

Integra Realty Resources
San Diego

Appraisal of Real Property

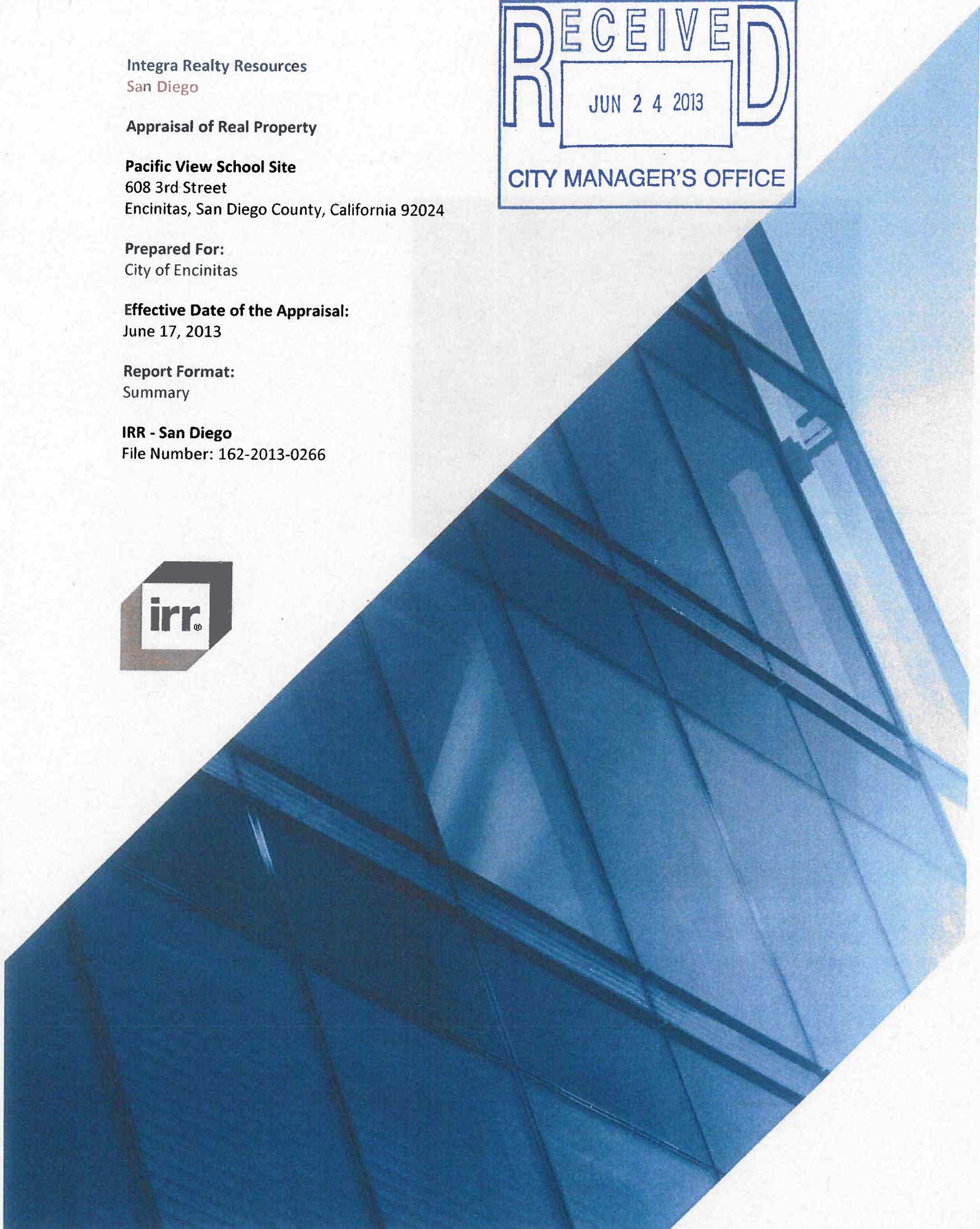
Pacific View School Site
608 3rd Street
Encinitas, San Diego County, California 92024

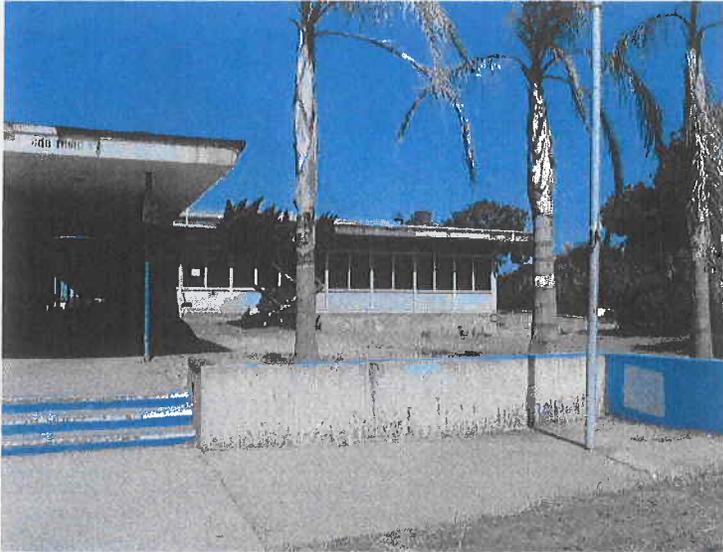
Prepared For:
City of Encinitas

Effective Date of the Appraisal:
June 17, 2013

Report Format:
Summary

IRR - San Diego
File Number: 162-2013-0266





Pacific View School Site
608 3rd Street
Encinitas, California

Integra Realty Resources
San Diego

5330 Carroll Canyon Road
Suite 100
San Diego, CA 92121

T 858.450.9900
F 858.259.4910
sandiego@irr.com
www.irr.com



June 24, 2013

Gus Vina
City Manager
City of Encinitas
505 S. Vulcan Avenue
Encinitas, CA 92024

SUBJECT: Market Value Appraisal
Pacific View School Site
608 3rd Street
Encinitas, San Diego County, California 92024
IRR - San Diego File No. 162-2013-0266

Dear Mr. Vina:

Integra Realty Resources – San Diego is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property. The client for the assignment is City of Encinitas, and the intended use is for potential property acquisition purposes.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of City of Encinitas. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the summary report option of Standards Rule 2-2(b) of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

The subject is the former Pacific View Elementary School property, and consists of a 2.80 acre site. The existing improvements include approximately 9,370 SF of classrooms and

offices, excluding the modular buildings. The dilapidated improvements were constructed in 1953 and are in poor condition. The improvements are considered to have no remaining economic life and have no contributory value. The property is zoned D-P/SP, in the Downtown Encinitas Specific Plan, Residential West Subdistrict. The zoning, Public/Semi-Public Use, permits uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

| Value Conclusion | Interest Appraised | Date of Value | Value Conclusion |
|-------------------|--------------------|---------------|------------------|
| Appraisal Premise | Fee Simple | June 17, 2013 | \$7,270,000 |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The value rendered is an 'as is' value based on the current 'Public/Semi-Public' zoning, which limits potential development to a narrow scope of uses. We are aware that there has been previous litigation regarding the potential for a change in zoning of the site to residential use, which would result in a significantly higher land value than the as is value. The client has requested that we provide an 'as is' value based on the current public/semi-public zoning. The value is made under the extraordinary assumption that the current zoning is not changed to residential zoning. We have not attempted to value the site based on any other potential zoning or allowed uses because any other such uses are not legally permissible as of the date of value.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

The opinions of value expressed in this report are based on estimates that may be prospective in nature. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, behavior of buyers, investors, lenders, and consumers. Additionally, our opinions are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.



Gus Vina
City of Encinitas
June 24, 2013
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

INTEGRA REALTY RESOURCES - SAN DIEGO



Jeff Greenwald, MAI, SRA, FRICS, Realtor®
Senior Managing Director/Principal-San Diego
Certified General Real Estate Appraiser
CA Certificate #AG025255; Exp. 10-12-2015
jgreenwald@irr.com



John A. Morgan
Director
Certified General Real Estate Appraiser
CA Certificate #AG007753; Exp. 06-09-2014
jmorgan@irr.com



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Summary of Salient Facts and Conclusions

| | | |
|---|--|------------|
| Property Name | Pacific View School Site | |
| Address | 608 3rd Street Encinitas, San Diego County, California 92024 | |
| Property Type | Pacific View School Site - Land | |
| Owner of Record | Encinitas Union School District | |
| Tax ID | 258-151-22-00 | |
| Land Area | 2.80 acres; 121,968 SF | |
| Zoning Designation | D-P/SP, Downtown Encinitas Specific Plan, Residential West Subdistrict, Public/Semi-Public Use | |
| Highest and Best Use | Public/semi-public use | |
| Exposure Time; Marketing Period | 12-24 months; 12-24 months | |
| Effective Date of the Appraisal | June 17, 2013 | |
| Date of the Report | June 24, 2013 | |
| Property Interest Appraised | Fee Simple | |
| Sales Comparison Approach | | |
| Number of Sales | 6 | |
| Range of Sale Dates | Apr 09 to Nov 11 | |
| Range of Prices per Usable SF (Unadjusted) | \$23.24 - \$130.51 | |
| Market Value Conclusion | \$7,270,000 | \$59.61/SF |
| <p>The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Encinitas may use or rely on the information, opinions, and conclusions contained in the report. The summary shown above is for the convenience of City of Encinitas, and therefore it is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.</p> | | |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The value rendered is an 'as is' value based on the current 'Public/Semi-Public' zoning, which limits potential development to a narrow scope of uses. We are aware that there has been previous litigation regarding the potential for a change in zoning of the site to residential use, which would result in a significantly higher land value than the as is value. The client has requested that we provide an 'as is' value based on the current public/semi-public zoning. The value is made under the extraordinary assumption that the current zoning is not changed to residential zoning. We have not attempted to value the site based on any other potential zoning or allowed uses because any other such uses are not legally permissible as of the date of value.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.



General Information

Identification of Subject

The subject is the former Pacific View Elementary School property, and consists of a 2.80 acre site. The existing improvements include approximately 9,370 SF of classrooms and offices, excluding the modular buildings. The dilapidated improvements were constructed in 1953 and are in poor condition. The improvements are considered to have no remaining economic life and have no contributory value. The property is zoned D-P/SP, in the Downtown Encinitas Specific Plan, Residential West Subdistrict. The zoning, Public/Semi-Public Use, permits uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions. An abbreviated legal description of the property is included in the table below.

| Property Identification | |
|-------------------------|--|
| Property Name | Pacific View School Site |
| Address | 608 3rd Street Encinitas, California 92024 |
| Tax ID | 258-151-22-00 |
| Legal Description | School Lot, & closed street & alley, & Lots 9-12, Block 30, Encinitas Map 148, City of Encinitas, County of San Diego, State of California |
| Census Tract Number | 175.01 |

Current Ownership and Sales History

The owner of record is the Encinitas Union School District. This party has owned the property since 1883. The site was reportedly gifted to the district for use of the original Encinitas school house. The original school house, located on the extreme southwest portion of the site, is now occupied by the Encinitas Historical Society.

To the best of our knowledge, no sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value as is of the fee simple interest in the property as of the effective date of the appraisal, June 17, 2013. The date of the report is June 24, 2013. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of As Is Market Value

As is market value is defined as, “The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal’s effective date.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471)

Definition of Property Rights Appraised

Fee simple estate is defined as, “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.”

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for potential property acquisition purposes. The client and intended user is City of Encinitas. The appraisal is not intended for any other use or user. No party or parties other than City of Encinitas may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

| Approaches to Value | | |
|--------------------------------|---------------------------------|--------------------------|
| Approach | Applicability to Subject | Use in Assignment |
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Not Applicable | Not Utilized |

We use only the sales comparison approach in developing an opinion of value for the subject land. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because existing older improvements contribute no value to the land, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale

profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

John Morgan conducted an on-site inspection of the property on June 17, 2013. Interior inspections of the various buildings were also made. Jeff Greenwald has made an exterior inspection of the property on a previous occasion.

Report Format

The report has been prepared under the summary report option of Standards Rule 2-2(b) of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

Economic Analysis

Area Analysis

San Diego County is located in southwestern California, It is 4,207 square miles in size and has a population density of 759 persons per square mile. San Diego County is part of the San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area, hereinafter called the San Diego MSA, as defined by the U.S. Office of Management and Budget.

Population

San Diego County has an estimated 2013 population of 3,192,594, which represents an average annual 1.0% increase over the 2010 census of 3,095,313. San Diego County added an average of 32,427 residents per year over the 2010-2013 period, and its annual growth rate exceeded the State of California rate of 0.8%.

| | Population | | | Compound Ann. % Chng | |
|----------------------|-------------|-------------|-------------|----------------------|-------------|
| | 2010 Census | 2013 Est. | 2018 Est. | 2010 - 2013 | 2013 - 2018 |
| United States | 306,745,536 | 314,861,807 | 325,322,277 | 0.7% | 0.7% |
| California | 37,253,956 | 38,199,831 | 39,836,763 | 0.8% | 0.8% |
| San Diego County, CA | 3,095,313 | 3,192,594 | 3,353,296 | 1.0% | 1.0% |

Source: Claritas

Looking forward, San Diego County's population is projected to increase at a 1.0% annual rate from 2013-2018, equivalent to the addition of an average of 32,140 residents per year. San Diego County's growth rate is expected to exceed that of California, which is projected to be 0.8%.

Employment

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. Total employment in San Diego County is currently estimated at 1,283,291 jobs. Between year-end 2002 and the present, employment rose by 25,185 jobs, equivalent to a 2.0% increase over the entire period. There were gains in employment in eight out of the past ten years despite two national economic downturns during this time. Job growth in San Diego County turned positive in 2010 and has remained so.

San Diego County's rate of employment growth over the last decade surpassed that of California, which experienced an increase in employment of 0.8% or 119,238 jobs over this period. Employment data is shown in the table that follows.

| Year | Total Employment (Year End) | | | | Unemployment Rate (Ann. Avg.) | |
|-----------------------------------|-----------------------------|----------|------------|----------|-------------------------------|------------|
| | San Diego County | | California | | San Diego | |
| | San Diego County | % Change | California | % Change | County | California |
| 2002 | 1,258,108 | | 14,926,518 | | 5.1% | 6.7% |
| 2003 | 1,275,986 | 1.4% | 14,912,088 | -0.1% | 5.2% | 6.8% |
| 2004 | 1,298,671 | 1.8% | 15,148,645 | 1.6% | 4.7% | 6.2% |
| 2005 | 1,316,378 | 1.4% | 15,500,786 | 2.3% | 4.3% | 5.4% |
| 2006 | 1,335,217 | 1.4% | 15,672,142 | 1.1% | 4.0% | 4.9% |
| 2007 | 1,341,045 | 0.4% | 15,790,869 | 0.8% | 4.6% | 5.4% |
| 2008 | 1,308,449 | -2.4% | 15,281,705 | -3.2% | 6.0% | 7.2% |
| 2009 | 1,247,609 | -4.6% | 14,481,855 | -5.2% | 9.6% | 11.3% |
| 2010 | 1,248,848 | 0.1% | 14,541,592 | 0.4% | 10.5% | 12.4% |
| 2011 | 1,264,226 | 1.2% | 14,731,774 | 1.3% | 10.0% | 11.7% |
| 2012* | 1,283,291 | 1.5% | 15,045,756 | 2.1% | 8.9% | 10.5% |
| Overall Change 2002-2012 | 25,185 | 2.0% | 119,238 | 0.8% | | |
| Avg Unemp. Rate 2002-2012 | | | | | 6.6% | 8.1% |
| Unemployment Rate - December 2012 | | | | | 8.1% | 9.7% |

*Total employment data is as of June 2012; unemployment rate data reflects the average of 12 months of 2012.
Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW).
Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

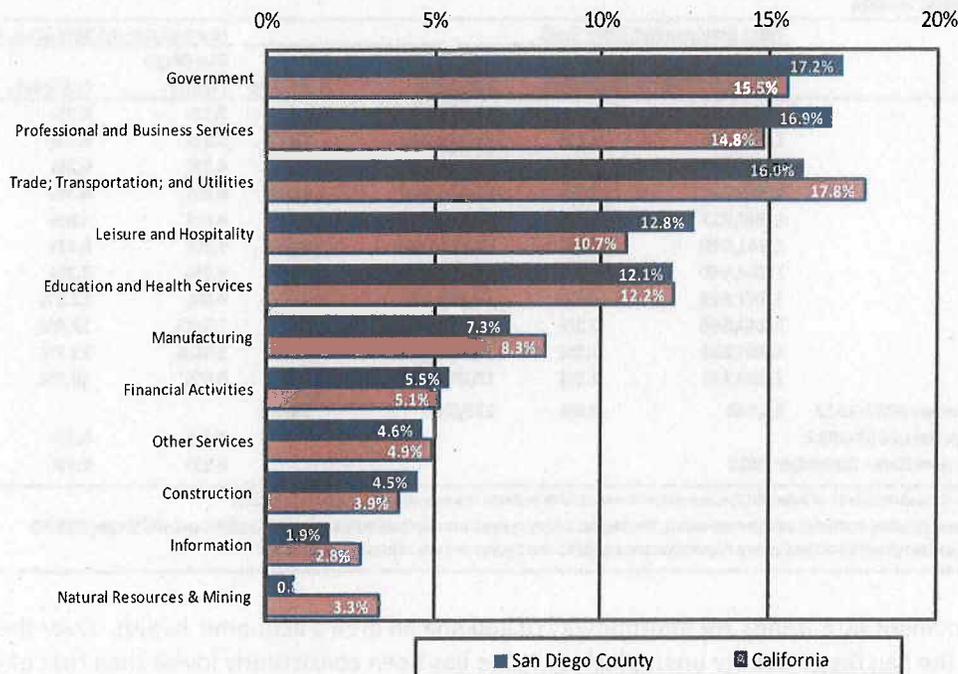
Unemployment rate trends are another way of gauging an area's economic health. Over the past decade, the San Diego County unemployment rate has been consistently lower than that of California, with an average unemployment rate of 6.6% in comparison to a 8.1% rate for California. This is another indication of the strength of the San Diego County economy over the longer term.

Recent data shows that the San Diego County unemployment rate is 8.1% in comparison to a 9.7% rate for California, a positive sign for San Diego County economy but one that must be tempered by the fact that San Diego County has underperformed California in the rate of job growth over the past two years.

Employment Sectors

The composition of the San Diego County job market is depicted in the following chart, along with that of California. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of San Diego County jobs in each category.

Employment Sectors - 2012



Source: Bureau of Labor Statistics and Economy.com

San Diego County has greater concentrations than California in the following employment sectors:

1. Government, representing 17.2% of San Diego County payroll employment compared to 15.5% for California as a whole. This sector includes employment in local, state, and federal government agencies.
2. Professional and Business Services, representing 16.9% of San Diego County payroll employment compared to 14.8% for California as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Leisure and Hospitality, representing 12.8% of San Diego County payroll employment compared to 10.7% for California as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Financial Activities, representing 5.5% of San Diego County payroll employment compared to 5.1% for California as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

San Diego County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 16.0% of San Diego County payroll employment compared to 17.8% for California as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

2. Manufacturing, representing 7.3% of San Diego County payroll employment compared to 8.3% for California as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Other Services, representing 4.6% of San Diego County payroll employment compared to 4.9% for California as a whole. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.
4. Information, representing 1.9% of San Diego County payroll employment compared to 2.8% for California as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

Major Employers

Major employers in San Diego County are shown in the following table.

| Major Employers - San Diego County, CA | |
|--|----------------------------|
| Name | Number of Employees |
| 1 U.S. Department of Defense | 136,664 |
| 2 Federal Government | 46,300 |
| 3 State of California | 45,500 |
| 4 University of California | 27,393 |
| 5 North Island Naval Air Station/Naval Base Coronado | 27,000 |
| 6 County of San Diego | 15,109 |
| 7 Sharp Healthcare | 14,969 |
| 8 Scripps Health | 13,830 |
| 9 San Diego Unified School District | 13,730 |
| 10 San Diego State University | 11,000 |
| 11 Qualcomm Inc. | 10,509 |
| 12 City of San Diego | 10,211 |
| 13 Kaiser Foundation Hospital, San Diego | 8,200 |
| 14 General Atomics | 6,751 |
| 15 UCSD Medical Center, Hillcrest | 5,860 |
| 16 U.S. Postal Service, San Diego District | 5,795 |
| 17 Sempra Energy | 5,299 |
| 18 Rady Children's Hospital San Diego | 4,700 |
| 19 YMCA of San Diego County | 4,594 |
| 20 San Diego Community College District | 4,310 |

Source: San Diego Source - The Daily Transcript

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the San Diego MSA is considered meaningful when compared to the nation overall, as San Diego County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in the San Diego MSA than the United States overall during the past eight years. The San Diego MSA has grown at a

0.7% average annual rate while the United States has grown at a 1.0% rate. As the national economy recovers from the downturn of 2008-2009, the San Diego MSA has recently performed better than the United States. GDP for the San Diego MSA rose by 2.3% in 2011 while the United States GDP rose by 1.5%.

The San Diego MSA has a per capita GDP of \$48,698, which is 16% greater than the United States GDP of \$42,070. This means that San Diego MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

| Gross Domestic Product | | | | |
|-----------------------------------|----------------------|-----------------|----------------------|-----------------|
| Year | (\$ Mil) | | (\$ Mil) | |
| | San Diego MSA | % Change | United States | % Change |
| 2004 | 145,855 | | 12,199,532 | |
| 2005 | 151,388 | 3.8% | 12,539,116 | 2.8% |
| 2006 | 154,738 | 2.2% | 12,875,816 | 2.7% |
| 2007 | 156,376 | 1.1% | 13,103,341 | 1.8% |
| 2008 | 155,119 | -0.8% | 13,016,791 | -0.7% |
| 2009 | 149,225 | -3.8% | 12,527,057 | -3.8% |
| 2010 | 149,536 | 0.2% | 12,918,931 | 3.1% |
| 2011 | 152,916 | 2.3% | 13,108,674 | 1.5% |
| Compound % Chg (2004-2011) | | 0.7% | | 1.0% |
| GDP Per Capita 2011 | \$48,698 | | \$42,070 | |

Source: Bureau of Economic Analysis and Economy.com; data released February 2013. The release of state and local GDP data has a longer lag time than national data.

The figures in the table above represent inflation adjusted "real" GDP stated in 2005 dollars.

Household Income

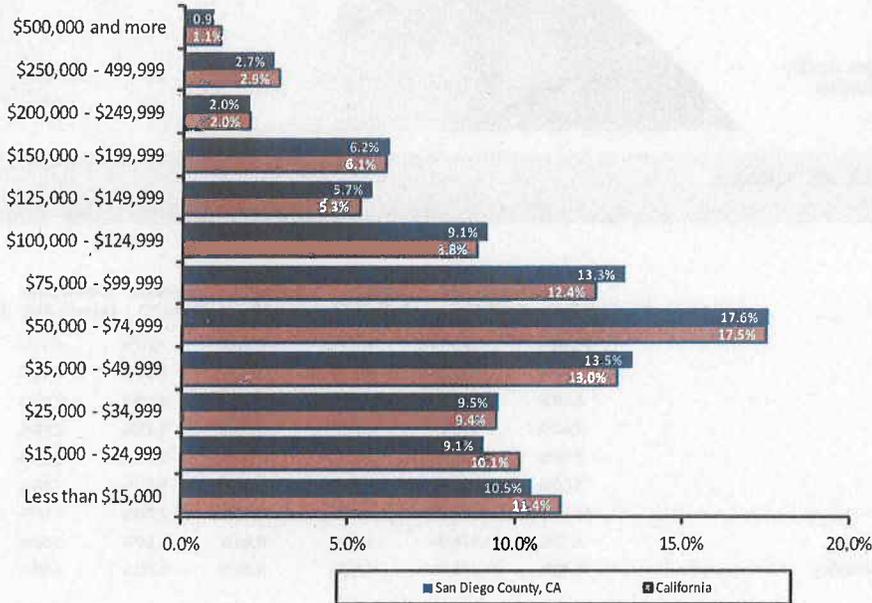
San Diego County has a higher level of household income than California. Median household income for San Diego County is \$60,651, which is 3.3% greater than the corresponding figure for California.

| Median Household Income - 2013 | |
|---|-----------------|
| | Median |
| San Diego County, CA | \$60,651 |
| California | \$58,724 |
| Comparison of San Diego County, CA to California | +3.3% |

Source: Claritas

The following chart shows the distribution of households across twelve income levels. San Diego County has a greater concentration of households in the higher income levels than California. Specifically, 40% of San Diego County households are at the \$75,000 or greater levels in household income as compared to 39% of California households. A lesser concentration of households is apparent in the lower income levels, as 29% of San Diego County households are below the \$35,000 level in household income versus 31% of California households.

Household Income Distribution - 2013

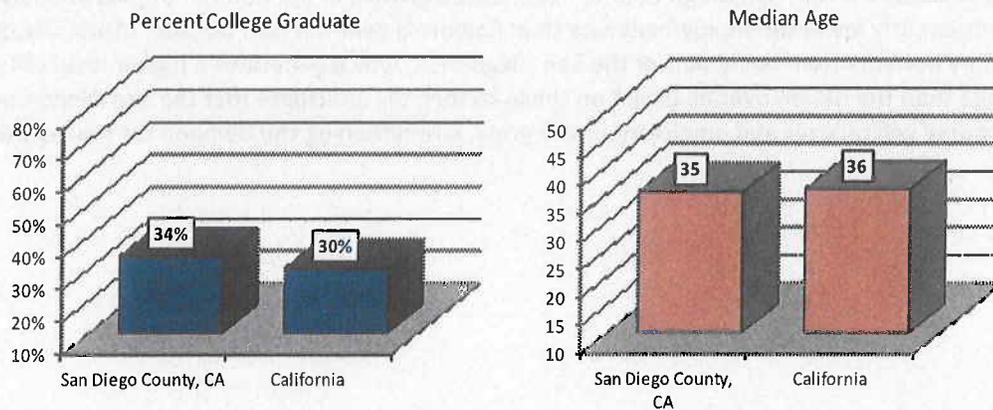


Source: Claritas

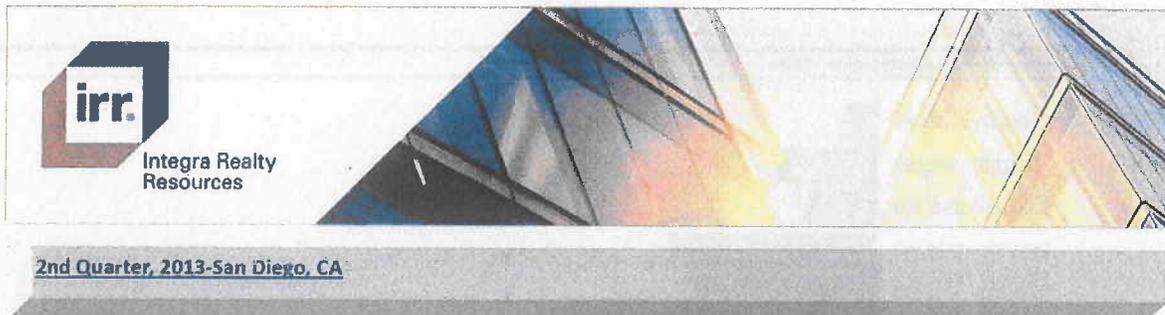
Education and Age

Residents of San Diego County have a higher level of educational attainment than those of California. An estimated 34% of San Diego County residents are college graduates with four-year degrees, versus 30% of California residents. People in San Diego County are slightly younger than their California counterparts. The median age for San Diego County is 35 years, while the median age for California is 36 years.

Education & Age - 2013



Source: Claritas



| Property type | Vacancy Rate | Avg. Asking Rent | Going-In Cap Rate *** | Discount Rate (IRR) *** | Reversion Rate *** | Market Rent Growth Rate | Expense Growth Rate |
|-----------------------------------|--------------|------------------|-----------------------|-------------------------|--------------------|-------------------------|---------------------|
| CBD Office | 16.80% | \$25.17 | 7.00% | 9.00% | 7.50% | 0.10% | 2.90% |
| Suburban Office | 13.40% | \$25.52 | 6.50% | 9.00% | 7.00% | 0.10% | 2.90% |
| Regional Mall | 2.60% | \$23.56 | 7.50% | 8.50% | 8.00% | 2.00% | 3.00% |
| Community Center | 2.60% | \$28.31 | 7.25% | 8.00% | 7.75% | 2.00% | 3.00% |
| Neighborhood Center | 8.00% | \$20.81 | 7.25% | 8.00% | 7.75% | 2.00% | 3.00% |
| Bulk Warehouse* | 8.70% | \$8.49 | 7.50% | 8.25% | 8.00% | 1.00% | 3.00% |
| R&D Industrial** | 15.60% | \$13.18 | 7.50% | 8.50% | 8.00% | 1.00% | 3.00% |
| CBD Multifamily (\$/Unit/Mo) | 4.32% | \$1,475.00 | 5.00% | 8.00% | 5.50% | 3.00% | 3.00% |
| Suburban Multifamily (\$/Unit/Mo) | 4.43% | \$1,375.00 | 5.50% | 8.00% | 6.00% | 3.00% | 3.00% |

Notes

* Industrial with at least 24 ft ceilings and size over 100,000 square feet.

** Flexspace

*** Class A properties. Indicate the average load factor for B/C properties.

Note Market Rent and Expense Growth factors are annualized.

Note that figures are entered as \$/SF/YR (except for Multi-Family)

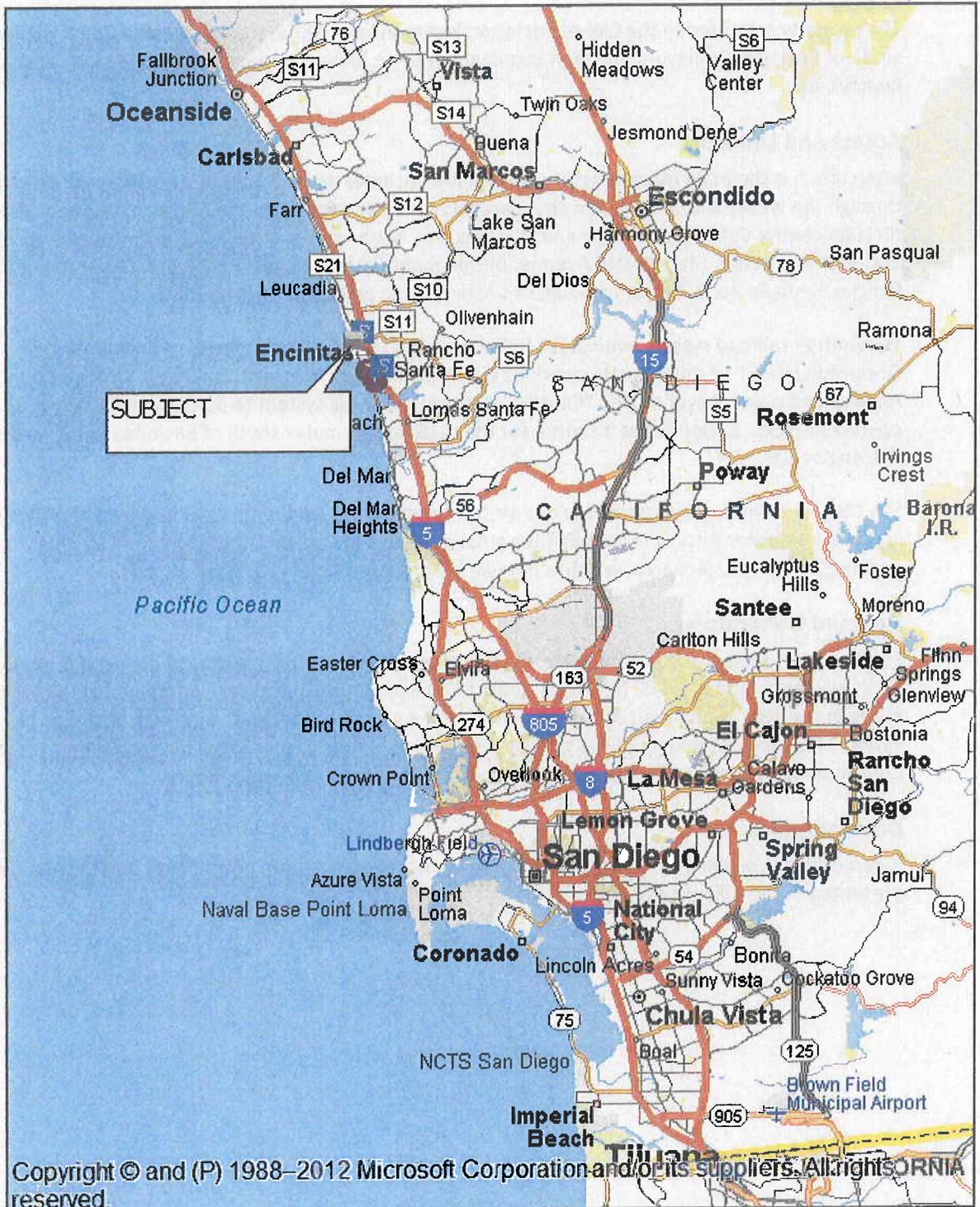
Note that MF Asking rents are \$/Unit/Mo for class A.

Conclusion

The national economic downturn of 2008-2009 had a greater impact on San Diego County than on many areas of the country, and thus far the recovery is proceeding at a slower pace.

Over the long term, San Diego County will benefit from a growing population base and higher income and education levels. San Diego County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than California over the past decade. Moreover, San Diego County benefits from being part of the San Diego MSA, which generates a higher level of GDP per capita than the nation overall. Based on these factors, we anticipate that the San Diego County economy will recover and employment will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Location

The property is located in the City of Encinitas, located west of Interstate-5, west of Coast Highway, south of Encinitas Boulevard, north of Birmingham Drive located approximately one block east of the beach/bluff.

Access and Linkages

Interstate 5 is the main freeway artery serving the Encinitas area. It runs in a north/south direction through the western quarter of the city, parallel to the coastline from the Mexican border northward through central California, Oregon and Washington. Main arterial streets in the Encinitas area include Encinitas Boulevard, Manchester Avenue, Birmingham Drive, Leucadia Boulevard, Olivenhain Road, Rancho Santa Fe Road, El Camino Real, La Costa Avenue and Coast Highway 101.

The Amtrak railroad system, with stops in Solana Beach (about 5 miles south of Encinitas) and Oceanside (about 12 miles north) provides rail transportation between San Diego, Orange County, Los Angeles and points beyond. The "Coaster" is a commuter rail system to downtown San Diego that opened in 1995. Encinitas has a station for the Coaster commuter south of Encinitas Boulevard on Vulcan Avenue.

San Diego International Airport provides air transportation at Lindbergh Field in downtown San Diego. McClellan-Palomar Airport in Carlsbad is a smaller airport in Carlsbad, approximately 10 miles northeast of the subject area, which is popular among executives with small aircraft.

Demand Generators

Employment in the city is fairly diverse. The local employment base consists of blue-collar, medical, financial, professional, retail, high-tech, tourist and agricultural industries. Additional employment is found in the light manufacturing, construction, and government sectors. Although Encinitas has a variety of businesses and employers, most residents commute to San Diego for employment stability. Consequently, Interstate 5 is generally congested during peak commuter hours.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

| Surrounding Area Demographics | | | | | |
|--------------------------------------|----------------------------|-----------------------------|-----------------------------|-----------------------------|-------------------|
| 2013 Estimates | 5-Minute Drive Time | 10-Minute Drive Time | 15-Minute Drive Time | San Diego County, CA | California |
| Population 2010 | 21,296 | 90,730 | 234,787 | 3,095,313 | 37,253,956 |
| Population 2013 | 21,726 | 93,123 | 243,834 | 3,192,594 | 38,199,831 |
| Population 2018 | 22,513 | 97,292 | 258,412 | 3,353,296 | 39,836,763 |
| Compound % Change 2010-2013 | 0.2% | 0.2% | 0.3% | 0.2% | 0.2% |
| Compound % Change 2013-2018 | 0.7% | 0.9% | 1.2% | 1.0% | 0.8% |
| Households 2010 | 8,873 | 37,597 | 94,200 | 1,086,865 | 12,577,498 |
| Households 2013 | 9,073 | 38,577 | 97,614 | 1,120,442 | 12,883,977 |
| Households 2018 | 9,417 | 40,310 | 103,363 | 1,178,709 | 13,444,972 |
| Compound % Change 2010-2013 | 0.2% | 0.2% | 0.3% | 0.2% | 0.2% |
| Compound % Change 2013-2018 | 0.7% | 0.9% | 1.2% | 1.0% | 0.9% |
| Median Household Income 2013 | \$71,362 | \$82,953 | \$79,671 | \$60,651 | \$58,724 |
| Average Household Size | 2.4 | 2.4 | 2.5 | 2.8 | 2.9 |
| College Graduates % | 49% | 54% | 54% | 34% | 30% |
| Median Age | 40 | 43 | 41 | 35 | 36 |
| Owner Occupied % | 51% | 63% | 60% | 54% | 58% |
| Renter Occupied % | 49% | 37% | 40% | 46% | 44% |
| Median Owner Occupied Housing Value | \$587,263 | \$573,081 | \$567,558 | \$366,421 | \$325,403 |
| Median Year Structure Built | 1975 | 1980 | 1982 | 1978 | 1974 |
| Avg. Travel Time to Work in Min. | 25 | 28 | 27 | 26 | 30 |

Source: Claritas

As shown above, the current population within a 10-minute drive time of the subject is 93,123, and the average household size is 2.4. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to San Diego County overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$82,953, which is higher than the household income for San Diego County. Residents within a 10-minute drive time have a considerably higher level of educational attainment than those of San Diego County, while median owner occupied home values are considerably higher.

Land Use

Downtown Encinitas, located along Coast Highway 101 between Encinitas Boulevard and J Street is a desirable beach-oriented bedroom community. The area is suburban in character and approximately 95% developed. Land uses immediately surrounding the subject are predominantly residential, including single family detached homes, condominium homes and multifamily properties. Many properties have partial or full ocean view amenities in the area.

Amenities

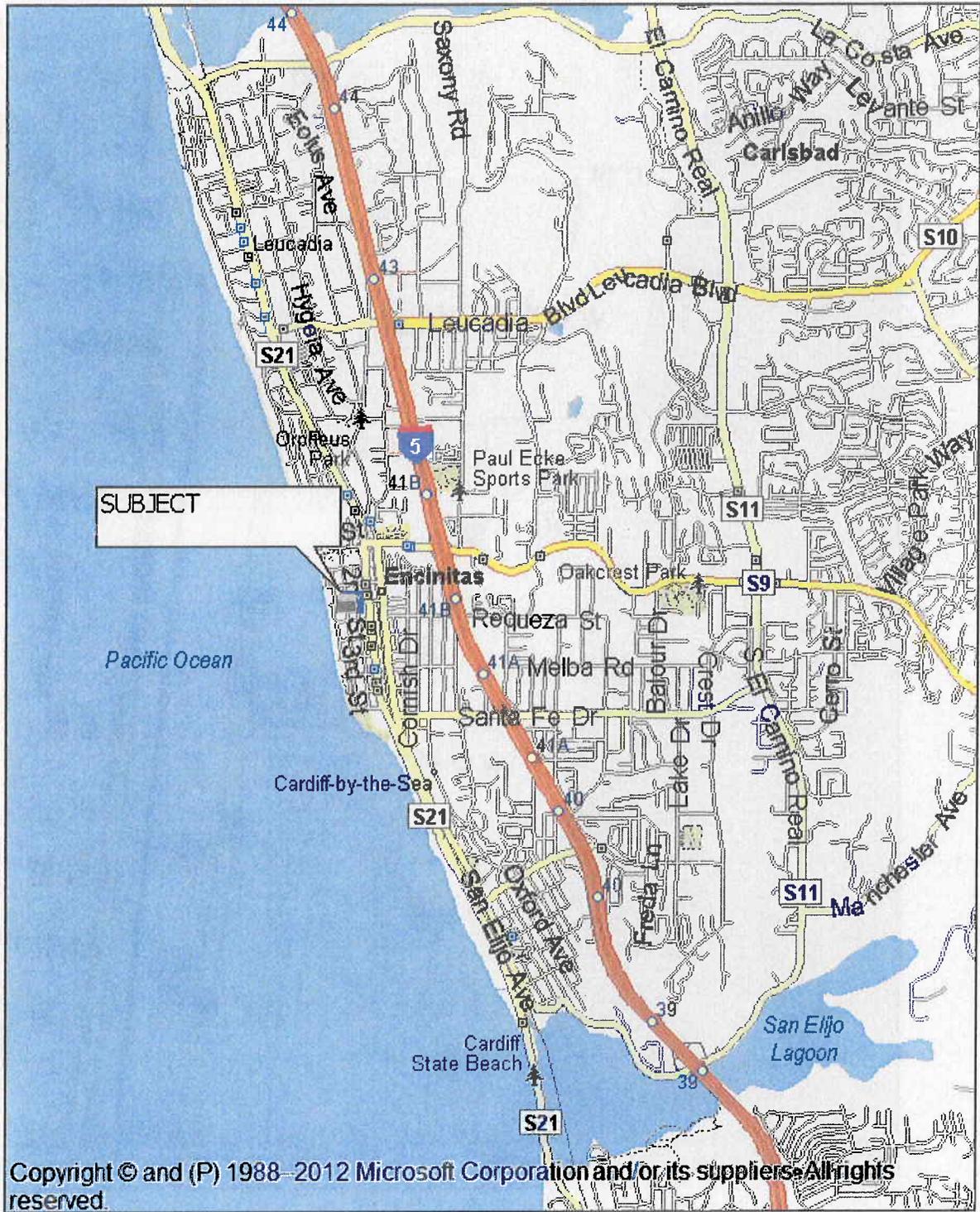
Downtown Encinitas has a rolling to topography, rising upward approximately 150 feet in elevation from Coast Highway 101 toward Interstate-5. The sloping topography affords many homes west of Interstate 5 in the area elevated ocean view amenities. Moonlight Beach, Swami's Beach, Beacon's Beach, San Elijo State Beach, Cardiff State Beach and the 'Cardiff Reef' is located west of Coast Highway 101 offering public beaches, surf parks, campgrounds and beachfront restaurants between Cardiff and Leucadia.

Outlook and Conclusions

Encinitas is an incorporated city located in the north-coastal area of San Diego County. It is primarily a beach-oriented bedroom community consisting mainly of commuter residents. The population of Encinitas is forecast to increase at a rate of 1% to 3% annually over the next 10 years. The built-out nature of the area, long-term coastal demand and lack of new supply should continue to fuel property values in the long-term.



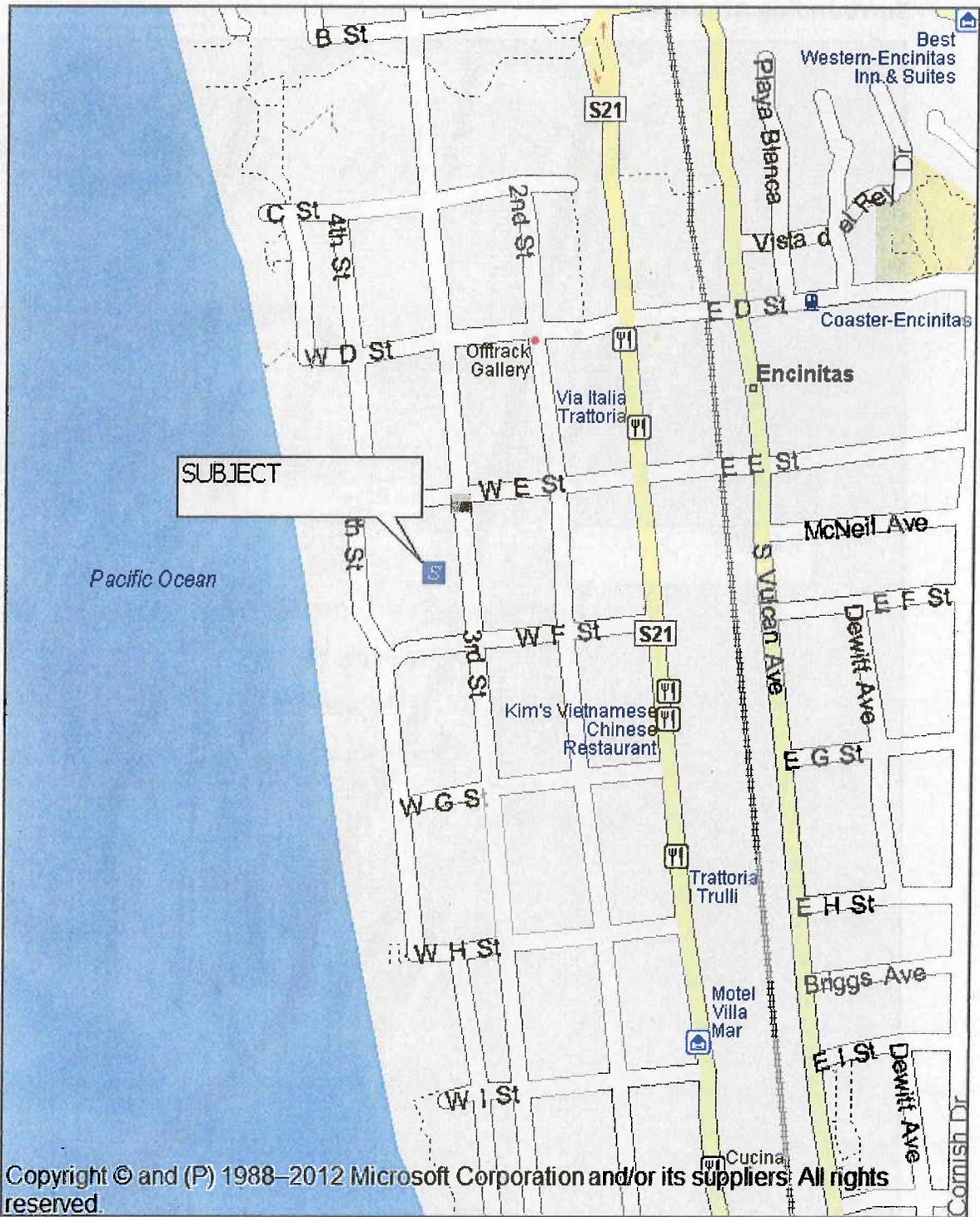
Surrounding Area Map



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Surrounding Area Map



Property Analysis

The subject is the former Pacific View Elementary School property, and consists of a 2.80 acre site. The existing improvements include approximately 9,370 SF of classrooms and offices, excluding the modular buildings. The dilapidated improvements were constructed in 1953 and are in poor condition. The improvements are considered to have no remaining economic life and have no contributory value. The property is zoned D-P/SP, in the Downtown Encinitas Specific Plan, Residential West Subdistrict. The zoning, Public/Semi-Public Use, permits uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions.

| Land Description | |
|----------------------------------|--|
| Land Area | 2.80 acres; 121,968 SF |
| Source of Land Area | Public records |
| Primary Street Frontage | 3rd Street - 400 feet |
| Shape | Irregular rectangle |
| Corner | Yes |
| Topography | Level pad, sloping down to streets |
| Drainage | No problems reported or observed |
| Environmental Hazards | None reported or observed |
| Ground Stability | No problems reported or observed |
| Flood Area Panel Number | 06073C 1045G |
| Date | May 16, 2012 |
| Zone | X |
| Description | Outside of 500-year floodplain |
| Insurance Required? | No |
| Zoning; Other Regulations | |
| Zoning Jurisdiction | City of Encinitas |
| Zoning Designation | D-P/SP |
| Description | Downtown Encinitas Specific Plan, Residential West Subdistrict, Public/Semi-Public Use |
| Legally Conforming? | Yes |
| Zoning Change Likely? | Not without city/community approval |
| Permitted Uses | Uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions. |
| Other Land Use Regulations | Coastal overlay zone |
| Utilities | |
| Service | Provider |
| Water | San Dieguito Water District |
| Sewer | San Dieguito Water District |
| Electricity | San Diego Gas & Electric |
| Natural Gas | San Diego Gas & Electric |
| Local Phone | Various local phone carriers |

Streets, Access and Frontage

| Street | 3rd Street | E Street | F Street | Unpaved Alley |
|-------------------------|-------------|------------|------------|---------------|
| Frontage Feet | 400 | 320 | 270 | 400 |
| Paving | Asphalt | Asphalt | Asphalt | Unpaved |
| Curbs | Concrete | Concrete | Concrete | None |
| Sidewalks | Concrete | Concrete | Concrete | None |
| Lanes | Two | Two | Two | Two |
| Direction of Traffic | North/South | East/West | East/West | North/South |
| Condition | Average | Average | Average | Fair |
| Traffic Levels | Moderate | Light | Light | Very light |
| Signals/Traffic Control | Stop signs | Stop signs | Stop signs | None |
| Access/Curb Cuts | None | None | One | None |
| Visibility | Average | Average | Average | Average |

The subject property is located between E & F Streets, west of 3rd Street in Encinitas. The site nearly encompasses the entire block. The property is one block east of the ocean bluff, and has ocean view amenities.

Zoning

Zoning Summary

| | |
|-----------------------|--|
| Zoning Jurisdiction | City of Encinitas |
| Zoning Designation | D-P/SP |
| Description | Downtown Encinitas Specific Plan, Residential West Subdistrict, Public/Semi-Public Use |
| Legally Conforming? | Yes |
| Zoning Change Likely? | Not without city/community approval |
| Permitted Uses | Uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions. |

| Category | Zoning Requirement | Existing Conditions |
|--------------------------|--|---------------------|
| Minimum Lot Area | 10,000 SF | 121,968 SF |
| Minimum Lot Width (Feet) | 80 | Complies |
| Minimum Lot Depth (Feet) | 100 | Complies |
| Minimum Setbacks (Feet) | Front 20, Side & Rear 10 | Complies |
| Maximum Building Height | 30 feet or 2 stories whichever is less | Complies |
| Maximum Site Coverage | 50% | Complies |
| Maximum Floor Area Ratio | 0.50 | Complies |
| Parking Requirement | Varies depending on use | Complies |
| Other | Coastal overlay zone | |

Source: City of Encinitas Municipal Code & Downtown Specific Plan



The city's zoning report for the subject is shown below:



City Of Encinitas
Zoning Report



Site Information:

APN No: 2581512200
Site Address: 390 W F ST

Zoning Information:

| | | | | | |
|------------------------|--------------------------|--------------------------------|----------|---------------------------|----------------------------------|
| <u>Zonecode</u> | D-P/SP | <u>FloorAreaRatio</u> | 0.50/1.0 | <u>Height</u> | 30 |
| <u>Description</u> | PUBLIC/SEMI-PUBLIC (SP2) | <u>FrontSetback</u> | 20 | <u>Parking</u> | EMC 30.54 and DESP Section 3.3.3 |
| <u>WidthFeet</u> | 50 | <u>InteriorSideYardSetback</u> | 10 | <u>LandscapingPercent</u> | |
| <u>DepthFeet</u> | 100 | <u>StreetSideYardSetback</u> | 20 | <u>Reference</u> | DTE 3.2.4 B |
| <u>MaximumDensity</u> | | <u>RearYardSetback</u> | 10 | | |
| <u>MidrangeDensity</u> | | <u>LotCoveragePercent</u> | 50 | | |
| | | <u>NetLotAreaSquareFeet</u> | 10,000 | | |

Footnote:

Building height is limited to 30 feet or 3 stories, whichever is less. Additional height restrictions may apply under certain conditions. Maximum floor area ratio is 50 percent of the gross lot area. A Medical Complex may have a floor area ratio of up to 100 percent. Minimum landscaping requirement is 15 percent of the total site.

Overlay Zones within which this parcel lies:

| | | | | | |
|---------------------|-----|----------------------------|-----|----------------------|----|
| <u>Coastal Zone</u> | Yes | <u>Special Study Zone</u> | Yes | <u>Museum Zone</u> | No |
| <u>Scenic Zone</u> | No | <u>Hillside Study Zone</u> | Yes | <u>Cultural Zone</u> | No |
| <u>Flood Zone</u> | No | <u>Specific Plan Zone</u> | Yes | | |



Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

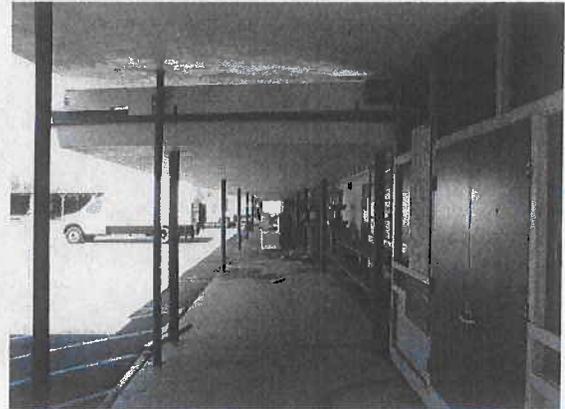
The appraiser inspected and measured the existing older school classroom and office improvements, and considers the improvements to have no contributory value to the site, given their age and poor condition. The building improvements are measured at 9,370 SF, excluding the portable modular buildings (which are considered to be portable and are boarded-up). There is also a covered outdoor area which is in poor condition. The school has been vacant in excess of 10 years and the dilapidated improvements, while partially used for storage, have been vandalized and are generally in disrepair, with roof damage, wall damage, floor damage, eave damage, etc.

The Historical Society occupies a 1,064 SF, one-story, wood frame building located on the extreme southwest portion of the site. This was the original Encinitas school house built in the 1880s. It has been reported, in the event the property is sold, that the original school house may be moved to another site for continued historical society use. No contributory value is therefore given to the Historical Society building.

As the highest and best use of the property is to raze the older dilapidated improvements for new development, we deduct the estimated cost of demolition ($\$5.00/\text{SF} \times 9,370 \text{ SF}$) from the estimated land value in the Sales Comparison Approach. The existing school improvements were constructed in 1953. If there is a possibility that the school improvements have asbestos, the cost of demolition could be substantially higher due to removal and disposal requirements. We have not deducted the cost to re-locate the historical building or modular buildings from the site.



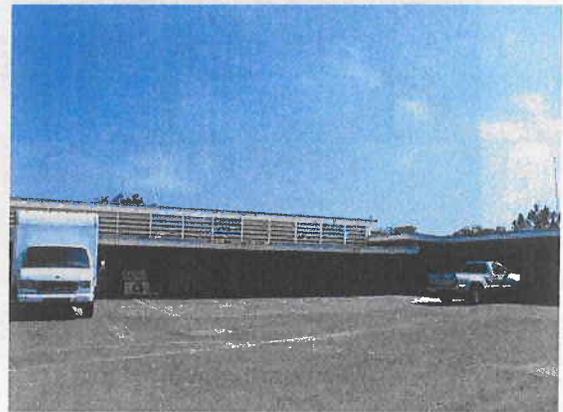
Front of subject from 3rd Street
(Photo Taken on June 17, 2013)



Classroom corridor/overhang
(Photo Taken on June 17, 2013)



Classroom/office
(Photo Taken on June 17, 2013)



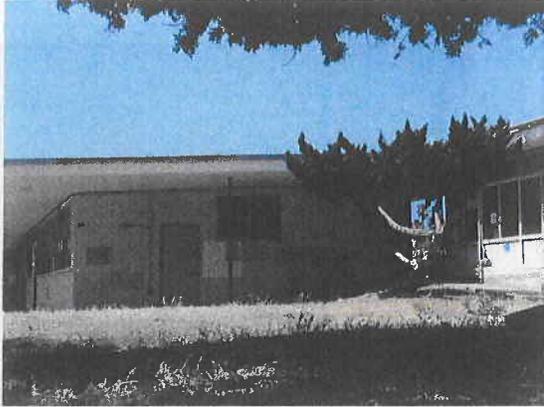
Classrooms
(Photo Taken on June 17, 2013)



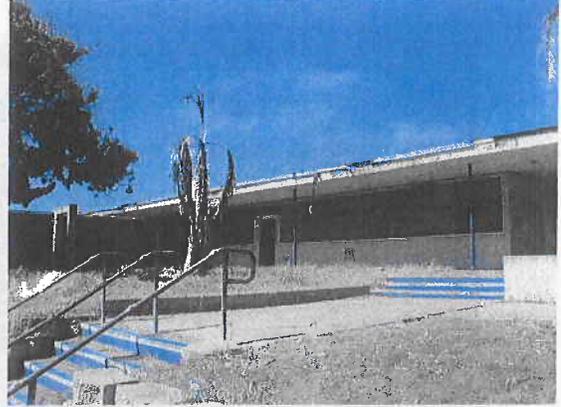
Playground/lunch area
(Photo Taken on June 17, 2013)



Covered area
(Photo Taken on June 17, 2013)



Front of office area
(Photo Taken on June 17, 2013)



Front of property
(Photo Taken on June 17, 2013)



North side of property
(Photo Taken on June 17, 2013)



West on E Street
(Photo Taken on June 17, 2013)



East on E Street
(Photo Taken on June 17, 2013)



South on 3rd Street
(Photo Taken on June 17, 2013)



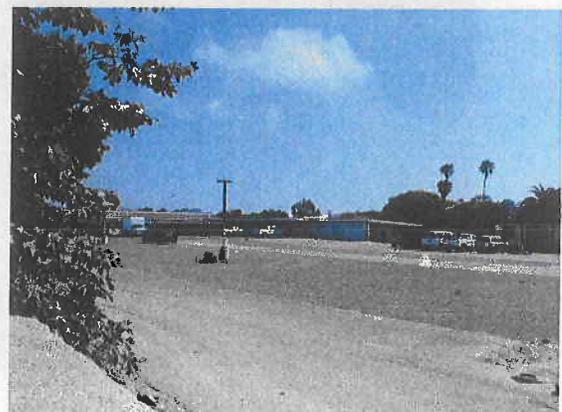
Ocean view from property at E Street
(Photo Taken on June 17, 2013)



Unpaved alley to west of property
(Photo Taken on June 17, 2013)



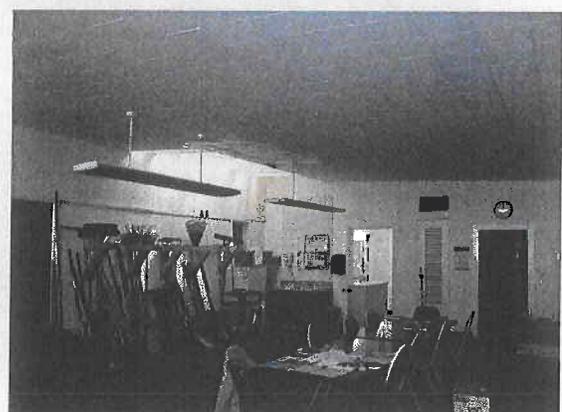
East on F Street
(Photo Taken on June 17, 2013)



Subject grounds area
(Photo Taken on June 17, 2013)



Subject grounds area
(Photo Taken on June 17, 2013)



Former kindergarten classroom
(Photo Taken on June 17, 2013)



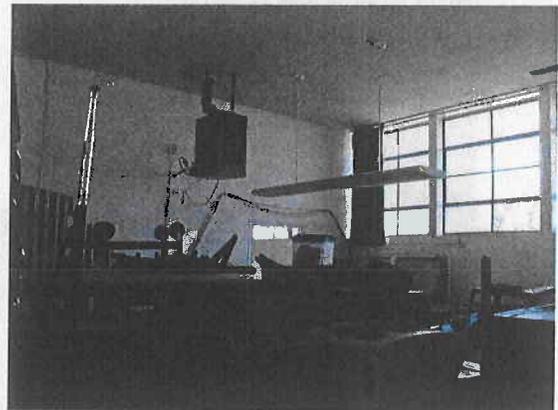
Restroom
(Photo Taken on June 17, 2013)



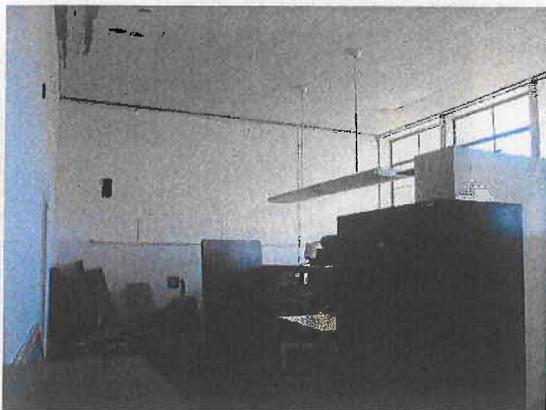
Former administrative office
(Photo Taken on June 17, 2013)



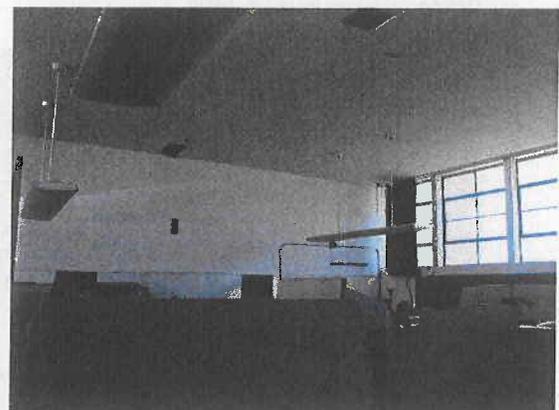
Former classroom (used as storage)
(Photo Taken on June 17, 2013)



Former classroom (used as storage)
(Photo Taken on June 17, 2013)

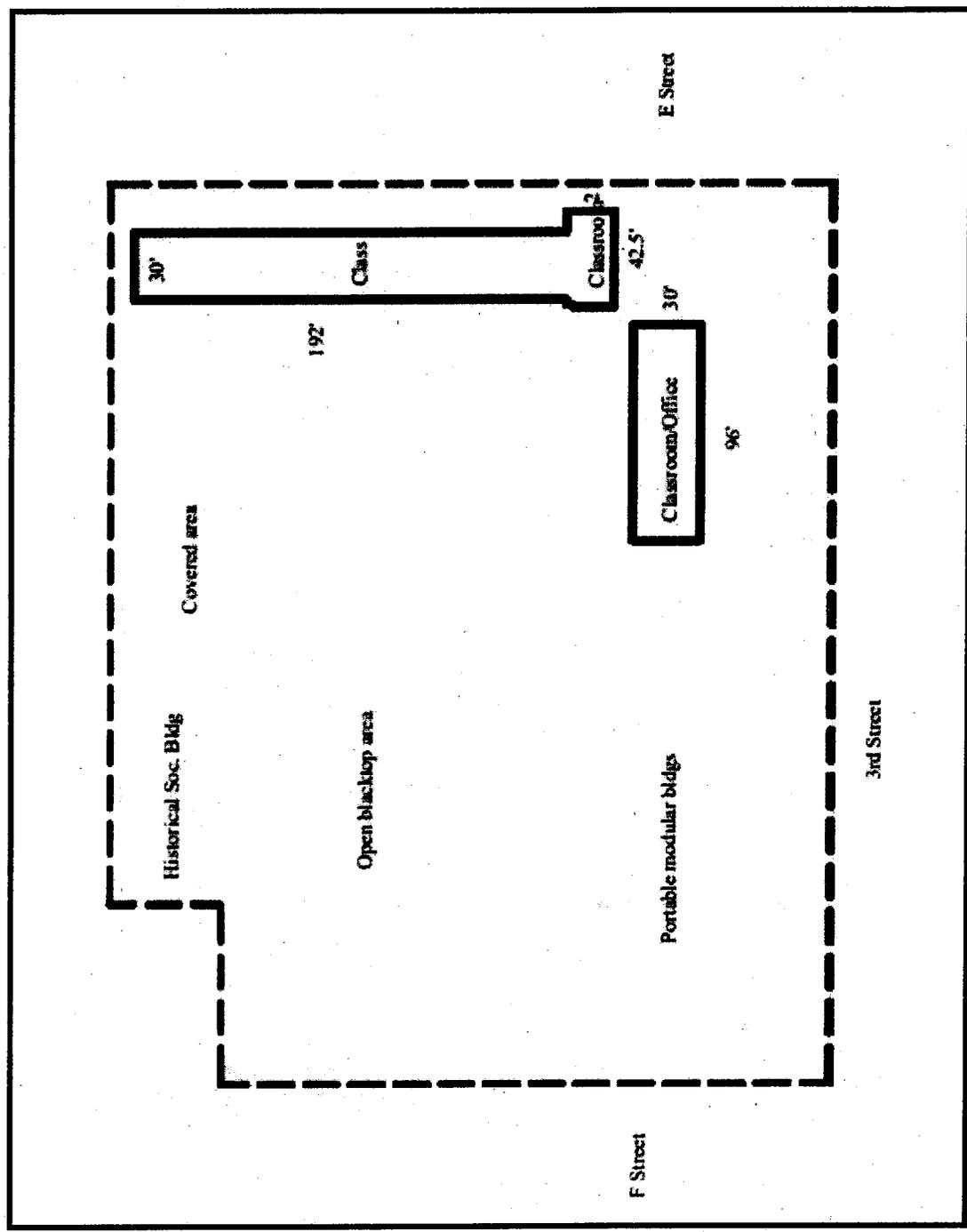


Former classroom (used as storage)
(Photo Taken on June 17, 2013)

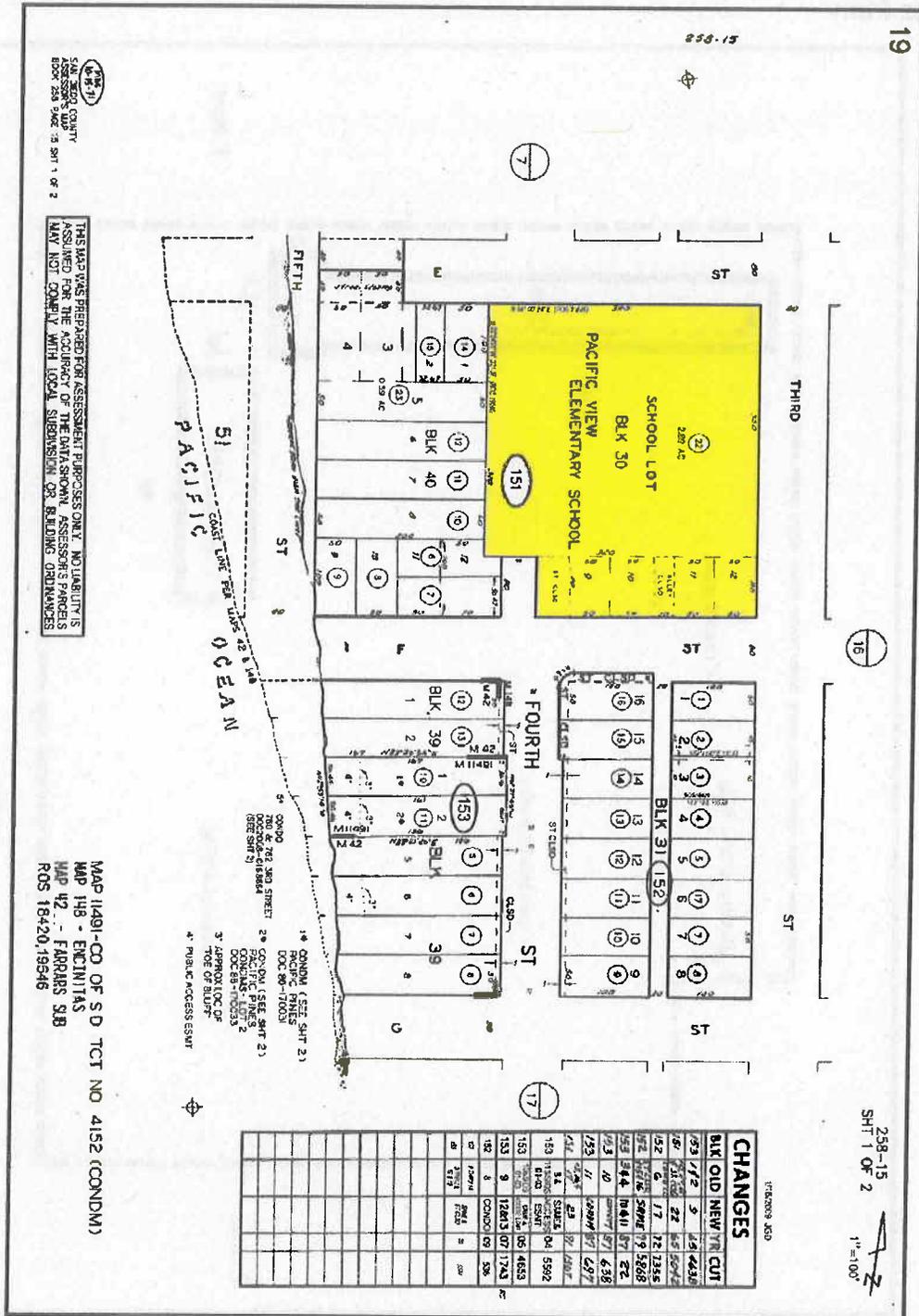


Former classroom (used as storage)
(Photo Taken on June 17, 2013)

Site Plan



Plat Map



Real Estate Taxes

The subject is currently exempt from property taxes as it is owned by the Encinitas Union School District.

| Taxes and Assessments - 2012-2013 | | | | | | | | |
|-----------------------------------|----------------|--------------|-------|-----------|-----------------------|--------------------|-------|-----|
| Tax ID | Assessed Value | | | Tax Rate | Taxes and Assessments | | | |
| | Land | Improvements | Total | | Ad Valorem Taxes | Direct Assessments | Total | |
| 258-151-22-00 | Exempt | Exempt | \$0 | 0.000000% | \$0 | \$0 | | \$0 |

If purchased by the City of Encinitas for continued public use, we expect the property tax exemption status will continue.



Highest and Best Use

As Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned D-P/SP, Downtown Encinitas Specific Plan, in Residential West Subdistrict. This zoning allows Public/Semi-Public Uses. Permitted uses include uses operated by city, county or governmental agencies, such as fire protection, school districts, water/sewer districts, or semi-public uses such as hospitals or private institutions. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only public/semi-public use is given further consideration in determining highest and best use of the site, as though vacant. The current public/semi-public zoning limits the potential development of the site, and also limits the number of buyers. We understand that litigation has taken place regarding the potential change of zoning of the site to allow non-public uses, such as residential single or multifamily development. As of the date of this appraisal, the zoning continues to be P/SP (public/semi-public uses) and the 'as is' value estimate assumes the current zoning.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for public/semi-public use in the subject's area. It appears that a newly developed public/semi-public use on the site would have a value commensurate with its cost. Therefore, public/semi-public use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than public/semi-public use. Accordingly, it is our opinion that public/semi-public use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for public/semi-public use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

As Improved

The subject site is improved with older elementary school improvements which are generally dilapidated and in poor condition. The existing improvements, while not consistent with the highest and best use as vacant, are fully depreciated and represent an underutilize the site. A typical buyer would raze the existing improvements and re-develop the site with a legal use. Accordingly, the highest and best use is to redevelop the site for public/semi-public use.



Most Probable Buyer

The most probable buyer is a municipality or public entity such as a school district, fire department. Private institutions are also permitted, such as hospitals or schools. As noted, the buyer pool is generally limited due to the current zoning.



Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

| Approaches to Value | | |
|--------------------------------|---------------------------------|--------------------------|
| Approach | Applicability to Subject | Use in Assignment |
| Cost Approach | Not Applicable | Not Utilized |
| Sales Comparison Approach | Applicable | Utilized |
| Income Capitalization Approach | Not Applicable | Not Utilized |

As noted, the subject's existing improvements are older and in poor condition. A typical buyer would raze the improvements and re-develop the site with a legal use. Consequently, we use the Sales Comparison Approach to value the subject land only.

Sales Comparison Approach

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties.

Our sales research focused on transactions within the following parameters:

- Location: Southern California
- Size: 1-6 acres
- Use: School or public/community uses
- Transaction Date: 2009 to present

As indicated, the subject property has a zoning that limits development to public or semi-public uses, such as schools or municipal uses (water districts, fire departments, etc.). We therefore searched Southern California for land sales slated for similar uses. Recent sales data is limited and we therefore had to employ some dated sales.

The subject property is located in a coastal bedroom community, approximately one block from the beach/bluff above the Pacific Ocean in Encinitas. We were unable to locate comparable sales with similar beach orientation. The sales utilized, despite their inland location, are considered to be the best available given the unique size, location and zoning of the subject property.

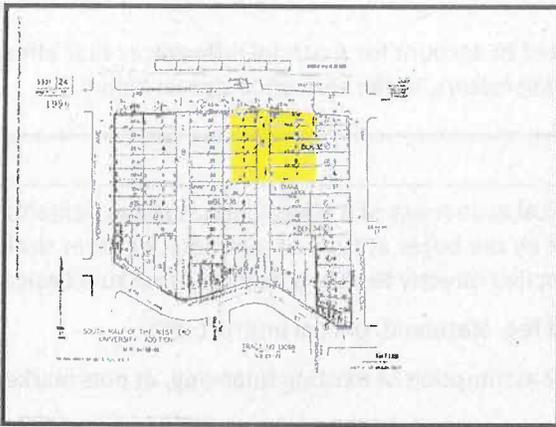
For this analysis, we use price per usable square foot as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the table on the following page.



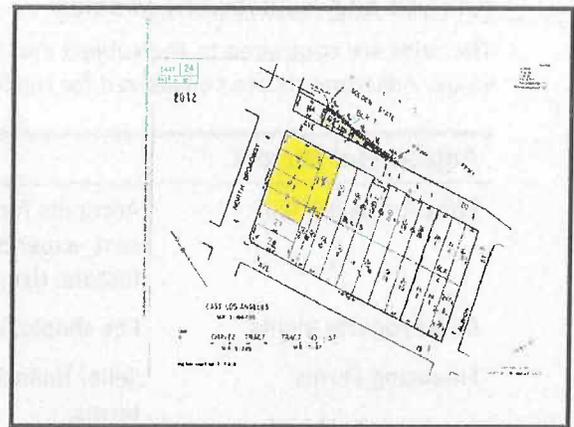
| Summary of Comparable Land Sales | | | | | | |
|----------------------------------|---|----------------------|----------------------|---------------------|---------------|-------------|
| No. | Name/Address | Sale Date; Status | Effective Sale Price | Usable SF; Acres | \$/SF Land | \$/Acre |
| 1 | 3400 W. 3rd Street 3400 W. 3rd Street Los Angeles Los Angeles County CA | Nov-11 Closed | \$12,450,000 | 95,396 2.19 | \$130.51 | \$5,684,932 |
| | <i>Comments: Sale of a 2.19-acre vacant site with multiple zonings (commercial & residential). The buyer plans to construct a charter K-8 school for 656 students, including 31 classrooms. The site was vacant but was formerly an Econo-lodge site--motel was razed in 2009.</i> | | | | | |
| 2 | 1918 N. Broadway 1918 N. Broadway Los Angeles Los Angeles County CA | Nov-11 Closed | \$3,950,000 | 49,223 1.13 | \$80.25 | \$3,495,575 |
| | <i>Comments: Sale of a 1.13-acre site on either side of S. Avenue 20, south side of Broadway, purchased to construct a 45,000 SF, 42 classroom 'college-ready' middle school. The property had an older 3,000 SF building at time of sale that is to be razed for new development.</i> | | | | | |
| 3 | Las Posas Rd n/o W Mission Rd Las Posas Rd n/o W Mission Rd San Marcos San Diego County CA | Jul-11 Closed | \$3,500,000 | 145,490 3.34 | \$24.06 | \$1,047,904 |
| | <i>Comments: This land was purchased by the adjacent community college, Palomar College, for future expansion. The site sold with no entitlements or approvals.</i> | | | | | |
| 4 | 2.79-Acre Site NWC 58th St. & Pacific Blvd. Huntington Park Los Angeles County CA | Apr-10 Closed | \$4,030,000 | 139,392 3.20 | \$28.91 | \$1,259,375 |
| | <i>Comments: This is the April 2010 sale of a 3.20-acre site located on the north and south sides of 58th Street, including the northwest corner of 58th Street and Pacific Boulevard, in Huntington Park. The buyer plans to construct a charter school known as "Aspire Public School." The site consists of 14 parcels that were assembled from three different related sellers. The combined price for the entire 3.2-acre site was \$4,030,000. The zoning is M2 and CG. No value was given to the older improvements.</i> | | | | | |
| 5 | SWC Sherman Way & Tampa Ave Sherman Way Reseda Los Angeles County CA | May-09 Closed | \$4,500,000 | 93,654 2.15 | \$48.05 | \$2,093,023 |
| | <i>Comments: 2.15-acres purchased to expand adjacent Jewish community center and senior assisted living project.</i> | | | | | |
| 6 | El Fuerte, N of Poinsettia Ave 6269 El Fuerte, Carlsbad San Diego County CA | Apr-09 Closed | \$4,050,000 | 174,240 4.00 | \$23.24 | \$1,012,500 |
| | <i>Comments: Price per square foot of net land area (4 Acres) is \$23.24 per square foot. This site will be utilized for new construction of a high school and sports fields for the Pacific Ridge School. Seller is the Church of Jesus Christ the Latter Saints. This is the second phase of construction for a new, independent high school on an aggregate 12.5 acre campus.</i> | | | | | |
| | Subject Pacific View School Site Encinitas, CA | | | 121,968 2.80 | | |

Comparable Land Sales Map

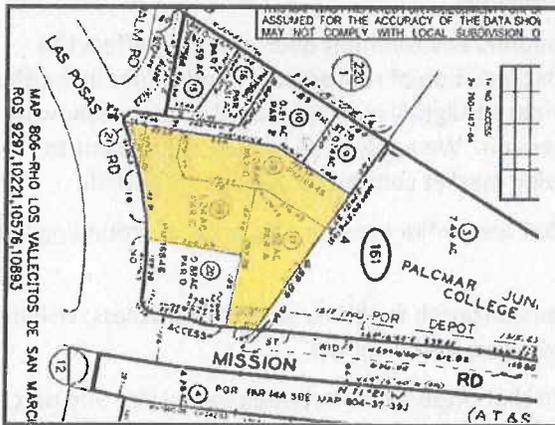




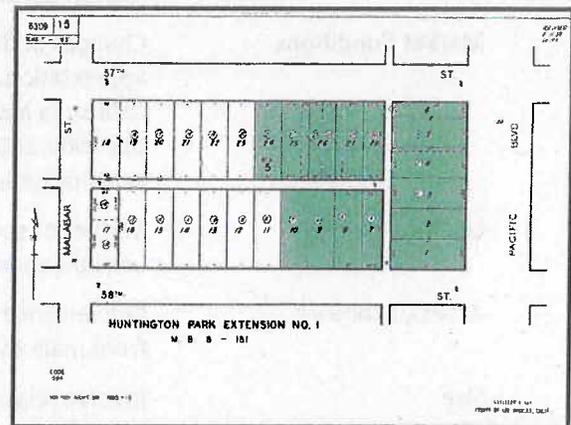
Sale 1
3400 W. 3rd Street, Los Angeles



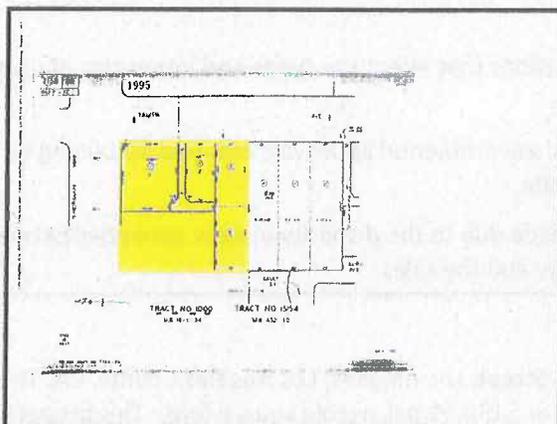
Sale 2
1918 N. Broadway, Los Angeles



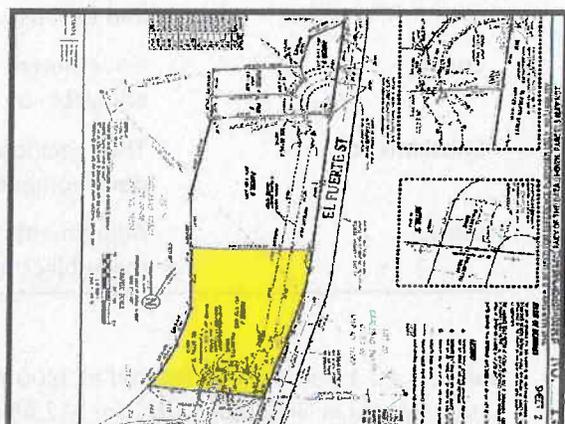
Sale 3
Las Posas Rd n/o W Mission Rd, San Marcos



Sale 4
58th Street & Pacific Boulevard, Huntington Park



Sale 5
SWC Sherman Way & Tampa Ave, Reseda



Sale 6
El Fuerte Street, N of Poinsettia Ave, Carlsbad

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

| Adjustment Factors | |
|---------------------------|---|
| Effective Sale Price | Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis. |
| Real Property Rights | Fee simple, leased fee, leasehold, partial interest, etc. |
| Financing Terms | Seller financing, or assumption of existing financing, at non-market terms. |
| Conditions of Sale | Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction. |
| Market Conditions | Changes in the economic environment over time that affect the appreciation and depreciation of real estate. Land values in Southern California have increased slightly over the past 3-4 years, following the 2006-2009 recession. We apply a 3% annual adjustment to account for improving market conditions during this period. |
| Location | Market or submarket area influences on sale price; surrounding land use influences. |
| Access/Exposure | Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts. |
| Size | Inverse relationship that often exists between parcel size and unit value. |
| Shape and Topography | Primary physical factors that affect the utility of a site for its highest and best use. |
| Zoning | Government regulations that affect the types and intensities of uses allowable on a site. |
| Entitlements | The specific level of governmental approvals attained pertaining to development of a site. |
| View | Adjustments are made due to the disparity in view amenities between the subject property and the sales. |

Sale 1 is a 2.19-acre parcel located at 3400 W. 3rd Street, Los Angeles, Los Angeles County, CA. The property sold in November 2011 for \$12,450,000, or \$130.51 per usable square foot. This property is located in downtown Los Angeles, which is regarded to be superior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted

downward 30% for location. This sale has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.

Sale 2 is a 1.13-acre, parcel located at 1918 N. Broadway, Los Angeles, Los Angeles County, CA. The property sold in November 2011 for \$3,950,000, or \$80.25 per usable square foot. This property is also located in downtown Los Angeles, regarded to be superior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted downward 30% for location. This is a smaller site, considered superior in terms of \$/SF due to economy of scale (smaller properties typically sell at a premium compared to larger properties on a \$/SF basis). A downward 5% adjustment is applied for this difference. This property also sold with entitlements (approvals) for a new middle school. A 5% downward adjustment is applied for this difference. This sale has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.

Sale 3 is a 3.34-acre parcel located at Las Posas Rd n/o W Mission Rd, San Marcos, San Diego County, CA. The property sold in July 2011 for \$3,500,000, or \$24.06 per usable square foot. This property was purchased for future expansion of the adjacent community college (Palomar College). This property is located in San Marcos, which is regarded to be inferior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted upward 20% for location. This sale has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.

Sale 4 is a 3.20-acre parcel located at NWC 58th St. & Pacific Blvd., Huntington Park, Los Angeles County, CA. The property sold in April 2010 for \$4,030,000, or \$28.91 per usable square foot. This land sale was purchased to construct a 6-12 grade public charter school. This property is located in Huntington Park, which is considered inferior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted upward 20% for location. This sale has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.

Sale 5 is a 2.15-acre parcel located at Sherman Way, Reseda, Los Angeles County, CA. The property sold in May 2009 for \$4,500,000, or \$48.05 per usable square foot. This land was purchased to expand a Jewish community center and also construct assisted living units for the Jewish community (semi-public institutional use). This property is located in Reseda in the San Fernando Valley area, which is considered inferior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted upward 10% for location. This sale has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.

Sale 6 is a 4.00 acre (usable), parcel located at 6269 El Fuerte Street, Carlsbad, San Diego County, CA. The property sold in April 2009 for \$4,050,000, or \$23.24 per usable square foot. This land was purchased to construct a new high-school campus. This property is located in inland Carlsbad, which is considered inferior to the subject with regard to overall property value, land value and achievable commercial lease rates. The sale is adjusted upward 10% for location. The site is inferior in access/exposure and size (larger parcel compared to the subject). Upward adjustments are applied for these differences. This sale also has no view amenity compared to the subject property, and is adjusted upward 15% for this difference.



| Land Sales Adjustment Grid | | | | | | | |
|-------------------------------------|----------------|---------------------------|------------------|----------------------------------|---------------------------------|----------------|-----------------|
| | Subject | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 | Comparable 5 | Comparable 6 |
| Address | 608 3rd Street | 3400 W. 3rd Street | 1918 N. Broadway | Las Posas Rd n/o W Mission Rd | NWC 58th St. & Pacific Blvd. | Sherman Way | 6269 El Fuerte, |
| City | Encinitas | Los Angeles | Los Angeles | San Marcos | Huntington Park | Roseda | Carlsbad |
| County | San Diego | Los Angeles | Los Angeles | San Diego | Los Angeles | Los Angeles | San Diego |
| State | California | CA | CA | CA | CA | CA | CA |
| Sale Date | | Nov-11 | Nov-11 | Jul-11 | Apr-10 | May-09 | Apr-09 |
| Sale Status | | Closed | Closed | Closed | Closed | Closed | Closed |
| Sale Price | | \$12,450,000 | \$3,950,000 | \$3,500,000 | \$4,030,000 | \$4,500,000 | \$4,050,000 |
| Effective Sale Price | | \$12,450,000 | \$3,950,000 | \$3,500,000 | \$4,030,000 | \$4,500,000 | \$4,050,000 |
| Square Feet | 121,968 | 95,396 | 49,223 | 145,490 | 139,392 | 93,654 | 224,334 |
| Acres | 2.80 | 2.19 | 1.13 | 3.34 | 3.20 | 2.15 | 5.15 |
| Usable Square Feet | 121,968 | 95,396 | 49,223 | 145,490 | 139,392 | 93,654 | 174,240 |
| Price per Usable Square Foot | | \$130.51 | \$80.25 | \$24.06 | \$28.91 | \$48.05 | \$23.24 |
| Property Rights | | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| % Adjustment | | - | - | - | - | - | - |
| Financing Terms | | - | - | - | - | - | - |
| % Adjustment | | - | - | - | - | - | - |
| Conditions of Sale | | - | - | - | - | - | - |
| % Adjustment | | - | - | - | - | - | - |
| Market Conditions | 6/17/2013 | Nov-11 | Nov-11 | Jul-11 | Apr-10 | May-09 | Apr-09 |
| Annual % Adjustment | 3% | 5% | 5% | 6% | 9% | 12% | 13% |
| Cumulative Adjusted Price | | \$137.03 | \$84.26 | \$25.50 | \$31.51 | \$53.82 | \$26.27 |
| Location | | -30% | -30% | 20% | 20% | 10% | 10% |
| Access/Exposure | | - | - | - | - | - | 10% |
| Size | | - | -5% | - | - | - | 5% |
| Shape and Topography | | - | - | - | - | - | - |
| Zoning | | - | - | - | - | - | - |
| Entitlements | | - | -5% | - | - | - | - |
| View | | 15% | 15% | 15% | 15% | 15% | 15% |
| Net \$ Adjustment | | -\$20.56 | -\$21.06 | \$8.92 | \$11.03 | \$13.45 | \$10.51 |
| Net % Adjustment | | -15% | -25% | 35% | 35% | 25% | 40% |
| Final Adjusted Price | | \$116.48 | \$63.19 | \$34.42 | \$42.54 | \$67.27 | \$36.77 |
| Overall Adjustment | | -11% | -21% | 43% | 47% | 40% | 58% |
| Range of Adjusted Prices | | \$34.42 - \$116.48 | | | | | |
| Average | | \$60.11 | | | | | |
| Indicated Value | | \$60.00 | | | | | |

Sales Comparison Approach

The following table summarizes the adjustments we make to each sale.



Land Value Conclusion

The unadjusted sales data present a wide \$/SF range indicators, from \$24.06 to \$130.51/SF. After adjustments, the range narrows slightly, from \$34.42 to \$116.48/SF, averaging \$60.11/SF. All of the land sales were purchased for proposed school or semi-public institutional uses. In general, the data is inconsistent and presents a wide range of value indicators. We feel that with the adjustments applied, the subject should fall near the middle of the adjusted comparable value range present. We therefore arrive at a land value conclusion as follows:

| Land Value Conclusion | |
|--|-------------|
| Indicated Value per Usable Square Foot | \$60.00 |
| Subject Usable Square Feet | 121,968 |
| Indicated Value | \$7,318,080 |
| Adjustments | |
| Less Cost to Raze Existing Improvements 9,370 SF x \$5.00 | -\$46,850 |
| Total Adjustments | -\$46,850 |
| Indicated Value | \$7,271,230 |
| Rounded | \$7,270,000 |

As noted, we also deduct the estimated cost to raze the existing older, dilapidated school buildings to estimate an 'as is' value.

Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

| Value Conclusion | | | |
|--------------------|--------------------|---------------|------------------|
| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
| Market Value As Is | Fee Simple | June 17, 2013 | \$7,270,000 |

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The value rendered is an 'as is' value based on the current 'Public/Semi-Public' zoning, which limits potential development to a narrow scope of uses. We are aware that there has been previous litigation regarding the potential for a change in zoning of the site to residential use, which would result in a significantly higher land value than the as is value. The client has requested that we provide an 'as is' value based on the current public/semi-public zoning. The value is made under the extraordinary assumption that the current zoning is not changed to residential zoning. We have not attempted to value the site based on any other potential zoning or allowed uses because any other such uses are not legally permissible as of the date of value.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

Exposure and Marketing Times

Our estimates of exposure and marketing times are as follows:

| Exposure Time and Marketing Period | |
|------------------------------------|------|
| Exposure Time (Months) | 6-12 |
| Marketing Period (Months) | 6-12 |



Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. The undersigned were hired as an independent contractors directly by the City of Encinitas California.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. This appraisal report sets forth all the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
11. Due to the varying requirements of individual review appraisers, this report cannot be guaranteed to meet any single review appraiser's opinion of acceptability. Reasonable efforts will be made by us to provide recommended changes or corrections that fall within the Scope of Work that was originally ordered at no additional cost to the client. Any changes required by a review appraiser for an affiliate or correspondent lender that did not directly engage our services will be completed at the client's expense. This excludes any changes required by regulatory agencies.



12. This appraisal report is based on the existing physical condition of the subject as of the date of appraisal.
13. The appraisers assume no responsibility for any hazardous or toxic waste substances (including those that are on the site either underground or stored) and this appraisal assumes that there are no such influences unless otherwise stated within the body of this report. It should be understood that adverse toxic or hazardous waste conditions found on the site could dramatically affect the indicated value.
14. Any third party studies referred to in this report such as tests, hazardous materials, structural, etc., have been verified by the appraiser to the extent of the assumptions, conclusions and recommendations explained. The appraisers do not have the expertise to comment on the accuracy or validity of such reports.
15. Information, estimates and opinions furnished by others and contained in this report are assumed true, correct and reliable. A reasonable effort has been made to verify such information; however, the appraisers assume no responsibility for its accuracy.
16. Projections included in this report are utilized to assist in the valuation process and are based on current economic conditions. Thus, the analyses and valuation are subject to change in the future due to economic forces that cannot be predicted by the appraiser.
17. The value is in accordance with our estimate of highest and best use. All sales have been adjusted to a cash-equivalent price when appropriate and sufficient data was available.
18. John A. Morgan made a personal inspection of the property that is the subject of this report.
19. Jeff Greenwald has inspected the exterior of the subject on a previous occasion.
20. No one provided significant real property appraisal assistance to the person(s) signing this certification.
21. We have the appropriate knowledge and experience in to complete this assignment competently in accordance with the competency provision as required by the Competency Rule of USPAP. Appraiser qualifications are located in the addenda of this report.
22. As of the date of this report, Jeff Greenwald, MAI, SRA, FRICS, Realtor[®] has completed the continuing education program for Designated Members of the Appraisal Institute.
23. Jeff A. Greenwald MAI, SRA, FRICS, Realtor[®] has successfully met the requirements for the title "Certified General Appraiser" delegated by the Office of Real Estate Appraisers, valid until October 12, 2015, OREA identification number AG025255.



24. John A. Morgan has successfully met the requirements for the title "Certified General Appraiser" delegated by the Office of Real Estate Appraisers, valid until June 9, 2014, OREA identification number AG007753.



Jeff A. Greenwald, MAI, SRA, FRICS, Realtor®
Senior Managing Director/Principal
Certified General Appraiser
AG025255 expires 10/12/2015



John A. Morgan
Director
Certified General Appraiser
AG007753 expires 6/09/2014

Assumptions and Limiting Conditions

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos or toxic mold in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. Integra Realty Resources – San Diego is not a building or environmental inspector. Integra San Diego does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – San Diego, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective

liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. Integra Realty Resources – San Diego, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. The value rendered is an 'as is' value based on the current 'Public/Semi-Public' zoning, which limits potential development to a narrow scope of uses. We are aware that there has been previous litigation regarding the potential for a change in zoning of the site to residential use, which would result in a significantly higher land value than the as is value. The client has requested that we provide an 'as is' value based on the current public/semi-public zoning. The value is made under the extraordinary assumption that the current zoning is not changed to residential zoning. We have not attempted to value the site based on any other potential zoning or allowed uses because any other such uses are not legally permissible as of the date of value.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None.

Addendum A
Appraiser Qualifications



Jeff A. Greenwald, MAI, SRA, FRICS, REALTOR (R)

Experience

Jeff Greenwald, MAI, SRA, FRICS, REALTOR (R) is the founding stockholder, Senior Managing Director and Principal in the San Diego office of Integra Realty Resources. Jeff began his real estate career in 1979. He has been an independent fee appraiser since 1991 providing appraisal, consultation and litigation services to as a Senior Associate Appraiser of the Limbach Company and President of his own company, JAG Enterprises. He previously owned and operated a real estate development company, providing extensive experience in development, financing, construction, and leasing.

Jeff's real estate development career spanned six years and his company, Winer Greenwald Development, Inc. completed the development of 17 office, retail, apartment and automotive projects with a combined value of over \$100 million. His leasing and sales career included six years at John Burnham & Company and two years at Business Real Estate Brokerage where, combined, he completed over 1,700 lease transactions. Jeff is a Certified General Appraiser in six western states and also holds a California Real Estate Broker's license.

Jeff has earned the prestigious FRICS designation (fellowship status) from the London based Royal Institution of Chartered Surveyors. He formerly held the designation of MRICS. Jeff is one of two FRICS designations in San Diego County. Additionally, there are only 34 FRICS titled professionals in all of southern California.

Jeff resides in the Santa Fe Valley area of San Diego.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI) Appraisal Institute, August 2005

Royal Institute of Chartered Surveyors, Fellow (FRICS) Royal Institute of Chartered Surveyors, December 2007

Member: San Diego Association of Realtors, January 2006

Member: California Association of Realtors, January 2006

Member: National Association of Realtors, January 2006

Appraisal Institute, Senior Residential Appraiser (SRA) Appraisal Institute, November 2009

Licenses

California, Certified General Real Estate Appraiser, AG025255, Expires October 2015

Washington, Certified General Real Estate Appraiser, 1101811, Expires October 2014

Colorado, Certified General Real Estate Appraiser, 100015195, Expires December 2013

New Mexico, Certified General Real Estate Appraiser, 02753-G, Expires April 2013

Oregon, Certified General Real Estate Appraiser, C000883, Expires October 2014

Arizona, Certified General Real Estate, 31748, Expires September 2013

Texas, Certified General Real Estate Appraiser, 1380183, Expires October 2014

California, Real Estate Broker, 00695819

Education

Real Estate / Appraisal Courses Completed

Real Estate Principles

Real Estate Practice

Fundamentals of Appraisal

Integra Realty Resources
San Diego

5330 Carroll Canyon Road
Suite 100
San Diego, CA 92121

T 858.450.9900
F 858.450.9130

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Jeff A. Greenwald, MAI, SRA, FRICS, REALTOR (R)

Education (Cont'd)

Property Management

Real Estate Finance

Legal Aspects of Real Estate

Income Capitalization 310 Appraisal Institute

Appraisal Principles 110 Appraisal Institute

Appraisal Procedures 120 Appraisal Institute

Appraisal General Applications 320 Appraisal Institute

Standards of Professional Practice 410 Appraisal Institute

Standards of Professional Practice 420 Appraisal Institute

Standards of Professional Practice 430 Appraisal Institute

Advanced Income Capitalization 510 Appraisal Institute

Highest and Best Use 520 Appraisal Institute

Advanced Sales Comparison/Cost Approach 530 Appraisal Institute

Advanced Applications 540 Appraisal Institute

Advanced Report Writing 550 Appraisal Institute

Litigation Appraising: Specialized Topics and Applications 705 GRE

Condemnation Appraising: Principles and Applications 715 GRE

The Appraiser as an Expert Witness 700 GRE

Appraisal Curriculum Overview -General - 430 BDM

Fundamentals of Separating Real and Personal Property from Intangible Business Assets - AI 833

Recent Seminars / Continuing Education

2007 Economic Forecast (02/07)

Internet Search Strategies (03/07)

Small Hotel Valuation (04/07)

Analyzing Distressed Real Estate (08/07)

Appraising Convenience Stores (08/07)

Appraisal Review General (11/07)

San Diego Economic Forecast (02/08)

Uniform Appraisal Standards for Federal Land Acquisitions (05/08)

Litigation Appraising: Specialized Topics and Applications (10/08)

Hypothetical Conditions and Extraordinary Assumptions (11/08)

7 Hour USPAP Update (01/09)

2009 Economic Forecast (02/09)

Business Practices and Ethics (04/09)

Valuation of Green Buildings (04/09)

7 Hour USPAP Update (07/09)

Condemnation Appraising: Principles and Applications (09/09)

Litigation Appraising and Expert Witness Strategies (10/09)

Self Storage Seminar (01/10)

2010 USPAP Update (01/10)

Hotel Valuations: New Techniques, Appraisal Institute (02/10)

Business Practices and Ethics (10/10)

7 Hour USPAP Update (11/10)

2011 San Diego Economic Update (02/11)

Supporting Capitalization Rates (05/11)

7 Hour USPAP Update (06/11)

Southern California Investment Sales Updated (06/11)

Integra Realty Resources
San Diego

5330 Carroll Canyon Road
Suite 100
San Diego, CA 92121

T 858.450.9900

F 858.450.9430

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Pacific View School Site

Jeff A. Greenwald, MAI, SRA, FRICS, REALTOR (R)

Education (Cont'd)

- San Diego Industrial Market Updated (07/11)
- San Diego Office Leasing Updated and Outlook (08/11)
- San Diego County Housing Market Update (09/11)
- Self-Storage: Emerging Core Asset (10/11)
- 2012 San Diego Economic Update (02/12)
- 4-Hour Federal and California Statutory and Regulatory Laws (11/12)
- 7-Hour USPAP Update (3/13)

Qualified Before Courts & Administrative Bodies

- Qualified Expert Witness, U.S. Bankruptcy Court, San Diego
- Grievance Committee, Appraisal Institute 2010
- San Diego Association of Realtors
- California Association of Realtors
- National Association of Realtors

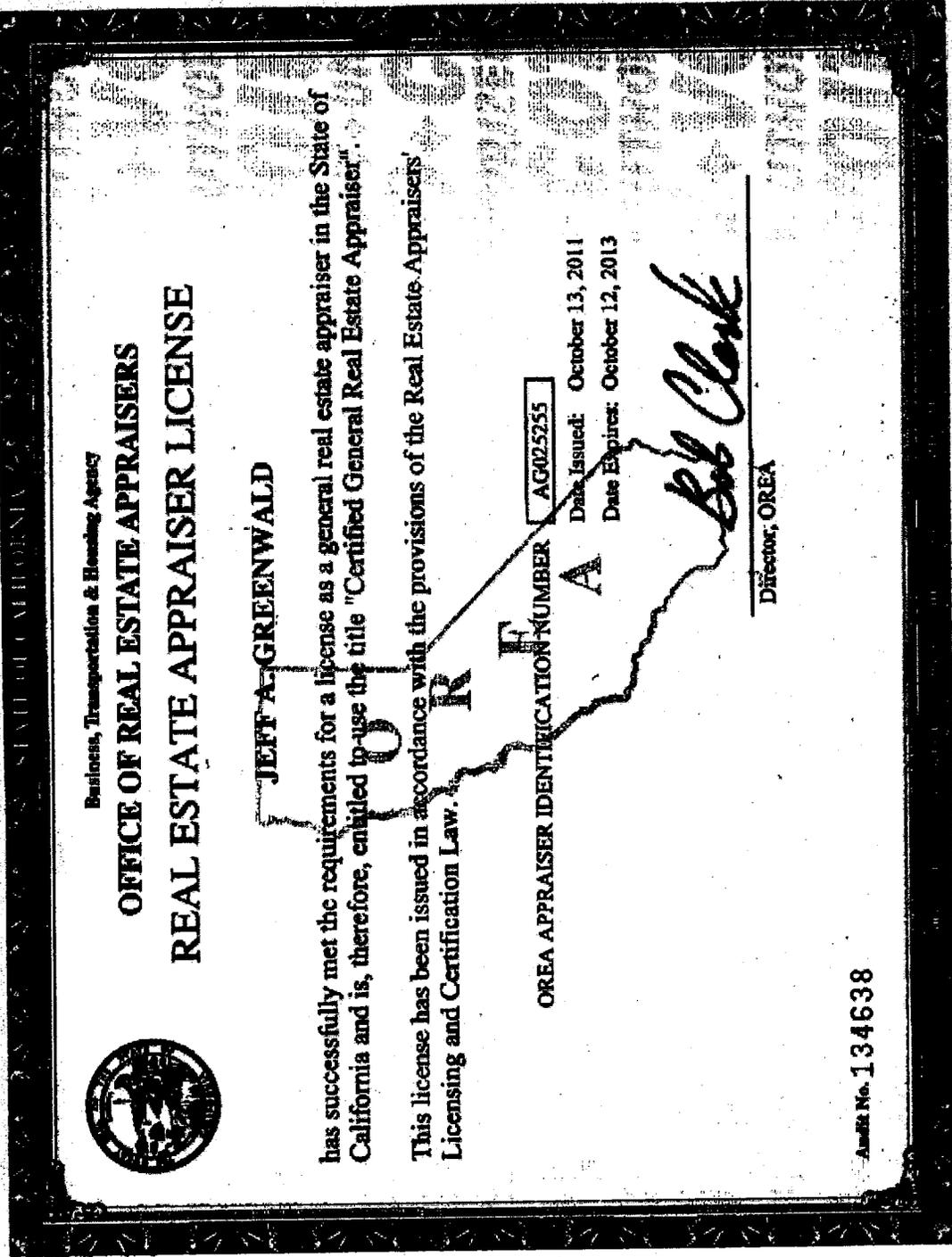
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San Diego

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F 858.450.9430

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Business, Transportation & Housing Agency

**OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE**



JEFF A. GREENWALD

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER **AG025255**

Date Issued: October 13, 2011

Date Expires: October 12, 2013

A

Bob Clark

Director, OREA

Asset No. 134638

John Morgan

Experience

John Morgan joined Integra Realty Resources - San Diego as a Director/Senior Analyst in February 2006. John has been an independent fee appraiser in the San Diego area since 1983 and has been a State Certified General Appraiser in California since the inception of State certification in 1991.

Prior to joining Integra Realty Resources – San Diego, John was the President of Morgan Appraisal & Consulting from 1992 to 2005, where he completed over 750 commercial appraisals. From 1983 through 1991, John served as staff appraiser for the Lawrence Group, The Limbach Company and Dore & Curry Appraisal Firms.

John has extensive experience in appraising office, retail and Industrial properties, but specializes in residential subdivisions and condominium developments, residential and commercial condominium conversion projects, master-planned communities, high-rise office/retail and residential developments, together with residential and rural land projects.

Professional Activities & Affiliations

Appraisal Institute, Associate Member Appraisal Institute, January 1983

Licenses

California, Certified General, AG 007753, Expires June 2014

Education

BACHELOR OF ARTS – POINT LOMA COLLEGE, 1982

Additional Courses/Seminars

Course 101--SREA, San Diego State University, 1983.

Course 102—SREA San Diego State University, 1984.

Course 201--SREA University of San Diego, 1986.

Course 202--SREA. University of San Diego, 1987.

Residential Income Property Analysis: 1984

Subdivision Appraisal Analysis: 1984

SREA Demonstration Report Seminar. 1985

SREA R41b Seminar: 1986

SREA R41c Seminar: 1987

AI Apartment Seminar: 1993

AI Subdivision Seminar: 1993

CA OREA Federal/State Laws Workshop: 1995

410: USPAP, Part A: 1995

420: USPAP, Part B: 1995

203K HUD Appraisals: 1996

Appraisal Properties with Cracked Slabs: 1996

Environmental Considerations for the Appraiser: 1998

Regression Analysis: 1998

Introduction to Review Appraisal: 1998

1998 USPAP Update: 1998

Federal & State Laws & Regulations: 1998

Limited Appraisal Reports: 1998

Integra Realty Resources

San Diego

5330 Carroll Canyon Road

Suite 100

San Diego, CA 92121

T 858.450.9900

F 858.450.9430

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Addenda

John Morgan

Education (Cont'd)

Appraisal Review: 1998
Income Capitalization: 1999
2000 National USPAP Update: 2000
2003 National USPAP Update: 2003
Real Estate Damages: Assessment & Testimony, 2003
Legal Issues for Appraisers: 2003
Federal & State Laws & Regulations: 2003
Appraiser Liability: 2003
2004 National USPAP Update: 2004
Appraising the Oddball Property: 2004
Construction Issues for Appraisers: 2004
2006 National USPAP Update: 2006
National USPAP Update: 2008
Cost Approach: 2008
Technology for Appraisers: 2008
Fair Housing: 2008
Environmental Pollution & Mold: 2008
CA OREA Update: 2008
Appraisal Trends: 2008
Income Capitalization: 2008
Condemnation Appraising, Principles & Applications: 2009
2010 Seven-Hour USPAP Update, 2010
7-Hour USPAP Update, 2012
Industrial Flex Building for Mortgage Underwriting, 2012
Appraising Apartments, 2012
Land & Site Valuation, 2012
Mortgage Fraud & Protection, 2012

Integra Realty Resources
San Diego

5330 Carroll Canyon Road
Suite 100
San Diego, CA 92121

T 858.450.9900
F 858.450.9430

irr.com

jmorgan@irr.com - 858.450.9900 x315

Pacific View School Site



Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 63 independently owned and operated offices in 33 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins., MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Denis Gathman, MAI, CRE, FRICS, SRA
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSONVILLE, FL - Robert Crenshaw, MAI
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA, FRICS
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS
MIAMI/PALM BEACH, FL - Scott M. Powell, MAI, FRICS
MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Barry J. Krauser, MAI, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter "Tres" Winus III, MAI, CRE, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS
SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Robert E. Gray, MAI, FRICS
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

Corporate Office

1133 Avenue of the Americas, 27th Floor, New York, New York 10036
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail info@irr.com
Website: www.irr.com



Addendum B
Property Information



NDCdata.com

Last Updated: 06/06/2013

Property Location

Address: 398 W F ST
APN#: 258-151-22-00
Tract: 148
Map Page/Grid: 1147/B7
Total Assessed Value: 0
Percent Improvement: 0.00

City: ENCINITAS
Use Code: Residential Miscellaneous
Census Tract: 173.01
Legal Desc: SYSAILEY CLSDR LOTS 5 THRU 12 BLK 30
Tax Amount: 8.00
Tax Year: 2012
Zip: 92024-3425
County: San Diego
Zone:

Current Owner Information

Current Owner: ENCINITAS UNION SCHOOL DISTRICT
PUBLIC AGENCY
City, State: ENCINITAS, CA
Last Transaction:
Amount: 0

Owner Address: 398 F ST
Zip: 92024-3425
Deed Type:
Document:

Last sale information

Transferred From:
Sale Date: 01/01/1800
Most Recent Sale Price: 0
Document Number:
Document Type:

Seller Address:
Prior Sale Date:
Prior Sale Price:
Prior Document No.:
Prior Document Type:

Lender Information

Lender:
Loan Amount / 2nd Trust
Deed: /

Full/Partial:
Loan Type:

Physical Information

Building Area: 0
Addition: 0
Garage: 0
First Floor: 0
Second Floor: 0
Third Floor: 0
Basement Finished: 0
Basement Unfinished: 0

of Bedrooms: 0
of Bathrooms: 0.00
of Stories: 0
Total Rooms: 0
of Units: 0
Garage/Carport: /
Fireplaces: 0
Pool/Spa:

Lot size: 122,839
Year Built / Effective: 0 / 0
Heating:
Cooling:
Roof Type:
Construction Quality: / 0
Building Shape:
View:

Flood Data

Panel Date: 5/16/2012

Comm/Panel Number: 9607206073C1045 G

Flood Zone: X



Addendum C

Comparable Data



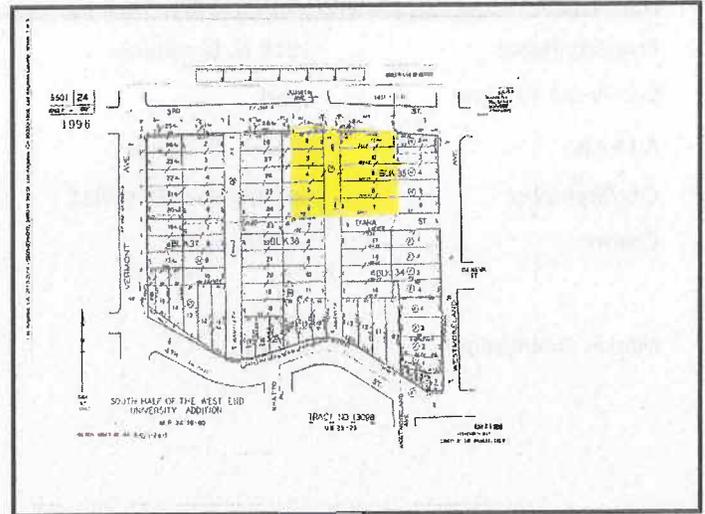
Land Sales Data



Location & Property Identification

Property Name: 3400 W. 3rd Street
 Sub-Property Type: Land
 Address: 3400 W. 3rd Street
 City/State/Zip: Los Angeles, CA 90020
 County: Los Angeles

 Market Orientation: Urban



Lat./Long.: 34.069050/-118.289116 IRR Event ID (662230)

Sale Information

Sale Price: \$12,450,000
 Eff. R.E. Sale Price: \$12,450,000
 Sale Date: 11/18/2011
 Sale Status: Closed
 Case Study Type: none
 Grantor/Seller: Ctwy 3rd Street
 Grantee/Buyer: Camino Nueva Charter Academies

 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Terms of Sale: FTD \$4,550,000
 Document Type: Deed
 Recording No.: 1570162
 Verified By: John Morgan
 Verification Date: 6/19/13
 Verification Source: Nathan Pellow, buyer's broker, 213/532-3213
 Verification Type: Confirmed-Buyer Broker

Sale of a 2.19-acre vacant site with multiple zonings (commercial & residential). The buyer plans to construct a charter K-8 school for 656 students, including 31 classrooms. The site was vacant but was formerly an Econo-lodge site--motel was razed in 2009.

Improvement and Site Data

Legal/Tax/Parcel ID: APN: 5501-024-013
 Acres(Gross): 2.19
 Land-SF(Gross): 95,396
 Source of Land Info.: Public Records

Comments

3400 W. 3rd Street



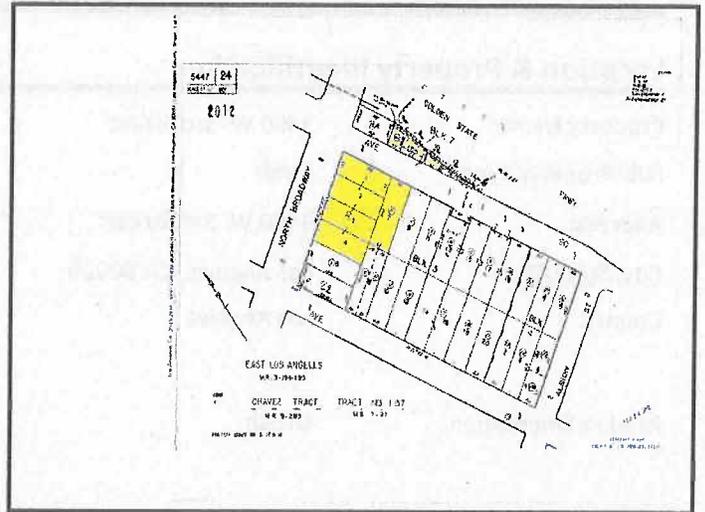
Land Sale Profile

Sale No. 2

Location & Property Identification

Property Name: 1918 N. Broadway
Sub-Property Type: Land
Address: 1918 N. Broadway
City/State/Zip: Los Angeles, CA 90031
County: Los Angeles

Market Orientation: Urban



Lat./Long.: 34.072357/-118.220787 IRR Event ID (662265)

Sale Information

Sale Price: \$3,950,000
Eff. R.E. Sale Price: \$3,950,000
Sale Date: 11/10/2011
Sale Status: Closed
Case Study Type: none
Grantor/Seller: Broadway Company LLC
Grantee/Buyer: 1918 Broadway Charter Facilities LLC

Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Terms of Sale: A & D loan of \$21,031,818, private

Document Type: Deed
Recording No.: 1523406
Verified By: John Morgan
Verification Date: 6/19/13
Verification Source: David Muir, listing broker 213/270-2244
Verification Type: Confirmed-Seller Broker

Comments

Sale of a 1.13-acre site on either side of S. Avenue 20, south side of Broadway, purchased to construct a 45,000 SF, 42 classroom 'college-ready' middle school. The property had an older 3,000 SF building at time of sale that is to be razed for new development.

Improvement and Site Data

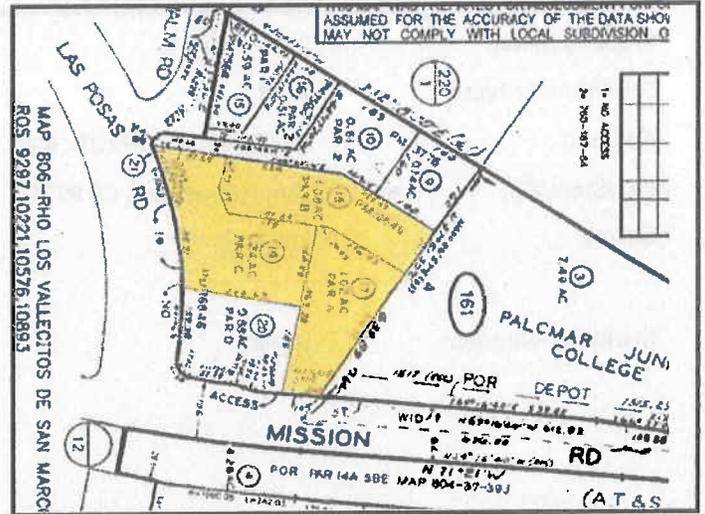
Legal/Tax/Parcel ID: APN: 5447-024-008, 030 & 033
Acres(Gross): 1.13
Land-SF(Gross): 49,222
Source of Land Info.: Public Records

1918 N. Broadway



Location & Property Identification

Property Name: Las Posas Rd n/o W Mission Rd
 Sub-Property Type: Land
 Address: Las Posas Rd n/o W Mission Rd
 City/State/Zip: San Marcos, CA 92069
 County: San Diego
 Market Orientation: Suburban



Lat./Long.: 33.164062/-117.168166 IRR Event ID (499576)

Sale Information

Sale Price: \$3,500,000
 Eff. R.E. Sale Price: \$3,500,000
 Sale Date: 07/22/2011
 Sale Status: Closed
 \$/Acre(Gross): \$1,047,904
 \$/Land SF(Gross): \$24.06
 \$/Acre(Usable): \$1,047,904
 \$/Land SF(Usable): \$24.06
 Case Study Type: none
 Grantor/Seller: North County Land Partners LP
 Grantee/Buyer: Palomar Community College District
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Terms of Sale: All cash
 Document Type: Deed
 Recording No.: 0372829
 Verified By: Mr. Bradley J. Burningham, MBA
 Verification Source: John Chu, Cushman & Wakefield, Inc.
 Verification Type: Confirmed-Seller Broker

Improvement and Site Data

MSA: San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area
 Legal/Tax/Parcel ID: 219-161-19,18,17,21
 Acres(Usable/Gross): 3.34/3.34
 Land-SF(Usable/Gross): 145,490/145,490
 Usable/Gross Ratio: 1.00
 Zoning Code: C
 Zoning Desc.: Commercial
 Utilities: Electricity, Water Public, Sewer, Gas
 Utilities Desc.: All to site
 Source of Land Info.: Public Records

Comments

This land was purchased by the adjacent community college, Palomar College, for future expansion. The site sold with no entitlements or approvals.

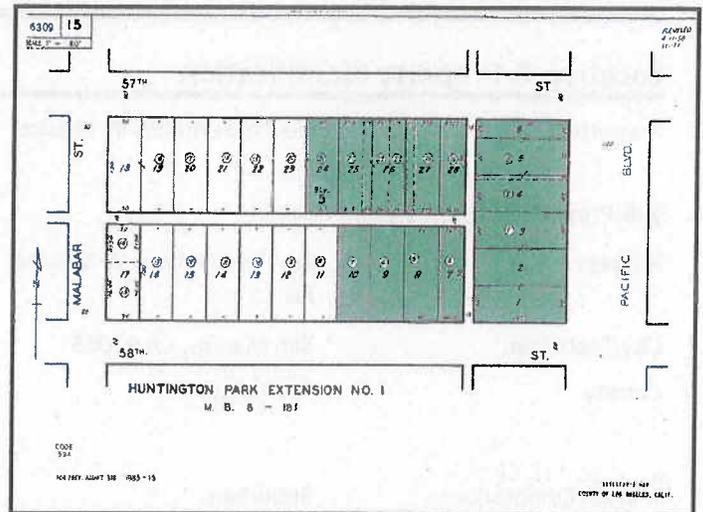
Land Sale Profile

Sale No. 4

Location & Property Identification

Property Name: 2.79-Acre Site
Sub-Property Type: Land
Address: NWC 58th St. & Pacific Blvd.
City/State/Zip: Huntington Park, CA 90255
County: Los Angeles

Market Orientation: Urban



Lat./Long.: 33.979733/-118.219933 IRR Event ID (467168)

Sale Information

Sale Price: \$4,030,000
Eff. R.E. Sale Price: \$4,030,000
Sale Date: 04/20/2010
Sale Status: Closed
\$/Acre(Gross): \$1,259,375
\$/Land SF(Gross): \$28.91
\$/Acre(Usable): \$1,259,375
\$/Land SF(Usable): \$28.91
Case Study Type: none
Grantor/Seller: Maurice Sopp & Son
Grantee/Buyer: College for Certain, LLC
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Exposure Time: 21.00 (months)
Terms of Sale: FTD \$2,796,000
Document Type: Deed
Recording No.: 532504
Verified By: John Morgan
Verification Source: Jim Klein, buyer's broker, 310/451-8121
Verification Type: Confirmed-Buyer Broker

Sale Analysis

Current Use: Industrial
Proposed Use Desc.: Charter school

Improvement and Site Data

MSA: Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area

Legal/Tax/Parcel ID: 6309-025-042 et al.
Acres(Usable/Gross): 3.20/3.20
Land-SF(Usable/Gross): 139,392/139,392
Usable/Gross Ratio: 1.00
Shape: Irregular
Topography: Level
Corner Lot: Yes
Zoning Code: CG
Zoning Desc.: General Commercial
Source of Land Info.: Public Records

Comments

This is the April 2010 sale of a 3.20-acre (139,392-square-foot) site located on the north and south sides of 58th Street, including the northwest corner of 58th Street and Pacific Boulevard, in Huntington Park. The buyer plans to construct a charter school known as "Aspire Public School." The site consists of 14 parcels that were assembled from three different owners (although two owners are related entities). The zoning is M2 and CG. The site is rectangular in shape and has level topography. One of the interior parcels was improved with an older single family residence, with a two-story

2.79-Acre Site



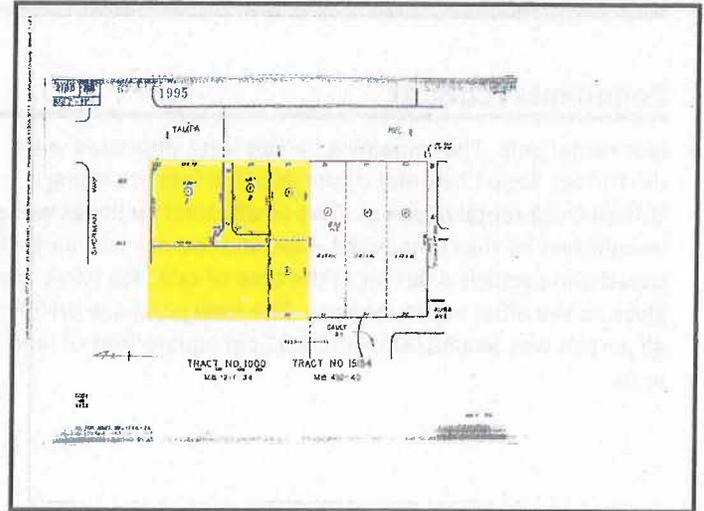
Comments (Cont'd)

rear rental unit. The remaining parcels were improved with the former Sopp Chevrolet dealership that was operating a U-Haul truck rental business. Two small metal buildings were demolished by the commercial seller and the site was partially paved and partially a dirt lot at the time of sale. No value was given to the older improvements. The total purchase price for all parcels was \$4,030,000, or \$28.91 per square foot of land area.



Location & Property Identification

Property Name: SWC Sherman Way & Tampa Ave
 Sub-Property Type: Land
 Address: Sherman Way
 City/State/Zip: Reseda, CA 91335
 County: Los Angeles
 Submarket: Western San Fernando Valley
 Market Orientation: Suburban



Lat./Long.: 34.200959/-118.525993 IRR Event ID (374537)

Sale Information

Sale Price: \$4,500,000
 Eff. R.E. Sale Price: \$4,500,000
 Sale Date: 05/20/2009
 Sale Status: Closed
 \$/Acre(Gross): \$2,093,023
 \$/Land SF(Gross): \$48.05
 \$/Acre(Usable): \$2,093,023
 \$/Land SF(Usable): \$48.05
 Case Study Type: none
 Grantor/Seller: Lorenzen Family Trust
 Grantee/Buyer: Robert Hirsch
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: All cash
 Document Type: Deed
 Recording No.: 0745301
 Verified By: Brian J. Pavlic
 Verification Source: Listing Broker Rhett Winchell,
 310-887-6400
 Verification Type: Confirmed-Confidential

MSA: Los Angeles-Long Beach-Santa Ana, CA Metropolitan Statistical Area

Acres(Usable/Gross): 2.15/2.15
 Land-SF(Usable/Gross): 93,654/93,654
 Usable/Gross Ratio: 1.00
 Frontage Feet: 276
 Frontage Desc.: 276 ft on Sherman Way & 344
 Zoning Code: LAC2
 Source of Land Info.: Other

Comments

2.15-acres purchased to expand adjacent Jewish community center and senior assisted living project.

Improvement and Site Data

Location & Property Identification

Property Name: El Fuerte, N of Poinsettia Ave

Sub-Property Type: Land

Address: 6269 El Fuerte,

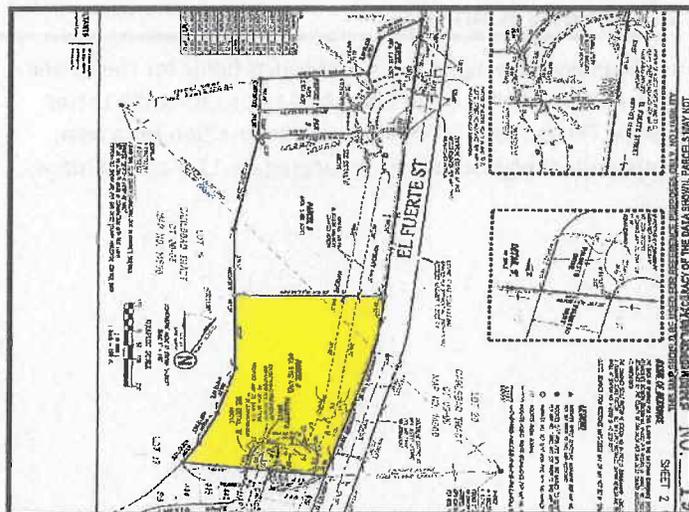
City/State/Zip: Carlsbad, CA 92009

County: San Diego

Submarket: North County

Market Orientation: Suburban

Property Location: N/O Pointsettia



Lat./Long.: 33.122145/-117.249070 IRR Event ID (336473)

Sale Information

Sale Price: \$4,050,000

Eff. R.E. Sale Price: \$4,050,000

Sale Date: 04/01/2009

Sale Status: Closed

\$/Acre(Gross): \$786,408

\$/Land SF(Gross): \$18.05

\$/Acre(Usable): \$1,012,500

\$/Land SF(Usable): \$23.24

Case Study Type: none

Grantor/Seller: PRS Acquisition & Construction, LLC

Grantee/Buyer: Corporation of the Presiding Bishop of the CJCL - DS

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Terms of Sale: Cash equivalent

Document Type: Deed

Recording No.: 09-0162713

Verified By: J. Richard Donahue, MAI, FRICS

Verification Source: David Knowlton, NAI Capital

Verification Type: Confirmed-Seller Broker

Proposed Use Desc.: School

Improvement and Site Data

MSA: San Diego-Carlsbad-San Marcos, CA Metropolitan Statistical Area

Legal/Tax/Parcel ID: 213-122-10

Acres(Usable/Gross): 4.00/5.15

Land-SF(Usable/Gross): 174,240/224,334

Usable/Gross Ratio: 0.78

Shape: Irregular

Topography: Rolling

Corner Lot: No

Zoning Code: CF

Zoning Desc.: Community Facility

Easements: No

Environmental Issues: No

Flood Plain: No

Utilities: Electricity, Water Public, Sewer, Gas

Utilities Desc.: All required utilities are available at the street.

Source of Land Info.: Other

Sale Analysis

Price per square foot of net land area (4 Acres) is \$23.24 per square foot. This site will be utilized for new

Addendum D
Engagement Letter



AGREEMENT FOR PROFESSIONAL CONSULTANT SERVICES

THIS AGREEMENT is made and entered into as of the date of execution by the City of Encinitas, a municipal corporation, hereinafter referred to as "CITY", and Integra Realty Resources - San Diego, hereinafter referred to as "CONSULTANT".

RECITALS

The CITY requires outside assistance to provide the following services:

Real Estate Appraisal Services for approximately 2.8 acre property located at 808 Third Street,
Encinitas, CA 92024
APN: 258-151-22-00

CONSULTANT represents itself as possessing the necessary skills and qualifications to provide the services required by the CITY;

NOW THEREFORE, in consideration of these recitals and the mutual covenants contained herein, the CITY and CONSULTANT agree as follows:

1.0 TERM OF AGREEMENT

1.1 This AGREEMENT shall be effective on and from the day, month and year of the execution of this document by the CITY.

1.2 CONSULTANT shall commence the performance of the services in accordance with the Scope of Work section provided in Attachment "A" to this AGREEMENT and shall continue such services until all tasks to be performed are completed, or this AGREEMENT is otherwise terminated. CONSULTANT shall complete the services and provide final data and reports no later than October 31, 1996, unless an extension of time is mutually agreed to by both parties.

2.0 CONSULTANT'S OBLIGATIONS (ATTACHMENT A)

2.1 CONSULTANT shall provide the CITY with the following services:

The specific manner in which the services are to be performed is described in Attachment "A" which is attached hereto, and incorporated herein as though fully set forth at length, collectively hereinafter referred to as "DESCRIBED SERVICES".

2.2 CONSULTANT shall perform all work required to accomplish the DESCRIBED SERVICES in conformity with applicable requirements of law: federal, State and local.

2.3 CONSULTANT is hired to render the DESCRIBED SERVICES and any payments made to CONSULTANT are compensation fully for such services.

2.4 CONSULTANT shall maintain professional certifications as required in order to properly comply with all City, State, and Federal law.

3.0 PAYMENT FOR SERVICES (ATTACHMENT B)

Payment to CONSULTANT to render the DESCRIBED SERVICES hereunder shall be as set forth in Attachment "B" which is attached hereto and incorporated herein as though fully set forth at length.

4.0 EXTRA WORK

CONSULTANT shall not perform work in excess of the DESCRIBED SERVICES without the prior, written approval of the CITY. All requests for extra work shall be by written Change Order submitted to the CITY prior to the commencement of such work.

5.0 VERBAL AGREEMENT OR CONVERSATION

No verbal agreement or conversation with any officer, agent or employee of the CITY, either before, during or after the execution of this AGREEMENT, shall effect or modify any of the terms or obligations herein contained nor shall such verbal agreement or conversation entitle CONSULTANT to any additional payment whatsoever.

6.0 TERMINATION OF AGREEMENT

This AGREEMENT may be terminated by either party, without cause, upon the giving of thirty (30) days written notice to the other party. Prior to the 30th day following the giving of the notice, the CONSULTANT shall: (1) assemble the completed work product to date, and put same in order for proper filing and closing, and deliver said product to the CITY and (2) place all work in progress in a safe and protected condition. The City Manager of the CITY shall make a determination of the percentage of work which CONSULTANT has performed which is usable and of worth to the CITY. Based upon that finding, the CITY shall determine any final payment due to CONSULTANT.

7.0 COVENANTS AGAINST CONTINGENT FEES

CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this AGREEMENT, and that CONSULTANT has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gift, or any other consideration contingent upon, or resulting from, the award or making of this AGREEMENT. For breach or violation of this warranty, the CITY shall have the right to terminate this AGREEMENT without liability, or, at the CITY'S discretion to deduct from the AGREEMENT price or consideration, or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

8.0 OWNERSHIP OF DOCUMENTS

All reports and specifications as herein required are the property of the CITY, whether or not the CITY proceeds with the project for which such documents are prepared.

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9.0 STATUS OF CONSULTANT

CONSULTANT shall perform the services provided for herein in a manner of CONSULTANT'S own choice, as an independent contractor and in pursuit of CONSULTANT'S independent calling, and not as an employee of the CITY. CONSULTANT shall be under control of the CITY only as to the result to be accomplished and the personnel assigned to the project. However, CONSULTANT shall confer with the CITY.

10.0 HOLD HARMLESS

10.1 CONSULTANT agrees to indemnify and hold the CITY and CITY'S officers, officials, employees and agents harmless from, and against any and all liabilities, claims, demands, causes of action, losses, damages and costs, including all costs of defense thereof, arising out of, or in any manner connected directly or indirectly with, any acts or omissions of CONSULTANT or CONSULTANT'S agents, employees, subcontractors, officials, officers or representatives. Except as otherwise provided in this Section, upon demand, CONSULTANT shall, at its own expense, defend CITY and CITY'S officers, officials, employees and agents, from and against any and all such liabilities, claims, demands, causes of action, losses, damages and costs.

10.2 CONSULTANT'S obligation herein does not extend to liabilities, claims, demands, causes of action, losses, damages or costs that arise out of the CITY'S intentional wrongful acts, CITY'S violations of law, or the CITY'S sole active negligence.

11.0 ASSIGNMENT OF CONTRACT

CONSULTANT is without right to and shall not assign this AGREEMENT or any part thereof or any monies due hereunder without the prior written consent of the CITY which shall not be unreasonably withheld.

12.0 INSURANCE

12.1 CONSULTANT shall obtain, and during the term of this AGREEMENT shall maintain, policies of automobile liability, general liability and property damage insurance from an insurance company authorized to be in business in the State of California. Each such policy shall be in an amount of not less than one million dollars (\$1,000,000) for each occurrence, and shall be endorsed with the following language:

A. The CITY and CITY'S officers, officials, employees, agents and volunteers are to be covered as additional insured with respect to liability arising out of the acts and omissions by or on behalf of CONSULTANT under the General Liability policy.

B. The insured waives all rights of subrogation against the CITY and CITY'S officers, officials, employees, agents and volunteers.

C. Provide that the policy shall remain in full force during the full term of this AGREEMENT and shall not be canceled, voided, terminated, reduced, or allowed to expire without thirty (30) days prior written notice from the issuance company being received by CITY.

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12.2 Before CONSULTANT shall employ any person or persons in the performance of the AGREEMENT, CONSULTANT shall procure a policy of Worker's Compensation Insurance as required by the Labor Code of the State of California.

12.3 Prior to commencement of work under this AGREEMENT, CONSULTANT shall furnish to the AGREEMENT OFFICER proof of the insurance required in this Section.

13.0 DISPUTES

13.1 If a dispute should arise regarding the performance of this AGREEMENT, the following procedures shall be used to address any question of fact or interpretation not otherwise settled by agreement between the parties. Such questions, if they become identified as part of a dispute between persons operating under the provisions of the AGREEMENT, shall be reduced to writing by the complaining party. A copy of such documented dispute shall be forwarded to the other party involved along with recommended methods of resolution. The party receiving the letter shall reply to the letter along with a recommended method of resolution within ten (10) days of receipt of the letter.

13.2 If the dispute is not resolved, the aggrieved party shall send to the CITY'S Manager a letter outlining the dispute for Manager's resolution.

13.3 If the dispute remains unresolved and the parties have exhausted the procedures of this section, the parties may then seek remedies available to them at law.

14.0 NOTICES

14.1 Any notices to be given under this AGREEMENT, or otherwise, shall be served by certified mail.

14.2 For the purposes hereof, unless otherwise provided in writing by the parties hereto, the address of the CITY and the proper person to receive any notice on the CITY'S behalf is:

TO: City of Encinitas
505 South Vulcan Avenue
Encinitas, CA 92024
Gus Vina, City Manager

14.3 For the purposes hereof, unless otherwise provided in writing by the parties hereto, the address of CONSULTANT and the proper person to receive any notice on the CONSULTANT'S behalf is:

Jeff A. Greenwald
Senior Managing Director/Principal
Integra Realty Resources - San Diego
5330 Carroll Canyon Road, Suite 100
San Diego, CA 92121

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15.0 CONSULTANT'S CERTIFICATION OF AWARENESS OF IMMIGRATION REFORM AND CONTROL ACT OF 1986

CONSULTANT certifies that CONSULTANT is aware of the requirements of the Immigration Reform and Control Act of 1986 (8 USC §§ 1101-1525) and has complied and will comply with these requirements, including but not limited to verifying the eligibility for employment of all agents, employees, subcontractors and consultants that are included in this AGREEMENT.

16.0 CONSULTANT'S AWARENESS AND COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT OF 1990

CONSULTANT certifies that CONSULTANT is aware of the requirements of the Americans with Disabilities Act of 1990 (42 USC §§ 12101) and has complied with and will comply with these requirements, included but not limited to verifying compliance of their contractors, consultants, agents, and employees.

CONSULTANT

CITY

Integra Realty Resources – San Diego

City of Encinitas

by Jeff A. Greenwald 6/14/13
Date
Jeff A. Greenwald
Senior Managing Director/Principal
MALSRA, FRICS

by Gus Vina 6/12/13
Date
Gus Vina
City Manager



ATTACHMENT "A"
(Manner of Performing the Services)

CONSULTANT shall perform the services in the following manner:

SCOPE OF WORK

The purpose of the appraisal is to estimate the as is market value of the subject property. The function of the appraisal is to assist the City of Encinitas in evaluating the property for possible acquisition purposes.

The scope of the appraisal involves collecting, verifying and analyzing comparable market data to arrive at an estimate of market value for the subject property. In doing so, we will employ the sales comparison approach to estimate the land value, and the cost approach to estimate the contributory value (if any) of the existing school improvements.

The product delivered will be a Summary Appraisal Report in compliance with current Uniform Standards of Professional Appraisal Practice (USPAP). The report will identify and describe the property, the property rights appraised, the assumptions and limiting conditions, the pertinent facts about the area and the subject property, the comparable data and clearly state the results of the investigation and analysis and the reasoning leading to the conclusions that are set forth in the report. The appraisal process will include:

Inspection of the property, measuring building improvements

Review of Property Records

Review of Land Use & Zoning Ordinances

Research and Verification of Comparable Sales Data

As Is Value Estimate

The appraisal process will include: Review of available facility assessment report (if any)

Deliverable Date: June 24, 2013

Final report provided in three (3) hard copies and electronic PDF format

The report will be reviewed and signed by Jeff Greenwald, MAI, SRA, FRICS, Realtor (R), and Co-signed by John Morgan, CGA

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ATTACHMENT "B"

(Payment for Services)

SUMMARY OF BID

| <u>RFP Response</u> | <u>Bid</u> |
|---------------------|--|
| Proposed Fee | \$5,500 |
| Hourly Rate | Jeff Greenwald, MAI, SRA, FRICS @ \$350 per hour John Morgan, CGA @ \$250 per hour Hourly rate will be applicable for additional work over and above the scope of our initial work, as requested by the City for assistance as resource persons for potential closed sessions with City Council. |
| Delivery Date:: | By June 24, 2013. |

