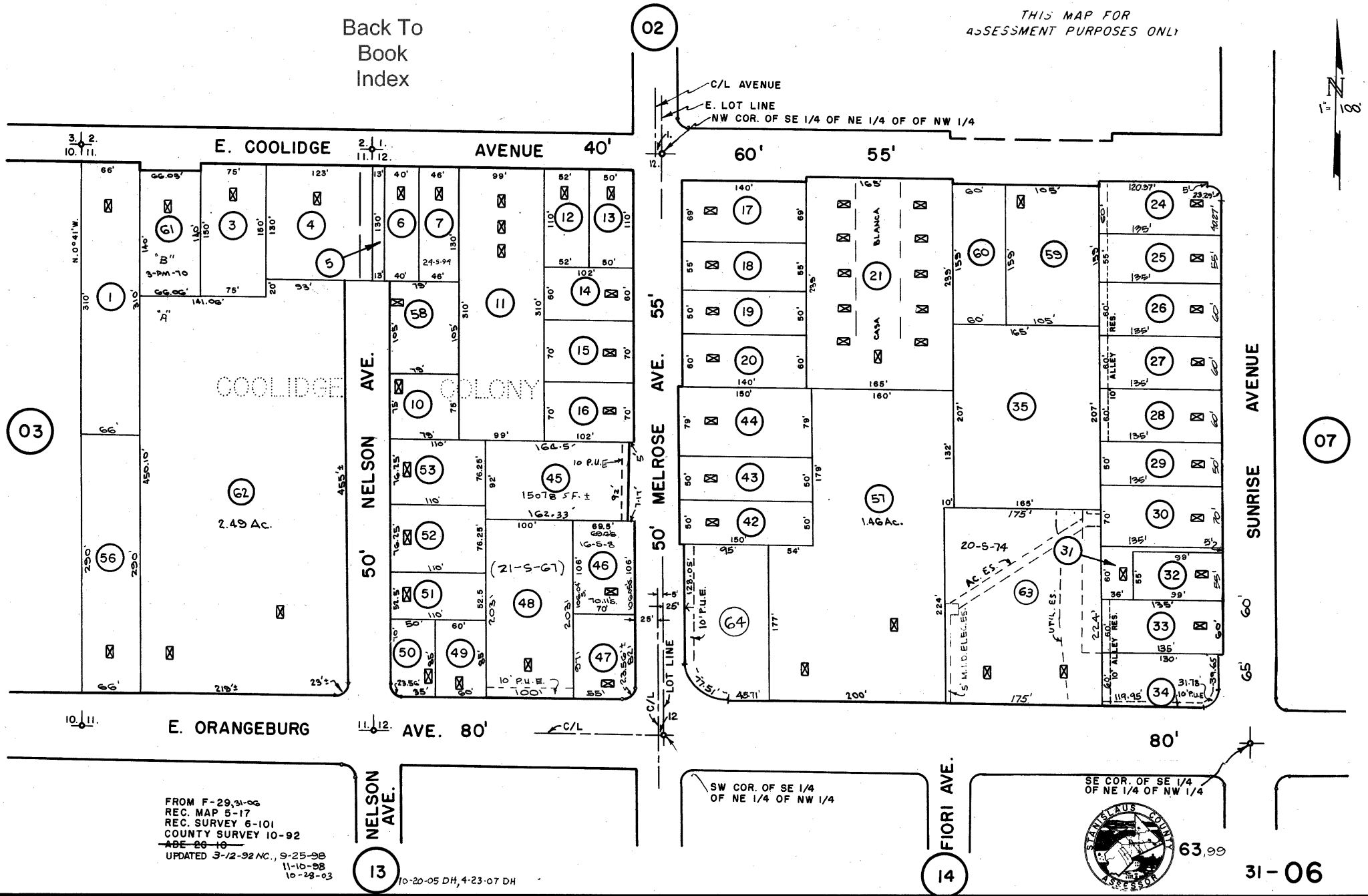
ASSESSMENT PURPOSES ONLY



FROM F-29,31-06
REC. MAP 5-17
REC. SURVEY 6-101
COUNTY SURVEY 10-92
~~ADE 88-10~~
UPDATED 3-/2-92 NC., 9-25-98
11-10-98
10-28-03
10-20-05 DH, 4-23-07 DH

31 - 06

PORTION NW. 1/4 SECTION 22 T.5S. R.10E. M.D.B.& M.

LAUREL PARK TRACT – POR. LOTS 16,21 (04M20)

LEWIS TRACT – LOTS 12–16, 18–28 (11M51)

007 056
007 087
007 127

050 – 005

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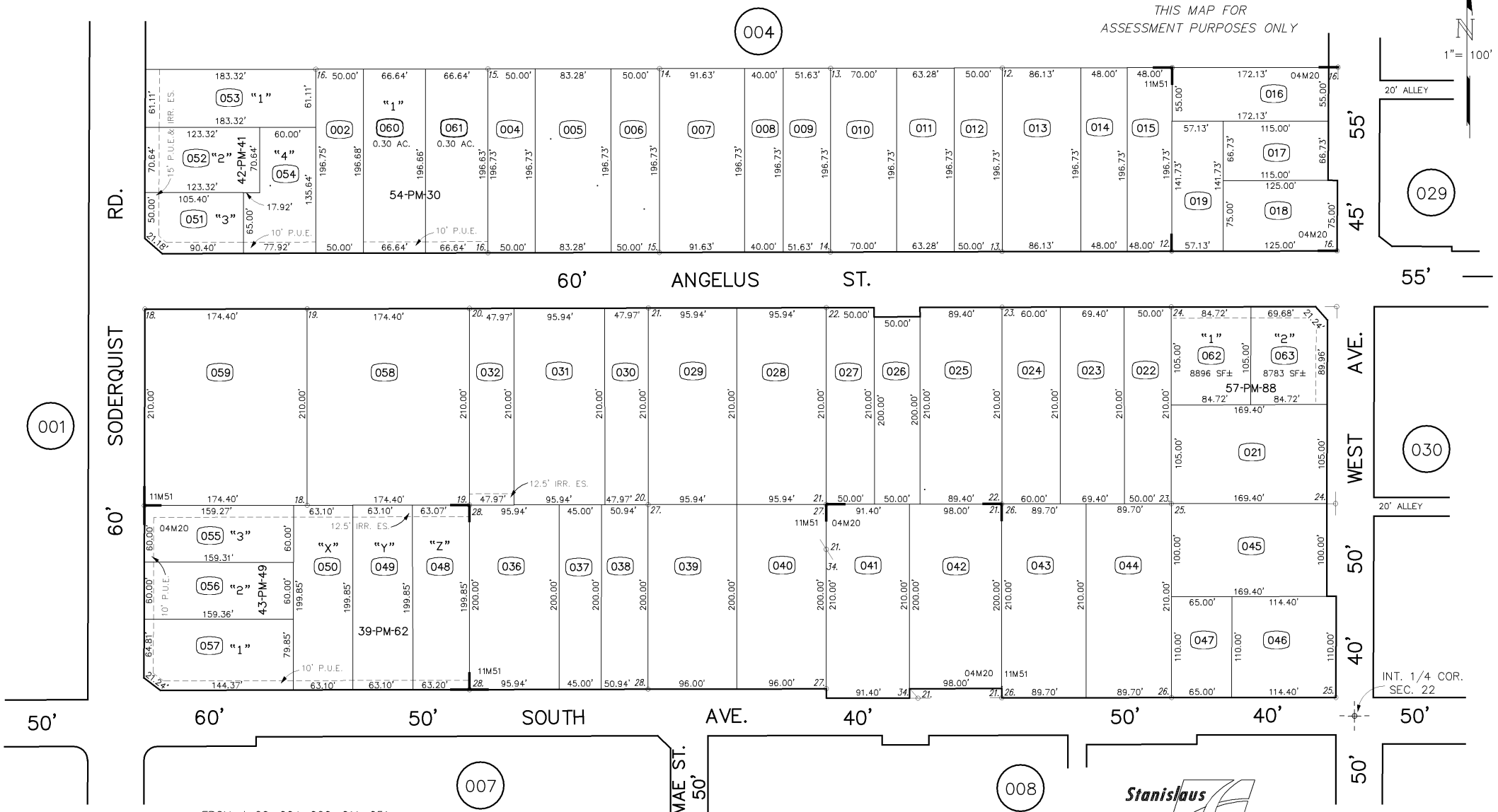

FROM: J-26, 004-020, 011-051
DRAWN: 8-30-65
REVISED: 1-14-91, 1-5-98, 12-10-00 MF, 1-16-01 MF, 7-8-04 DH, 6-5-06 (V)MB, 8-19-08 MF, 1-2-19 MF

Stanislaus County Assessor

66,98,07,19

050 – 005

COMPARABLE (IMPROVED) SALES PARCEL MAPS

POR. NW 1/4 SECTION 25 T.2S. R.9E. M.D.B. & M.

006 090

CITY OF RIVERBANK - BLKS 1,2,7,8,15,16 (05M16)

THIS MAP FOR ASSESSMENT PURPOSES ONLY

FROM: 132-004, 007, 013
DRAWN: 02-06-68
REVISED: 02-24-86, 04-17-00, 10-31-13 MB, 12-08-16 MB, 01-12-17 MF, 08-16-18 (G) DB

Stanislaus County Assessor

132 - 010

POR. SW 1/4 SEC. 11 T.2S. R.10E. M.D.B.& M.

POR. ATWOOD TRACT # 1 – BLKS. B & C (14M59)
POR. NORTH TRACT – POR. LT. F (01M37)

004 000 129 – 014

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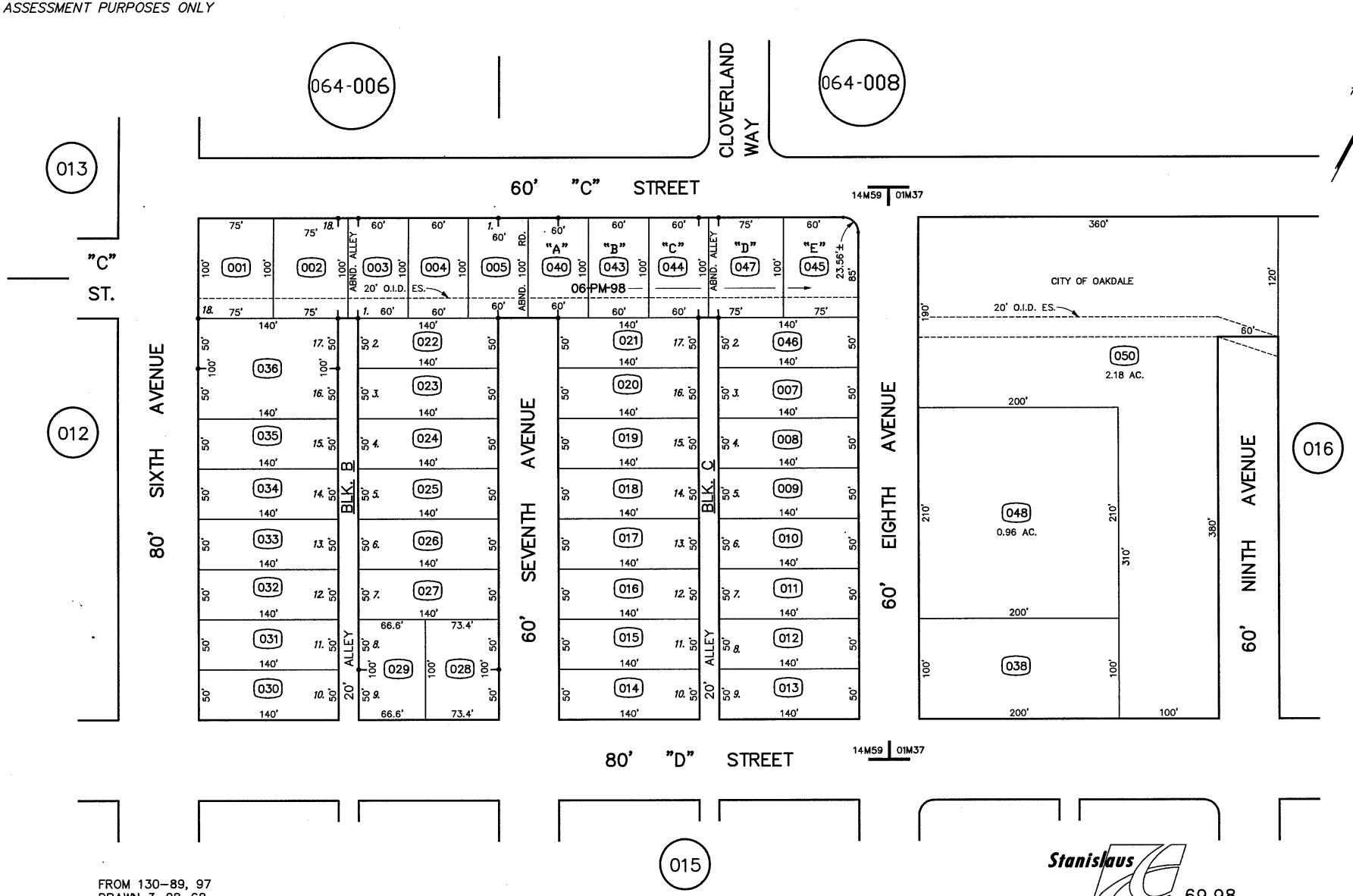


FROM 130–89, 97
DRAWN 3–28–68
REVISED 8–27–68, 3–17–77, 3–12–98, 1–6–09 (V)DH

Stanislaus County Assessor

69,98

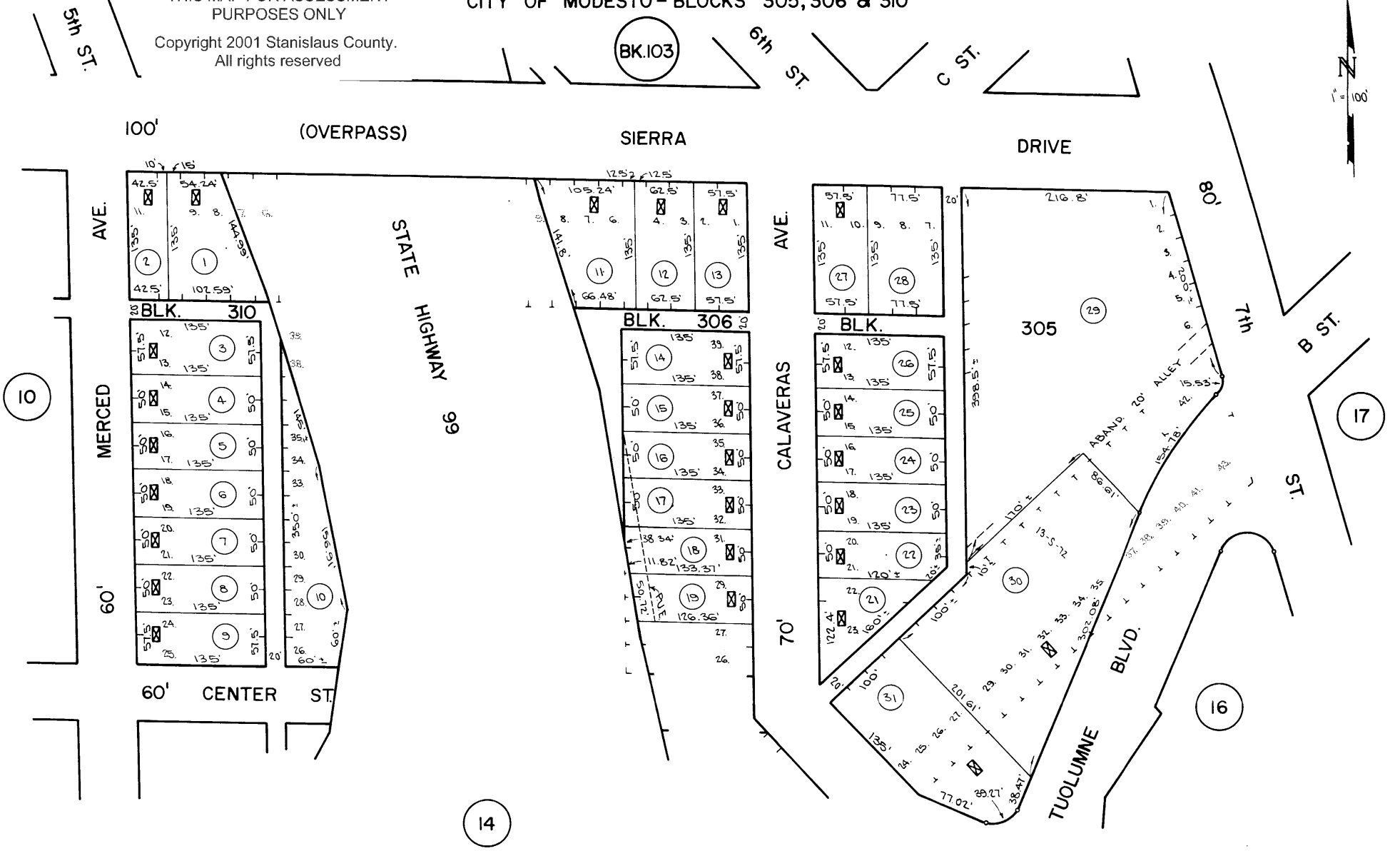
129 – 014

PORTION SE 1/4 SECTION 32 T.3S. R.9E. M.D.B.&M.

002 001

102-15

CITY OF MODESTO - BLOCKS 305, 306 & 310



FROM 108-5,6,12
~~ABE 300-95~~
3-5-68, UPDATED 3-5-73

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102-15

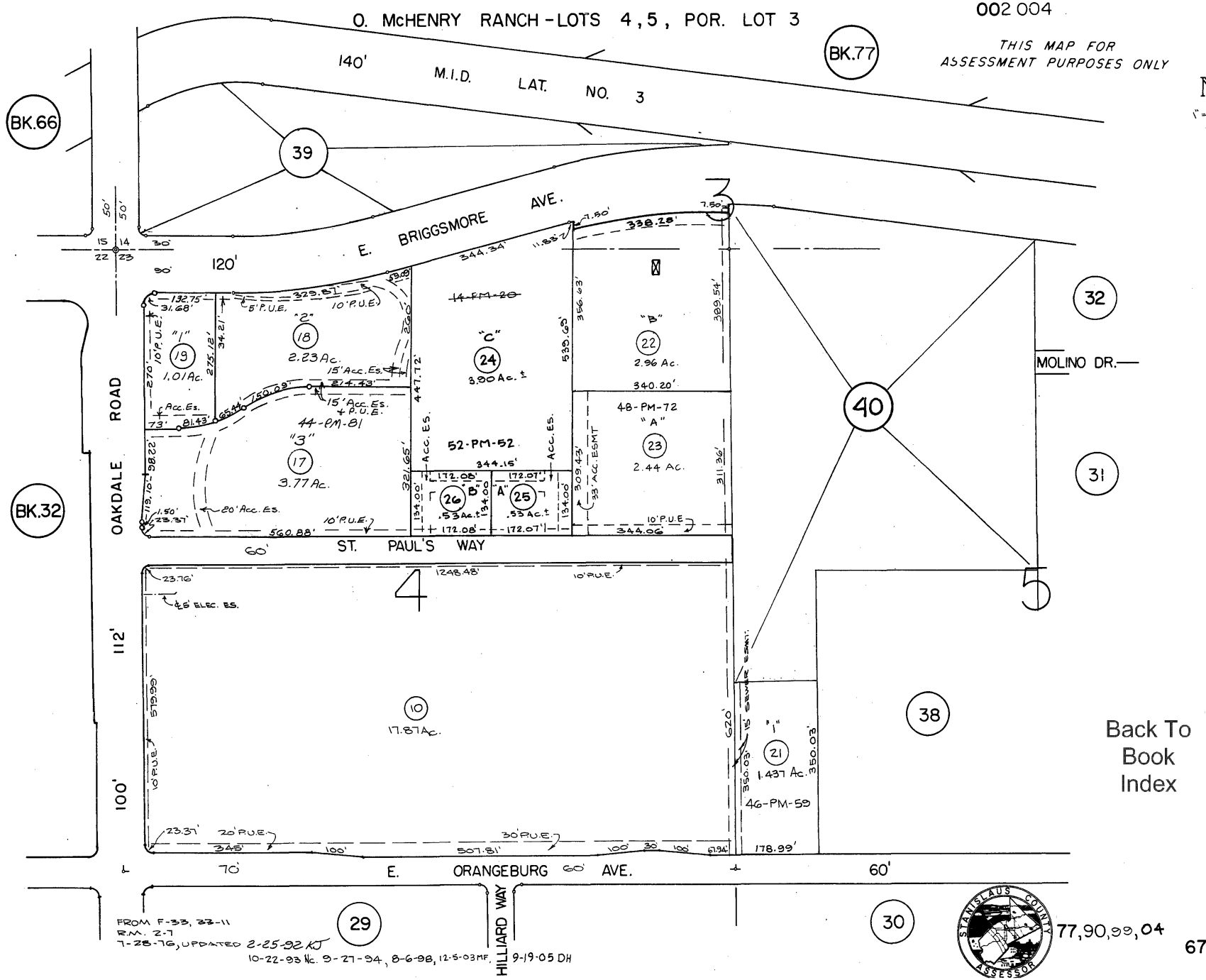
PORTION NW1/4 SECTION 23 T.3S. R.9E. M.D.B.& M.

O. McHENRY RANCH - LOTS 4, 5, POR. LOT 3

002 001
002 004

67-33

THIS MAP FOR ASSESSMENT PURPOSES ONLY



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77,90,99,04

67-33

PHASE II ENVIRONMENTAL SITE ASSESSMENT

Phase II Environmental Site Assessment

California National Guard Armory Site
1040 Flower Street, Turlock, California

Prepared for:

The City of Turlock

Prepared by:

Rincon Consultants, Inc.
February 21, 2017

Rincon Consultants, Inc.
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Ventura, California 93003

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www.rinconconsultants.com

February 21, 2017
Project No. 16-03292

Nathan Bray, P.E.
City of Turlock
156 South Broadway, Suite 150
Turlock, California 95380
Via email: NBray@turlock.ca.us

Subject: **Phase II Environmental Site Assessment**
California National Guard - Armory Site
1040 Flower Street, Turlock, California

Dear Mr. Bray:

This report presents the findings of a Phase II Environmental Site Assessment (ESA) completed by Rincon Consultants, Inc. for the property located at 1040 Flower Street, Turlock California. The subject property is a 1.5-acre parcel in use as the California National Guard Armory. The Phase II ESA was performed in conformance with our proposal dated December 13, 2016 and Service Request No. 02 dated December 23, 2016.

The accompanying report presents our findings regarding the collection and analysis of soil samples and dust wipe samples on the subject property. Thank you for selecting Rincon for this project. If you have any questions, or if we can be of any future assistance, please contact us.

Sincerely,
RINCON CONSULTANTS, INC.

Sarah A. Larese
Senior Environmental Scientist

Walter Hamann, PG, CEG, CHG
Vice President, Environmental Services

REGISTERED GEOLOGIST
WALTER E. HAMANN
No. EG 1635
CERTIFIED ENGINEERING GEOLOGIST
STATE OF CALIFORNIA

Phase II Environmental Site Assessment
1040 Flower Street, Turlock, California

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EXECUTIVE SUMMARY

Rincon Consultants has prepared this Phase II Environmental Site Assessment (ESA) for the property located at 1040 Flower Street, Turlock California (subject property) (Figure 1). The subject property is a 1.5-acre property currently owned by the City of Turlock and in use as the California National Guard Armory, occupied by the 149th Chemical Company (Figure 2). The California National Guard is ending their 99 year lease with the City of Turlock and wishes to exercise their lease option of leaving the improvements to the City. Rincon completed a Phase I ESA for the subject property (dated November 15, 2016) which identified potential recognized environmental conditions that warranted additional assessment. The purpose of this Phase II ESA was to assess subsurface soil for potential impact from organochlorine pesticides (OCPs), metals, volatile organic compounds (VOCs), and total petroleum hydrocarbons (TPH). Based on the age and historic use of the subject property as an armory and shooting range, the subject property was also sampled for lead and asbestos in the structures.

On January 13, 2017 a direct push rig was used to advance eight soil borings to a depth of 5.5-feet below ground surface (bgs) (Figure 2). The work was conducted by TEG Northern California, Inc. of Rancho Cordova, California, under the direct supervision of Rincon Consultants. Soil matrix samples were collected at 0.0-0.5-foot, 2.0-2.5- feet, and 5.0-5.5-feet bgs from each soil boring. Rincon personnel collected three dust wipe samples from the interior of the former shooting range structure to assess the presence of lead associated with the historic use as a shooting range.

Additionally, because the main building on the subject property was built prior to 1963, lead-based paint (LBP) and asbestos-containing building materials (ACBM) surveys were conducted by Stockton Environmental, Inc., of Stockton, California by accredited inspectors.

Soil samples collected at 0.0-0.5-foot and 2.0-2.5-feet from all eight borings were analyzed for OCPs by EPA Method 8081A and 17CCR Total Metals by EPA Method 6010B/7471A. A total of 16 soil samples were analyzed. The 5.0-5.5 -foot samples were held pending results of the 0.0-0.5-foot and 2.0-2.5-foot samples. Concentrations of metals were detected in all 16 shallow soil samples analyzed and were within the accepted background range for metals in California soils. Concentrations of chlordane, 4,4'-DDD, 4,4'-DDE, 4,4'-DDT, dieldrin, heptachlor, and heptachlor epoxide were reported in 13 of the 16 shallow soil samples analyzed for OCPs. Only one concentration of chlordane reported at 9.8 mg/kg in B4 (0.5-foot) exceeded the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB) Environmental Screening Level (ESL) for chlordane in commercial/industrial soil of 2.2 mg/kg.

Soil samples collected at 0.0-0.5 feet and 2.0-2.5 feet from three borings in the vehicle parking area (B6, B7, and B8) were analyzed for VOCs by EPA Method 8260B and TPH (carbon chain) by EPA Method 8015B. The soil samples from 5.0-5.5 feet were held pending results of the 0.0-0.5 and 2-2.5 feet samples. Concentrations of TPH (motor oil range), toluene, and total xylenes were reported; however, none of the concentrations exceeded their respective ESLs.

Three dust wipe samples were collected from the interior of the former shooting range structure to assess the presence of lead associated with the historic use as a shooting range. Dust wipe samples were analyzed for total lead by EPA Method 6010B. Concentrations in dust wipe samples N1, N2, and N3 were reported at 12,000 micrograms per square foot (µg/ft^2), 140 µg/ft^2, and 49 µg/ft^2, respectively. Currently, there is no occupational exposure limit for lead

contamination on surfaces. However, in a Federal compliance instruction for lead in the construction industry, the Occupational Safety and Health Administration (OSHA) has provided a level of acceptable lead loading (surface dust levels) for non-lead work areas (clean areas outside lead work areas, such as lunchrooms, etc.) of 200 µg/ft² (OSHA, 1993.

Based on the findings of the LBP and ACBM survey conducted at the subject property by Stockton Environmental, Inc. (SEI), none of the 23 bulk samples collected for asbestos analysis were identified to contain levels of asbestos at or above the regulatory thresholds for asbestos. Four of the 10 samples collected for LBP analysis were found to be below the Consumer Product Safety Commission's (CPSC) level of less than 0.06% lead by weight. Six of the 10 samples collected for LBP analysis were reported to be below OSHA's definition of Lead Based Paint (0.5% by weight) but greater than the CPSC definition of "lead-free paint" (less than 0.06% by weight). None of the samples analyzed exceeded the Environmental Protection Agency's (EPA's) definition of "Lead Based Paint" (0.5% by weight or greater). Additional details of the LBP and asbestos surveys performed for the subject property can be found in the full report, included as Appendix 1.

It is Rincon's understanding that future use of the subject property is intended to be commercial/industrial. Based on the results of the soil assessment for the Phase II ESA and future intended use of the subject property as it has been presented to Rincon, no additional subsurface soil assessment is warranted. One sample (B4 at 0.5 fbg) had chlordane detected above the SFBRWQCB ESL for commercial land use. This ESL is for direct exposure to the soil. The chlordane is likely from the historic agricultural use of the subject property before it was developed with the current structures. The soil sample with the elevated concentration of chlordane was obtained from an area of exposed soil. If the area near this boring is to be a place where people are allowed to access, then we recommend that this soil having elevated chlordane be removed and disposed offsite.

Based on concentrations of lead reported to exceed 200 µg/ft² in one of the dust wipe samples collected from the interior walls of the former shooting range, it is recommended that the lead dust be removed from the interior of the building. Removal of lead dust should be conducted under the guidance of an Independent State Certified Consultant.

Additionally, based on the findings of the LBP and ACBM survey conducted at the subject property by SEI, it is recommended that renovation/demolition activities of this project be considered "lead related construction work" in accordance with OSHA CCR Title 17, division 1, chapter. 8, article 1. If suspect ACBM or painted surfaces not discussed in the attached report are discovered during future demolition/renovation operations, all general work activities which could impact the discovered painted surface should cease until confirmation sampling can be conducted

Should the future intended use of the subject property differ from what has been presented to Rincon, additional subsurface assessment to further characterize the extent of impact from OCPs may be warranted. Should offsite disposal of soils become necessary, additional soil samples may be required.

INTRODUCTION

This report presents the results of the subsurface soil investigation conducted by Rincon Consultants, Inc. for the City of Turlock at the site located at 1040 Flower Street, Turlock, California (Figure 1). Based on the findings of our previous Phase I report dated November 15, 2016, a subsurface investigation, which included soil sampling, a dust wipe, and a LBP and asbestos survey, was performed.

PROJECT HISTORY

A Phase I ESA was prepared for the subject site by Rincon (report dated November 15, 2016). The subject property is owned by the City of Turlock and is currently in use as the California National Guard Armory, occupied by the 149th Chemical Company.

Based on the age of the buildings located onsite and the historic and current uses of the property by the National Guard as an Armory and shooting range, a subsurface soil investigation and LBP and asbestos surveys were conducted.

PURPOSE AND SCOPE

The purpose of the subsurface soil investigation was to identify if OCPs, metals, VOCs, or TPH are present in the soil beneath the subject property.

Our scope of work included the following:

- **Utility Notification.** Pre-mark boring locations and contact Underground Services Alert (USA) to mark areas where underground public utilities might be located in the drilling area.
- **Soil Sampling.** Eight soil borings (B1 through B8) were advanced throughout the subject property with a direct push drill rig to a depth of 5.0-5.5-feet bgs. Soil samples were collected from 0.0-0.5-, 2.0-2.5-, and 5.0-5.5- feet bgs from each soil boring.
- **Dust Wipe Sampling.** Three dust wipe samples (N1 through N3) were collected from the interior walls within the former shooting range located at the subject property.
- **Laboratory Analysis**. Shallow soil samples collected from 0.0-0.5-foot and 2.0-2.5-feet bgs in all eight borings were analyzed for OCPs by EPA Method 8081A and 17CCR Total Metals by EPA Method 6010B/7471A. A total of 16 soil samples were analyzed. Soil samples collected at 0.0-0.5-foot and 2.0-2.5-feet from three borings in the vehicle parking area (B6, B7, and B8) were also analyzed for VOCs by EPA Method 8260B TPH by EPA Method 8015B. Based on the laboratory results of the shallow soil samples, the 5.0-5.5-feet samples were not analyzed. Dust wipe samples were analyzed for lead by EPA Method 6010B.
- **Lead Based Paint and Asbestos Survey.** Due to the age of the main building on the subject property (built prior to 1963), LBP and ACBM surveys were conducted by SEI of Stockton, California by accredited inspectors.
- **Reporting.** Prepare this report documenting our findings.

GEOLOGIC AND HYDROGEOLOGIC SETTING

TOPOGRAPHY

The current USGS topographic map (Turlock Quadrangle, 2012) indicates that the subject property is situated at an elevation of about 95 feet above mean sea level with topography sloping down to the southwest. The adjacent topography is generally flat.

SITE GEOLOGY

According to the California Geologic Survey (1967), the subject property is underlain by alluvium, lake, playa, and terrace deposits; unconsolidated and semi-consolidated. Mostly nonmarine, but includes marine deposits near the coast from the Pleistocene-Holocene era. Soil matrix boring logs of B1-B8 are included as Appendix 2.

REGIONAL GROUNDWATER OCCURRENCE AND QUALITY

The site is located within the San Joaquin Valley groundwater basin. During the preparation of this Phase I ESA, we reviewed the California State Water Resources Control Board's (SWRCB's) online GeoTracker database to determine groundwater flow direction in the vicinity for the site. According to groundwater monitoring reports for a former ARCO station located at 1030 West Main Street (about 845 feet south of the subject property), the depth to groundwater is about 81 feet bgs and flows to the southwest.

METHODOLOGY

On January 13, 2017 a direct push rig was used to advance eight soil borings to a depth of 5.5-feet bgs (Figure 2). The work was conducted by TEG Northern California, Inc. of Rancho Cordova, California, under the direct supervision of Rincon Consultants. Soil matrix samples were collected at 0.0-0.5-foot, 2.0-2.5- feet, and 5.0-5.5-feet bgs from each soil boring. In addition to the soil matrix samples, Rincon personnel collected three dust wipe samples from the interior of the former shooting range structure to assess the presence of lead associated with the historic use of the building as a shooting range.

Additionally, because the main building on the subject property was built prior to 1963, LBP and ACBM surveys were conducted by SEI. The survey was completed by a California Certified Asbestos Consultant and State of California Department of Health Services (DHS) Certified Lead Inspector/Assessor and included a visual reconnaissance of the onsite structures to evaluate the possible presence of asbestos-containing materials and lead-based paint coated surfaces, as well as the collection of building material samples and paint chip samples for laboratory analysis.

SOIL BORING ADVANCEMENT AND SAMPLING

Eight soil borings (B1 through B8) were advanced at the subject property using a direct push drill rig (Figure 2). Soil borings were advanced to a total depth of 5-feet bgs. Soil matrix boring logs are included as Appendix 2.

Soil samples were collected at 0.0-0.5-foot, 2.0-2.5-feet, and 5.0-5.5-feet bgs from each of the eight soil borings. The soil samples were collected in acetate sleeves and/or 8-ounce glass jars, which were properly labeled and stored in a cooler with ice for delivery to a state-accredited analytical laboratory under chain-of-custody documentation.

LEAD DUST SAMPLING

Three dust wipe samples were collected from the interior of the former shooting range structure to assess the presence of lead associated with the historic use of the building as a shooting range. Samples were collected from interior wall faces, approximately 3-feet above the interior floor (Figure 2). Dust wipe samples were stored in glass jars for delivery to a state-accredited analytical laboratory under chain-of-custody documentation.

LEAD BASED PAINT AND ASBESTOS SAMPLING

Stockton Environmental collected 10 paint chip samples at the subject property. The samples were collected, sealed in sampling containers, and delivered to an accredited laboratory for analysis. Additionally, 23 representative bulk samples were collected for asbestos analysis. Samples were collected from materials such as roofing materials, drywall joint compound, vinyl sheet flooring, sprayed acoustic ceiling material and exterior stucco. The samples were collected, sealed in sampling containers, and delivered to an accredited laboratory for analysis.

LABORATORY ANALYSIS

A total of 24 soil matrix samples and three dust wipe samples were sent to BC Laboratories, Inc., of Bakersfield, California. Shallow soil matrix samples (0.0-0.5-foot and 2.0-2.5-feet bgs) from all eight borings were analyzed for OCPs by EPA Method 8081A and 17CCR Total Metals by EPA Method 6010B/7471A. Soil samples collected at 0.0-0.5 feet and 2.0-2.5 feet from three borings in the vehicle parking area (B6, B7, and B8) were also analyzed for VOCs by EPA Method 8260B and TPH (carbon chain) by EPA Method 8015B. A total of 16 soil samples were analyzed. The 5.0-5.5 -foot samples from all eight borings were held pending results of the 0.0-0.5-foot and 2.0-2.5-foot samples; however, based on the laboratory analytical results from the shallow soil samples, none of the 5.0-5.5-foot soil samples were analyzed. The three dust wipe samples were analyzed for total lead by EPA Method 6010B.

Paint chip samples collected by SEI for the presence of LBP were analyzed for lead by AA/Flame in accordance with the EPA's Method 7420, and samples collected for the presence of ACBM were analyzed for asbestos by Polarized Light Microscopy (PLM). Samples were collected using EPA sampling procedures.

RESULTS

Based on the future intended use of the subject property and the depth to groundwater beneath the site (approximately 80 feet bgs), soil matrix analytical results were compared to the commercial/industrial Environmental Screening Levels (ESL) for shallow soil direct exposure to human health established by the San Francisco Bay Regional Water Quality Control Board (SFBRWQCB). ESLs provide conservative screening levels for over 100 chemicals.

Currently, there is no occupational exposure limit for lead contamination on surfaces. However, in a Federal compliance instruction for lead in the construction industry, OSHA has provided a level of acceptable lead loading (surface dust levels) for non-lead work areas (clean areas outside lead work areas, such as lunchrooms, etc.) of 200 µg/ft². While not a legally applicable threshold value, 200 µg/ft² is used as the suggested industry guideline for cleanliness in public spaces (OSHA, 1993).

SOIL MATRIX LABORATORY RESULTS

The analytical results of the soil matrix investigation are presented in Tables 1 through 3. Copies of the laboratory analytical reports are included in Appendix 3.

Concentrations of metals were detected in all 16 shallow soil samples analyzed. None of the concentrations of metals were reported above their respective ESL for commercial/industrial shallow soil with the exception of arsenic with concentrations ranging from 0.50J mg/kg to 1.4 mg/kg (where a "J" qualifier denotes an estimated value). Although these concentrations of arsenic exceeded the ESL for arsenic of 0.31 mg/kg, concentrations of arsenic were within the accepted background range (0.6 mg/kg–11 mg/kg) for trace and major elements in California soils, as published by the by Kearney Foundation (1996). Metals can be naturally occurring in soil and the analytical results indicated that the detected concentrations of metals in the soil samples were consistent with background values of metals in California soil.

Concentrations of chlordane, 4,4'-DDD, 4,4'-DDE, 4,4'-DDT, dieldrin, heptachlor, and heptachlor epoxide were reported in 13 of the 16 shallow soil samples analyzed for OCPs; however, only one concentration of chlordane reported at 9.8 mg/kg in B4 (0.5-foot) exceeded the ESL for chlordane of 2.2 mg/kg.

Concentrations of TPH (motor oil range) were reported in two of the six shallow soil matrix samples analyzed, at concentrations of 75 mg/kg (B8, 0.5-foot) and 550 mg/kg (B7, 0.5-foot). No VOCs were reported in the six soil matrix samples analyzed, with the exception of total xylenes and toluene, ranging in concentration from 0.0034J mg/kg to 0.0047J mg/kg, and 0.0048 mg/kg to 0.0084 mg/kg, respectively. None of the reported concentrations of TPH, total xylenes, or toluene exceeded their respective ESL. Based on the analytical results from the shallow soil samples, none of the 5.0-5.5-foot samples were analyzed.

DUST WIPE LABORATORY RESULTS

Concentrations in dust wipe samples N1, N2, and N3 were reported at 12,000 micrograms per square foot (µg/ft²), 140 µg/ft², and 49 µg/ft², respectively. Although there is no occupational exposure limit for lead contamination on surfaces, dust wipe sample N1 exceeds OSHA's

suggested industry guideline for cleanliness in public spaces of 200 µg/ft². A summary of laboratory analytical data is presented in Table 4 and a copy of the laboratory analytical report is included in Appendix 3.

LBP AND ASBESTOS SURVEY RESULTS

Based on the findings of the LBP and ACBM survey conducted at the subject property by Stockton Environmental, Inc., none of the 23 bulk samples collected for asbestos analysis were identified to contain levels of asbestos at or above the regulatory thresholds for asbestos. Four of the 10 samples collected for LBP analysis were found to be below the CPSC level of less than 0.06% lead by weight. Six of the 10 samples collected for LBP analysis were reported to be below OSHA's definition of Lead Based Paint (0.5% by weight) but greater than the CPSC definition of "lead-free paint (less than 0.06% by weight). None of the samples analyzed exceeded the Environmental Protection Agency's EPA's definition of "Lead Based Paint" (0.5% by weight or greater). Additional details of the LBP and asbestos surveys performed for the subject property can be found in the Stockton Environmental, Inc. full report, included as Appendix 1.

CONCLUSIONS

It is Rincon's understanding that future use of the subject property is intended to be commercial/industrial. Based on the results of the soil assessment for the Phase II ESA and future intended use of the subject property as it has been presented to Rincon, no additional subsurface soil assessment is warranted. One sample (B4 at 0.5 fbg) had chlordane detected above the SFBRWQCB ESL for commercial land use. This ESL is for direct exposure to the soil. The chlordane is likely from the historic agricultural use of the subject property before it was developed with the current structures. The soil sample with the elevated concentration of chlordane was obtained from an area of exposed soil. If the area near this boring is to be a place where people are allowed to access, then we recommend that this soil having elevated chlordane be removed and disposed offsite.

Based on concentrations of lead reported to exceed 200 µg/ft² in one of the dust wipe samples collected from the interior walls of the former shooting range, it is recommended that the lead dust be removed from the interior of the building. Removal of lead dust should be conducted under the guidance of an Independent State Certified Consultant.

Additionally, based on the findings of the LBP and ACBM survey conducted at the subject property by Stockton Environmental, Inc., SEI recommends that renovation/demolition activities of this project be considered "lead related construction work" in accordance with OSHA CCR Title 17, division 1, chapter. 8, article 1. If suspect ACBM or painted surfaces not discussed in the attached report are discovered during future demolition/renovation operations, all general work activities which could impact the discovered painted surface should cease until confirmation sampling can be conducted

Should the future intended use of the subject property differ from what has been presented to Rincon, additional subsurface assessment to further characterize the extent of impact from

OCPs may be warranted. Should offsite disposal of soils become necessary, additional soil samples may be required.

LIMITATIONS

This report has been prepared for and is intended for the exclusive use of the City of Turlock. The contents of this report should not be relied upon by any other party without the written consent of Rincon Consultants, Inc.

Our conclusions regarding the subject property are based on the results of a limited sampling program. The results of this evaluation are qualified by the fact that only limited sampling and analysis was conducted during this assessment.

This scope was not intended to completely establish the quantities and distribution of contaminants present at the subject property or to determine the cost to remediate the subject property. The concentrations of contaminants measured at any given location may not be representative of conditions at other locations. Further, conditions may change at any particular location as a function of time in response to natural conditions, chemical reactions and other events. Conclusions regarding the condition of the subject property do not represent a warranty that all areas within the subject property are similar to those sampled.

REFERENCES

The following reference materials were used in preparation of this Phase II ESA:

Rincon Consultants, *Phase I Environmental Site Assessment,* November 15, 2016.

California Geologic Survey (CGS), *Geologic Atlas of California Map No. 009,1967.*

USGS *topographic map, 2012, Turlock Quadrangle.*

California Department of Water Resources (DWR), *California's Groundwater Bulletin 118*, 2003.

Regional Water Quality Control Board (RWQCB) online database (*GeoTracker*).

San Francisco Bay Regional Water Quality Control Board, *Environmental Screening Levels*, February, 2016.

University of California, *Kearney Foundation Background Concentrations of Trace and Major Elements in California Soils*, 1996.

Occupational Safety and Health Administration (OSHA), *OSHA Instruction CPL 2-2.58, 29 CFR 1926.62 Lead Exposure In Construction,* December 13, 1993.

Tables

Table 1
Soil Matrix Analytical Summary - Organochlorine Pesticides (OCPs) (8081A)
1040 Flower Street, Turlock, California
Results in milligrams/kilogram (mg/kg)
January 13, 2017

Soil Boring	Sampling Depth (feet bgs)	Chlordane	4,4'-DDD	4,4'-DDE	4,4'-DDT	Dieldrin	Heptachlor	Heptachlor Epoxide	Other OCPs
B1	0.5	0.018J	ND	0.00070J	0.00044J	ND	ND	ND	ND
	2.5	ND	ND	0.00028J	ND	ND	ND	ND	ND
B2	0.5	ND	ND	0.00038J	ND	ND	ND	ND	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
B3	0.5	ND	ND	0.00066J	ND	ND	ND	ND	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
B4	0.5	**9.8**	0.56	0.060	ND	ND	0.019	ND	ND
	2.5	1.0	0.0076	0.025	0.0062	ND	ND	0.064	ND
B5	0.5	0.28J	0.015	0.0050	0.0044	0.0021J	0.0017J	0.013	ND
	2.5	0.011J	ND	ND	ND	ND	ND	ND	ND
B6	0.5	0.40	0.010	0.0027J	0.0028J	0.0015J	0.0061	0.0061	ND
	2.5	0.018J	ND	0.00032J	ND	ND	ND	ND	ND
B7	0.5	ND	ND	0.0010J	ND	ND	ND	ND	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
B8	0.5	0.63	0.020	0.0073	0.0051	0.0022J	ND	0.015	ND
	2.5	ND	0.00040J	0.0011J	ND	ND	ND	ND	ND
Laboratory Reporting Limit		0.0043 - 0.045	0.00024 - 0.013	0.00024 - 0.0025	0.00022 - 0.0023	0.00020 - 0.00042	0.00016 - 0.0030	0.00022 - 0.0023	0.00010 - 0.0039
Commercial RWQCB ESL		*2.2*	*12*	*8.5*	*8.5*	*0.17*	*0.60*	*0.30*	*Varies*

Notes:

bgs = below ground surface

ND = not detected above the laboratory reporting limit

Bold = Exceedance of commercial ESL

J = flag indicating an estimated value

RWQCB ESL = San Francisco Bay Regional Water Quality Control Board Environmental Screening Level (ESL), February 2016 - for commercial/industrial use, shallow soil, direct exposure human health risk levels.

Table 2
Soil Matrix Analytical Summary - Total Metals (6010B/7471A)
1040 Flower Street, Turlock, California
Results in milligrams/kilogram (mg/kg)
January 13, 2017

Soil Boring	Sampling Depth (feet bgs)	Antimony	Arsenic	Barium	Beryllium	Cadmium	Chromium	Cobalt	Copper	Lead	Mercury	Molybdenum	Nickel	Selenium	Silver	Thallium	Vanadium	Zinc
B1	0.5	ND	**1.2**	27	0.081J	ND	3.6	1.5J	4.1	2.3J	ND	ND	2.3	ND	0.069J	ND	16	12
	2.5	ND	ND	36	0.10J	ND	4.9	2.1J	3.5	1.6J	ND	ND	4.1	ND	0.082J	ND	17	15
B2	0.5	ND	**1.5**	29	0.087J	ND	3.8	1.7J	5.3	3.3	ND	ND	2.6	1.1	0.072J	ND	16	17
	2.5	ND	ND	34	0.083J	ND	4.1	1.8J	3.2	1.3J	ND	ND	3.1	ND	0.085J	ND	15	12
B3	0.5	ND	**1.2**	30	0.083J	ND	4.0	1.8J	6.0	4.6	ND	ND	2.3	ND	ND	ND	18	14
	2.5	ND	**0.78J**	37	0.092J	ND	4.2	1.9J	3.4	1.6J	ND	ND	3.1	ND	0.076J	ND	16	13
B4	0.5	ND	**1.4**	29	0.081J	ND	3.8	1.6J	4.4	3.0	ND	ND	2.3	ND	0.068J	ND	15	46
	2.5	ND	ND	33	0.081J	ND	3.9	1.7J	3.1	2.2J	ND	ND	2.6	ND	0.068J	ND	14	13
B5	0.5	ND	ND	33	0.093J	ND	4.3	1.8J	3.6	4.0	ND	ND	3.2	ND	ND	ND	16	16
	2.5	ND	**0.62J**	32	0.097J	ND	4.2	1.9J	3.4	1.5J	ND	ND	3.3	ND	ND	ND	15	13
B6	0.5	ND	**1.1**	33	0.091J	ND	6.1	2.0J	5.0	2.6	ND	ND	5.7	ND	0.095J	ND	18	15
	2.5	ND	**0.51J**	34	0.099J	ND	4.5	1.8J	3.5	1.4J	ND	ND	3.2	ND	ND	ND	17	14
B7	0.5	ND	**0.50J**	34	0.093J	ND	4.8	1.8J	3.5	1.7J	ND	ND	4.2	1.0	0.080J	ND	16	13
	2.5	ND	**0.60J**	33	0.12J	ND	5.3	2.1J	3.9	2.4J	ND	ND	4.2	ND	0.11J	ND	17	15
B8	0.5	ND	**0.86J**	32	0.090J	ND	4.8	1.7J	4.2	2.8	ND	ND	3.3	ND	ND	ND	17	14
	2.5	ND	ND	32	0.086J	ND	4.4	1.7J	3.5	1.6J	ND	ND	3.1	ND	0.080J	ND	16	13
Laboratory Reporting Limit		0.33	0.40	0.18	0.047	0.052	0.050	0.098	0.050	0.28	0.041	0.050	0.15	0.98	0.067	0.64	0.11	0.087
Background Concentration		*0.15 - 1.95*	*0.6 - 11*	*133 - 1,400*	*0.25 - 2.70*	*0.05 - 1.70*	*23 - 1,579*	*2.7 - 46.9*	*9.1 - 96.4*	*12.4 - 97.1*	*0.05 - 0.90*	*0.1 - 9.6*	*9.0 - 509*	*0.015 - 0.430*	*0.10 - 8.3*	*0.17- 1.1*	*39 - 288*	*88 - 236*
Commercial RWQCB ESL		*470*	*0.31*	*220,000*	*2,200*	*580*	*NE*	*350*	*47,000*	*320*	*190*	*5,800*	*11,000*	*5,800*	*5,800*	*12.00*	*5,800*	*350,000*

Notes:
bgs = below ground surface
ND = not detected above the laboratory reporting limit
J = flag indicating an estimated value
Bold = Exceedance of ESL; however, reported value is within the accepted background concentration range.
Background Concentration = Kearney, *Background Concentrations of Trace and Major Elements in California Soils,* University of California, 1996
RWQCB ESL = San Francisco Bay Regional Water Quality Control Board Environmental Screening Level (ESL), February 2016 - for commercial/Industrial shallow soil, direct exposure human health risk levels .

Table 3

Soil Matrix Analytical Summary - Total Petroleum Hydrocarbons (TPH) (8015B) and
Volatile Organic Compounds (VOCs) (8260B)
1040 Flower Street, Turlock, California
Results in milligrams/kilogram (mg/kg)
January 13, 2017

Soil Boring	Sampling Depth (feet bgs)	TPH - Gasoline	TPH - Diesel	TPH - Motor Oil	Toluene	Total Xylenes	p- and m- Xylenes	o- Xylenes	Other VOCs
B6	0.5	ND	ND	ND	0.0077	0.0034J	0.0023J	ND	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
B7	0.5	ND	ND	550	0.0048	ND	ND	ND	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
B8	0.5	ND	ND	75	0.0084	0.0047J	0.0033J	0.0014J	ND
	2.5	ND	ND	ND	ND	ND	ND	ND	ND
Laboratory Reporting Limit		5.0 - 100	1.2 - 24	6.5 - 130	0.00091 - 0.0012	0.0026 - 0.0034	0.0017 - 0.0022	0.00091 - 0.0012	Varies
Commercial RWQCB ESL		*3,900*	*1,100*	*140,000*	*4,600*	*2,400*	-	-	*Varies*

Notes:

bgs = below ground surface

ND = not detected above the laboratory reporting limit

J = flag indicating an estimated value

RWQCB ESL = San Francisco Bay Regional Water Quality Control Board Environmental Screening Level (ESL), February 2016 - for commercial/industrial shallow soil, direct exposure human health risk levels.

Table 4

Dust Wipe Analytical Summary - Lead (6010B)

1040 Flower Street, Turlock, California

January 13, 2017

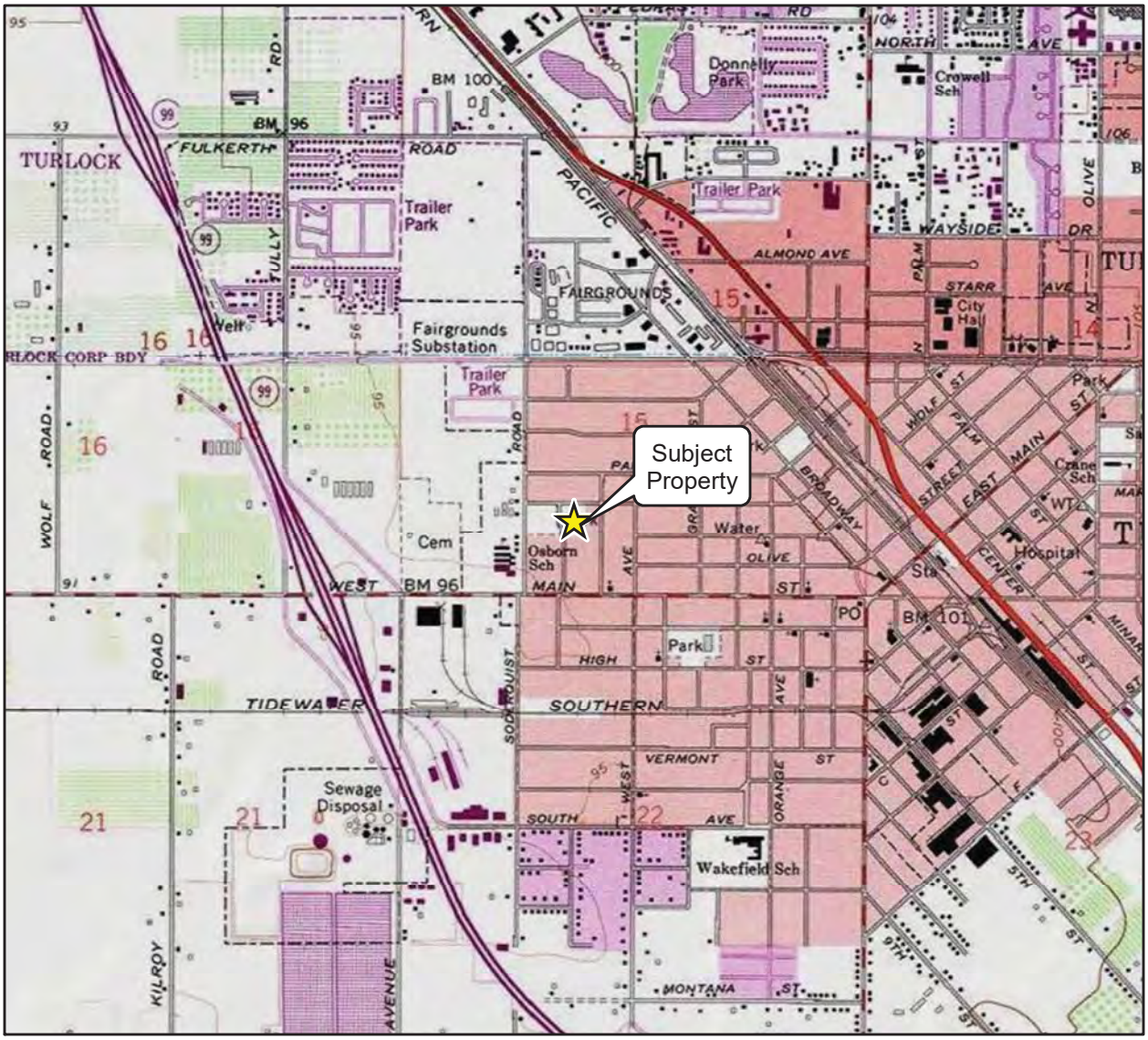
Wipe Sample	Lead ($\mu g/ft^2$)
N1	12,000
N2	140
N3	49
Laboratory Reporting Limit	0.28 - 1.4
OSHA Suggested Threshold	*200*

Notes:

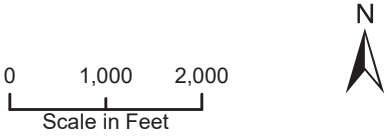
$\mu g/ft^2$ = micrograms per square foot

OSHA Suggested Threshold= Occupational Safety and Health Administration suggested level of acceptable lead loading (surface dust levels) for non-lead work areas. Suggested guideline only; not a legal limit.

Figures



Imagery provided by National Geographic Society, ESRI and its licensors © 2016. The topographic representation depicted in this map may not portray all of the features currently found in the vicinity today and/or features depicted in this map may have changed since the original topographic map was assembled.



Vicinity Map

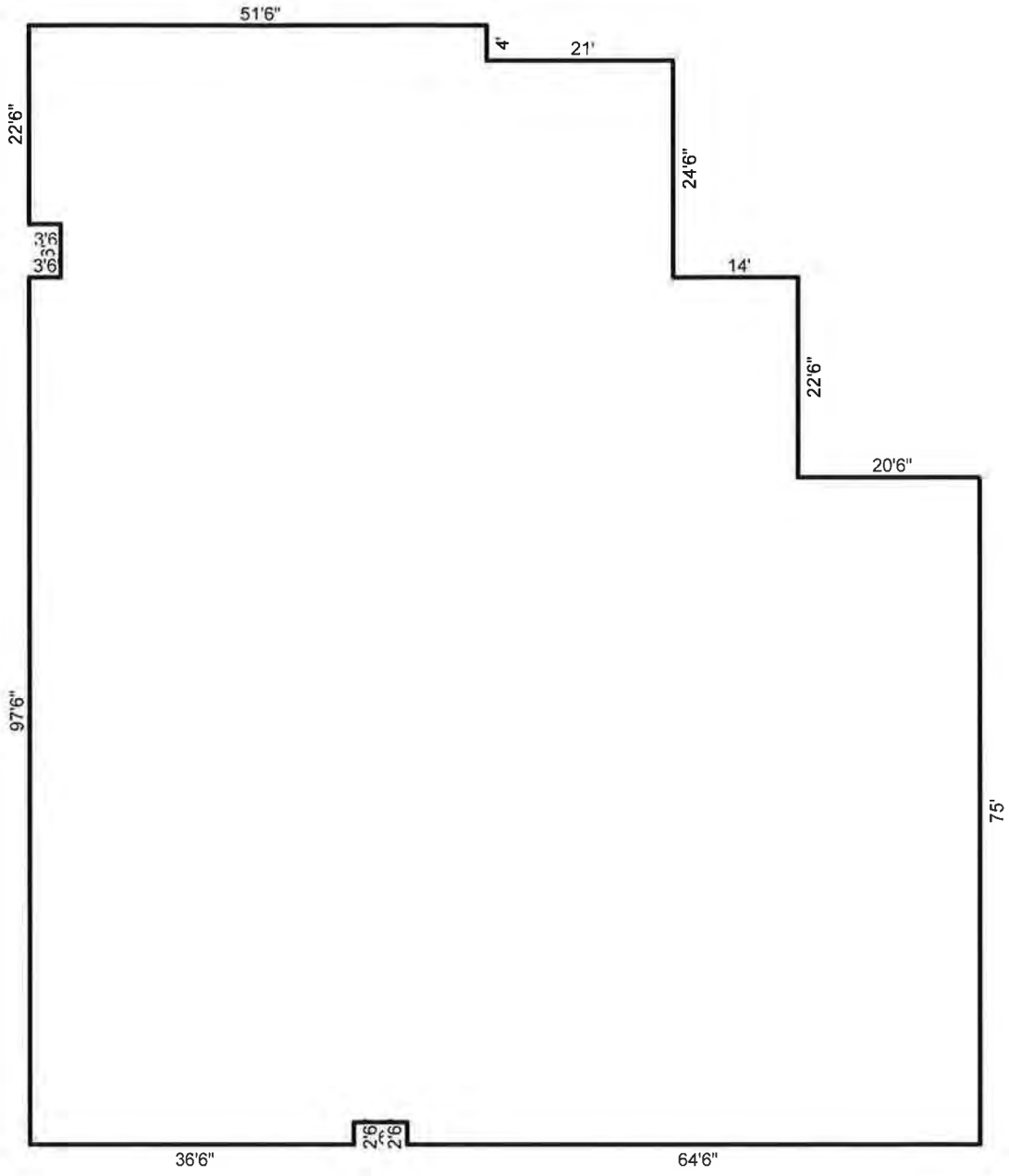
Figure 1

Imagery provided by Google and its licensors © 2016.

Sample Location Map

Figure 2

BUILDING AREA CALCULATIONS



Section # 1

51.5	Horizontal
4	Vertical
21	Horizontal
24.5	Vertical
14	Horizontal
22.5	Vertical
20.5	Horizontal
75	Vertical
64.5	Horizontal
2.5	Vertical
6	Horizontal
2.5	Vertical
36.5	Horizontal
97.5	Vertical
3.5	Horizontal

6	Vertical
3.5	Horizontal
22.5	Vertical
478	<- PERIMETER
3.5	x 97.5 = 341.25
3.5	x 22.5 = 78.75
33	x126 = 4158
6	x123.5 = 741
9	x126 = 1134
21	x122 = 2562
14	x 97.5 = 1365
20.5	x 75 = 1537.5
	Subtotal 11917.5 SF

Total	11917.5	SF
Total OTHER	11917.5	SF

Scale 1:240

Software by Dynamic Computing (850) 894-2719

1" = 20'

APPRAISER QUALIFICATIONS

BRIAN DRAKE, R/W-AC

Industry experience since 2004

Current Responsibilities

Brian C. Drake joined ***Associated Right of Way Services, Inc.***, in 2011, with 7 years professional appraisal and valuation experience, and currently serves as **Real Estate Appraiser**. The scope of Mr. Drake's work includes complex appraisals on improved and unimproved properties for public improvement projects, as well as valuations for full and partial acquisitions of residential, commercial, industrial, and agricultural properties for transportation and utility improvement projects. Mr. Drake's work is performed in conformance with the Uniform Relocation Assistance and Real Property Acquisition Policies Act, Uniform Standards of Professional Appraisal Practice, Caltrans standards, and state and federal guidelines.

Prior Experience

Prior to joining the AR/WS team, Mr. Drake was a Real Estate Appraiser at ***The Schmidt-Prescott Group*** (San Jose, CA), where he appraised proposed and existing commercial, industrial, agricultural, and residential property. His experience includes appraising offices, medical offices, surgery centers, self-storage facilities, warehouses, R&D facilities, retail strip and shopping centers, auto dealerships, restaurants, fast food restaurants, commercial condominiums, apartment complexes, and single-family and multi-family dwellings. Mr. Drake prepared appraisal reports for commercial, retail, industrial and residential properties throughout the greater Bay Area and Central Valley. His assignments also included the preparation of rent surveys for commercial, retail and industrial properties. Mr. Drake gained knowledge in various agricultural specific markets in the counties of Alameda, Contra Costa, Merced, Santa Clara, San Benito, San Joaquin and Stanislaus during his career as an appraiser. Valuation of property rights included fee simple, leased fee, leasehold, and ground rent. His clients included lenders, attorneys, accountants, corporations, municipalities, and individuals for eminent domain, estate planning, mortgage lending, litigation support, partnership disputes, taxation, gifting, investment, purchase, and sale.

Education

San Francisco State University, BA, Broadcast Communications
Mr. Drake has taken several courses in matters of real property appraisal through the Appraisal Institute to broaden his scope of knowledge and provide higher levels of service.

State of California Certified General Real Estate Appraiser No. AG031568
Practicing Affiliate Member, Appraisal Institute
Member, International Right of Way Association
R/W-AC, Appraisal Certified, International Right of Way Association

Related Course Work:

The Appraisal Institute
Effective Appraisal Writing; Appraisal Principals; Basic Appraisal Procedures; Uniform Standards of Professional Appraisal Practice; Basic Income Capitalization; General Applications; Report Writing and Valuation Analysis; Business Practices & Ethics; Advanced Income Capitalization; Condemnation Appraising: Principals and Applications; Supervisory Appraiser/Trainee Appraiser Course; Eminent Domain and Condemnation; and USPAP Continuing Education

International Right of Way Association (IRWA)
Ethics and the Right of Way Profession; The Valuation of Partial Acquisitions; Easement Valuation; Principals of Real Estate Engineering; Property Descriptions; Standards of Practice for the Right of Way Professional; and Environmental Due Diligence and Liability

National Highway Institute (US Department of Transportation)
Real Estate Acquisition Under the Uniform Act

Other
Real Estate Principles; Real Estate Practice; Legal Aspects of Real Estate