

EXHIBIT D

APPRAISAL REPORT

**WINTERHAVEN FIRE STATION
495 THIRD AVENUE
WINTERHAVEN, CALIFORNIA 92283**

PREPARED FOR

**PAULA GRAF
LAFCO
COUNTY OF IMPERIAL
1122 W. STATE ST., SUITE D
EL CENTRO, CA 92243**

**AS IS
DATE OF VALUATION**

JANUARY 17, 2017

DATE OF APPRAISAL

JANUARY 23, 2017

BY

**TEBBETTS APPRAISAL SERVICE, INC.
7097 HERON CIRCLE
CARLSBAD, CALIFORNIA 92011
(760) 352-4560**

Tebbetts Appraisal Service, Inc.

*7097 Heron Circle
Carlsbad, California 92011
(760) 352-4560*

January 23, 2017

Ms. Paula Graf
c/o LAFCO
County of Imperial
1122 W. State St., Suite D
El Centro, CA 92243

RE: Appraisal of the Winterhaven Fire Station Property located at 495 Third Avenue in Winterhaven, CA.
File No. 170004

Dear Ms. Graf:

In response to your request, the fee simple interest in the above-referenced property, as more particularly described in the enclosed report was appraised. The purpose of the appraisal is to estimate the "as is" market value of the property as of January 17, 2017. The function of this appraisal report is for use by the client for internal decision making purposes.

This appraisal report has been prepared in conformity with the Code of Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute that incorporates the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) as provided by the Appraisal Foundation. The appraiser has only used the Cost Approach and Income Capitalization Approach in valuing the special purpose property. The written report has been prepared as an Appraisal Report in accordance with Standards Rule 2-2, adopted by the Appraisal Standards Board on March 22, 1994, effective July 1, 1994.

The appraiser made an exterior inspection (interior access was not provided) of the property and gathered and analyzed considerable data and information having a bearing on its value. The findings are submitted in the report that follows. The value conclusion expressed herein is based upon a personal investigation and examination of the property and its environs and upon factual data which has been gathered and is submitted in the report that follows.

The subject property consists of an existing fire station building containing 4,564 rentable sq.ft. The appraiser estimated the following value as explained in the report.

TWO HUNDRED EIGHTY THOUSAND DOLLARS
\$280,000

No responsibility is assumed for matters that are legal in nature, nor is any opinion of the title rendered herewith. Any liens or encumbrances that existed on the subject property have been disregarded and value is estimated as unencumbered fee title. The appraiser certifies that he has personally inspected the exterior of the subject property, impartially considered all data obtained in the investigation, has no interest in the property appraised, present or prospective, and that the opinions are in no way contingent upon the basis of employment; further, that compensation is in no way contingent upon the values assigned. The appraiser further certifies that to the best of his knowledge and belief, the statements and opinions contained in this appraisal upon which opinions and conclusions expressed herein are based are true, and are subject to the assumptions and limiting conditions provided in a complete report and no information has been knowingly withheld.

Thank you for this assignment. If further assistance is required, please let me know.

Respectfully submitted,



Ronald E. Tebbetts, CREA
Certified General Appraiser AG002672
Expires 1/26/18

File No. 170004

INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

RECORD OWNERS	Winterhaven Fire District
LOCATION	The property is located at 495 Third Avenue in the community of Winterhaven.
LEGAL DESCRIPTION	A portion of the south 120 feet of Lots 17 through 21, Block 12, Central Addition, Townsite of Winterhaven, County of Imperial, State of California.
LOT SIZE	23,053 sq.ft.
IMPROVEMENTS	An existing 4,564 sq.ft. fire station building.
ZONING	G-S
HIGHEST AND BEST USE	Existing Use
DATE OF PROPERTY INSPECTION	January 17, 2017
DATE OF VALUATION - AS IS	January 17, 2017
DATE OF APPRAISAL REPORT	January 23, 2017
VALUATION INDICATION	\$280,000

SUBJECT PHOTOS



Subject – east elevation



Subject – north elevation



Subject – northwest elevation



Subject – south elevation



Third Avenue looking north with the subject on the left



Third Avenue looking south with the subject on the right

TABLE OF CONTENTS

LETTER OF TRANSMITTAL2

Table of Contents

PURPOSE OF THE APPRAISAL 11

DEFINITION OF MARKET VALUE 11

VALUATION PREMISE 11

SCOPE OF THE APPRAISAL 12

DATE OF PROPERTY INSPECTION 13

DEFINITION OF HIGHEST AND BEST USE 13

PROPERTY RIGHTS APPRAISED 13

INTENDED USER AND INTENDED USE 14

COMPETENCY OF THE APPRAISERS 14

PROHIBITED INFLUENCES 14

LIMITING CONDITIONS AND ASSUMPTIONS 15

QUALIFICATIONS 17

IDENTIFICATION OF THE PROPERTY 19

VESTING **19**

HISTORY OF ACQUISITION **19**

ASSESSMENT INFORMATION 19

CERTIFICATE OF APPRAISAL 20

REGIONAL AND CITY DATA 22

PROPERTY DESCRIPTION 35

PLAT MAP **36**

IMPROVEMENT ANALYSIS 39

HIGHEST AND BEST USE - AS IF VACANT **41**

HIGHEST AND BEST USE, AS IMPROVED **42**

THE APPRAISAL PROCESS **43**

COST APPROACH 46

SALES COMPARISON APPROACH 54

INCOME APPROACH 54

ADDENDA **57**

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property based on a fee simple interest subject to the assumptions and limiting conditions as set forth in this report. The final opinion of value is based on a hypothetical sale of the subject in which the seller is cashed out.

DEFINITION OF MARKET VALUE

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he considers his own best interest;
3. a reasonable time is allowed for exposure in the open market.
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

VALUATION PREMISE

The value premise included in this report is the "as-is" value. For purposes of our analysis, the various value estimates are defined as follows. All estimates are current and made as of the last inspection date.

"As is" Value - This represents the value of the subject property based on its existing condition as of the date of value.

SCOPE OF THE APPRAISAL

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

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	Applicable	Utilized
Sales Comparison Approach	Not Applicable	Not Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Additional steps taken to gather, confirm, and analyze relevant data, are detailed in individual sections of the report.

Ronald E. Tebbetts, CREA conducted an on-site inspection of the property on January 17, 2017.

The report has been prepared under the report option of Standards Rule 2-2 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.

DATE OF PROPERTY INSPECTION

January 17, 2017

AS IS DATE OF VALUATION

January 17, 2017

DATE OF APPRAISAL REPORT

January 23, 2017

DEFINITION OF HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. As used in this report, Highest and Best Use is defined in the Appraisal of Real Estate as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The principle of highest and best use incorporates the concepts of most probable use and most profitable use. It must be a use that is legally and physically possible as well as one that is financially feasible and maximally productive.

PROPERTY RIGHTS APPRAISED

The fee simple title is regarded as an estate without limitations or restrictions. Anything less than the complete estate results from partial interest that is created by selling, leasing, or otherwise limiting the bundle of rights in a fee estate. An appraisal assignment may require the appraisal of fee simple title or partial interest such as a leasehold estate or an easement. The three most common types of property rights involved in the appraisal process as defined in "The Dictionary of Real Estate Appraisal," AIREA, are as follows:

1. Fee simple estate: "Absolute ownership unencumbered by any other interest of estate; subject only to the limitations of eminent domain, escheat, police power, and taxation."
2. Leased fee estate: "An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; usually consists of the right to receive rent and the right to repossession at the termination of the lease."
3. Leasehold estate: "The right to use and occupy real estate for a state term and under certain conditions; conveyed by a lease."

The property rights of ownership being appraised in this report is the fee simple estate.

INTENDED USER AND INTENDED USE

This report has been prepared exclusively for Paula Graf of LAFCO in the County of Imperial and her assigns. Use of this report is not intended for anyone beyond those noted above. The intended use is for internal decision making purposes

COMPETENCY OF THE APPRAISERS

Ronald E. Tebbetts, has the knowledge and experience to complete this appraisal assignment and has appraised this property type before. Over the last several years, this office has appraised several special purpose properties. Please see appraiser's experience data included below for additional information.

PROHIBITED INFLUENCES

This appraisal assignment was not based on a requested minimum valuation, specific valuation, and neither our employment nor compensation are based on a predetermined value conclusion.

LIMITING CONDITIONS AND ASSUMPTIONS

In the preparation of this report, certain basic assumptions have been relied upon. There are also certain limiting conditions that circumscribe the scope of this report.

This appraisal is subject to the following special assumptions and limiting conditions:

None

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.
2. It is assumed that other information and data, including maps and engineering estimates, furnished by our client and others are substantially correct.
3. That no guarantee is made as to the correctness of estimates or opinions furnished by others and which have been used in making this appraisal. That no liabilities be assumed on account of inaccuracies in such estimates or opinions.
4. That no liability is assumed on account of matters of a legal nature affecting this property, such as title defects, liens, encroachments, overlapping boundaries, etc.
5. Maps, photo and plats furnished by this appraiser are not based on a survey but are furnished as an aid to the reader in visualizing the property.
6. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report or reports remain the property of the appraiser for the use of the client, the fee being for the analytical service only. The report may not be used for any purpose by any person with the written consent of an officer of this appraisal firm, and then only in its entirety.
7. The appraiser may not divulge the material (valuation), contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his/her designee as specified in writing, except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement or by a court of law or body with the power of subpoena.
8. The contract for appraisal consultation or analytical service is fulfilled in the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal in full or in part, or engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee.
9. The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report, further, that all applicable zoning, building and land use regulations and restrictions of all types have been complied with unless otherwise stated in this report. Further, it is assumed that all required licenses, consents, permits or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

10. No policy of title insurance or preliminary title report was furnished the appraiser. This appraisal is based on the premise that there are no adverse easements or encroachments that would affect the property's value as submitted.
 11. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. Clean-up of soil contamination, if any, is considered a seller expense.
- Improvements proposed, if any, on or off site, as well as any repairs required, are considered for purposes of
12. Improvements proposed, if any, on or off site, as well as any repairs required, are considered for purposes of this appraisal to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. This estimate of market value is as of the date shown above, as proposed, as if completed and operated at levels shown and projected.
 13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to these issues, the appraisers did not consider possible noncompliance with the requirement of ADA in estimating the value of the property.
 14. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulation of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any Appraisers or to the MAI or RM designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraiser.

QUALIFICATIONS

QUALIFICATIONS OF THE APPRAISER

Ronald E. Tebbetts

Appraisal Certification

AG002672 State of California "Certified General Real Estate Appraiser"
qualified to appraise all real estate transactions without regard to
transaction value or complexity. License expires 1/26/18

Membership

National Association of Real Estate Appraisers
Certified Real Estate Appraiser (CREA) Designation
Appraisal Institute
Associate Member

Appraisal Experience

1994-Present Owner, Tebbetts Appraisal Service, Inc.

1992-1994 Anderson & Brabant, Inc.

Appraiser responsible for the appraisal of income property within San Diego, Imperial and southern Riverside Counties. All reports are full narrative with values ranging from \$500,000.

1987-1992 Bank of America National Trust & Savings Association

Senior Appraiser responsible for the appraisal of income property within San Diego, Imperial and southern Riverside Counties. All reports are full narrative with values ranging from \$500,000.

Education

Whittier College - Bachelor of Arts degree with a major in Business Administration

Real estate and related courses include:

Real Estate Principles
Business Law
Statistics
Real Estate Finance

Appraisal Institute

Professional courses completed:

Introduction to Appraising Real Property	1988
Applied Residential Property Valuation	1989
Capitalization Theory & Techniques, Part A	1990
Capitalization Theory & Techniques, Part B	1990
Standards of Professional Practice, Part A	1991
Standards of Professional Practice, Part B	1991
Standards of Professional Practice, Part C	2002

Case Studies in Real Estate Valuation	1992
Narrative Report Writing	1994
Highest and Best Use Market Analysis	2002

Seminars attended:

Appraisal of Income Properties	1989
Apartment Analysis	1993
Residential Subdivision Analysis	1993
Impact of Changing Demographics and Economic Influences	1993
Federal & State Laws and Regulations Workshop	1999
Condemnation Appraising Principles & Application	1998
California Litigation Valuation	1999
Apartment Seminar (Update)	1998
Attacking & Defending an Appraisal in Litigation	1999
Case Update & Courtroom Strategies	2002
Reappraising, Readdressing, Reassigning Appraisals	2005
Fannie Mae Residential Appraisal Presentation	2005
San Diego Apartment & Housing Seminar	2007
FHA Update	2007
Effective Appraisal Communication	2006
New Technology for Real Estate Appraisers	2007
REO Appraisal	2009
Supporting Capitalization Rates	2011
Business Practices & Ethics	2010
Appraising for the IRS	2011
USPAP Workshop	2015
Applying Economic Forecast-Update	2012
Separating Real Property, Personal Property and Intangible Assets	2012
The New FHA Handbook	2015
Digging into Ground Leases	2015
Laws and Regulation	2015
Land and Site Valuation	2015
Appraisal of Land subject to Ground Leases	2015
Appraisal of Owner-Occupied Commercial Properties	2015
The Sales Comparison Approach	2015

Types of Appraisals

Single Family Dwellings	2-4 Units
Apartments	R & D Property
Commercial Land	Residential Land
Industrial Property	Self Storage Property
Leasehold & Leased Fee Estates	Shopping Centers
Mobile Home Parks	Special Use Properties
Office Buildings	Fractional Interest
Subdivisions	Trailer Parks
Eminent Domain	Expert Witness Testimony

IDENTIFICATION OF THE PROPERTY

The appraised real property consists of an existing 4,564 sq.ft. fire station building located at 495 Third Avenue in Winterhaven. The property can be legally described as:

A portion of the south 120 feet of Lots 17 through 21, Block 12, Central Addition, Townsite of Winterhaven, County of Imperial, State of California.

VESTING

Winterhaven Fire District

THOMAS BROS. MAP REFERENCE

Page 432-D5

LOCATION

The property is located at 495 Third Avenue on the west line of Third Avenue in the Community of Winterhaven.

HISTORY OF ACQUISITION

The subject property has been under current ownership for quite some time. To my knowledge, there have been no transfers of the property or offers to purchase the property during the last three years.

ASSESSMENT INFORMATION

The subject is not assessed at the current time. Upon sales the property would be reassessed with taxes assigned at the rate of approximately 1.1%.

CERTIFICATE OF APPRAISAL

The undersigned hereby certifies:

- * that the statements of fact contained in this report are true and are correct.
- * that the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraiser's personal, impartial and unbiased professional analyses, opinions and conclusions.
- * that the undersigned has 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.
- * that the undersigned has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- * that engagement in this assignment was not contingent upon developing or reporting predetermined results.
- * that the 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.
- * that the analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- * that Ronald E. Tebbetts made a personal inspection of the property that is the subject of this report.
- * that no one provided significant professional real estate appraisal assistance to the person signing this certification.
- * that information, estimates and opinions furnished by others and contained in this report are assumed to be true, correct and reliable. A reasonable effort has been made to verify such information; however, the appraiser assumes no responsibility for its accuracy.
- * that this appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or loan approval.
- * that compensation for completing this assignment is not contingent upon an action or event resulting from the analyses, opinions or conclusions in, or the use of this report.
- * that this appraisal report sets forth all the limiting conditions (imposed by the terms of this assignment or by the undersigned) affecting the analyses, opinions and conclusions contained in this report.
- * that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- * that the appraiser has the appropriate knowledge and experience to complete this assignment

competently in accordance with the competency provision as required by USPAP. Appraiser qualifications are located near the end of this report.

- * that due to the varying requirements of individual review appraisers, this report cannot be guaranteed to meet any one review appraiser's opinion of acceptability. Any changes required by a review appraiser will be completed at the client's expense and at the appraiser's option.
- * that 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 appraiser does not have the expertise to comment on the accuracy or validity of such reports.
- * that this appraisal report is based on the existing physical condition of the subject as of the date of appraisal.
- * that the value is in accordance with the estimate of highest and best use. All sales have been adjusted to a cash-equivalent price when appropriate and sufficient data was available.
- * that Ronald E. Tebbetts has successfully met the requirements for the title "Certified General Appraiser" delegated by the Office of Real Estate Appraisers, valid until January 26, 2018, OREA identification number AG002672.
- * that 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.
- * that the appraiser assumes 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 impact the indicated value.
- That the undersigned has not appraised the property that is the subject of this report before. I have had no relationships with this property during the past three years.

As of the date of this report, Ronald E. Tebbetts has completed the requirements of the continuing education program of the Appraisal Institute.



Ronald E. Tebbetts, CREA
#AG002672 expires 1/26/18

REGIONAL AND CITY DATA

LOCATION MAP



REGIONAL DATA

The subject is located in Imperial County, the ninth largest county area in California. It is situated on the southeast corner of California and bordered on the north by Riverside County, on the west by San Diego County, on the east by the Colorado River which forms the boundary between California and Arizona, and on the south by 84 miles of international boundary with Mexico. The capital of Baja California, Mexicali, which is situated here on the border, has a population of approximately 1,000,000. Imperial County covers an area of 4,597 square miles, or 2,942,080 acres. Approximately 50% of county lands are undeveloped and under federal ownership jurisdiction.

Approximately 20% is irrigated for agriculture purposes, but most notably, the central area is known as Imperial Valley. The developed area, where the county's incorporated cities, unincorporated communities, and supporting facilities are situated, comprises less than 1% of the land. Approximately 7% of the county is the Salton Sea.

The valley is a uniform plain sloping gently down to the north, the surface of which is broken only by the channels of the New and Alamo Rivers (which carry agricultural drainage water to the Salton Sea, a drainage basin), and by occasional bodies of dune sand. Shallow intermittent streamways have given rise to local irregularities, and occasional partly buried mountain passes and extensive sand dunes form the only conspicuous elevations above the general level of the surface.

With major east-west and north-south highways, the Imperial Valley is less than two hours from San Diego and within four hours of greater Los Angeles, Phoenix and Tucson. Interstate 8 provides direct access by ground transportation to San Diego, Tucson and Phoenix. In addition, Highways 86, 111, and 78 lead north to Interstate 10 and Palm Springs, Los Angeles and Phoenix.

The Imperial County road system serves many types of areas with varying degrees of transportation needs for each. One of the major functions of county roads is to provide farm-to-market access for all irrigated areas. This agricultural use requires a developed road system to move produce to market with a minimum delay. The recreational areas likewise require a road system that makes them readily accessible. The transportation system in Imperial County is made of state and federal highways (as noted above), county roads and city streets. The county road system supplements the major state and federal highways and provides the necessary access and connections thereto.

The Southern Pacific Railroad provides the further advantage of low cost rail service with convenient rail spurs adjacent to industrial sites throughout the Valley. Rail lines through the Imperial Valley lead directly north to major rail centers near San Bernardino, California, and directly east to Arizona, Texas and points beyond.

National, regional, and independent trucking companies provide extensive in-bound and out-bound ground transportation services with terminals throughout the Imperial Valley. There is overnight delivery to San Diego, Los Angeles, Phoenix, Tucson, and intermediate points.

Commercial passenger air service via United Airlines connects the Imperial Valley to major cities

throughout the United States from Imperial County Airport (Boley Field), located in the heart of the populated area. The presence of the United States Customs Service at Calexico International Airport (at the Mexican-American international boundary line) allows direct shipments to and from international destinations. Private corporate air transportation is also convenient and readily available with charter air service and private hanger rentals at all six Imperial Valley airports.

Greyhound buses also connect the area with major cities throughout the southwest and beyond.

The nearest port facilities are located in San Diego, California (a major U.S. port), 120 miles to the west.

AGRICULTURAL IRRIGATION INFLUENCE

All of the land under irrigation within the Valley is within the Imperial Irrigation District. The District is the largest irrigation district in the United States with a present gross area of approximately 899,382 acres. Under full development, it is estimated that about 770,000 acres within the district could be irrigated (currently at 500,000 acres).

Stability at the present time is considered good as all water provided by the Imperial Irrigation District is supplied by the Colorado River and Imperial County's allotment is considered adequate for its needs.

The current water rate being charged by the Imperial Irrigation District is \$16.00 per acre foot. IID directors unanimously adopted a resolution stating they would investigate the possibility of lowering the water rate in the future if money is made available from a sale of water to another area. There is also an annual water availability charge levied by the Imperial Irrigation District of \$3.80 per acre. The prior rate was \$5.10 per acre.

Imperial County is unique as the water supplied is considered plentiful and the rates are very reasonable. At the present time, there is no drought related restrictions in force, however, the IID Board of Directors has implemented a water savings plan which is expected to only limit the amount of time a farmer may flood fields to leach out salt. This plan should not cause any problems this year; however, if it is continued over the next two or more years, salt building up in the fields could cause crop damage in the future.

POPULATION

The county's population trend from 1980 through 2015, compared to the trend for the six Southern California counties of Los Angeles, Imperial, Orange, San Diego, Riverside and San Bernardino is shown on the following page:

The Imperial County has seven incorporated cities which have populations as shown in the table below:

Area or City	Estimated Population as of 1/1/15
Imperial County	183,429
Brawley	26,273
Calexico	41,033
Calipatria	7,466
El Centro	44,847
Holtville	66,246
Imperial	17,446
Westmorland	2,333

Population Demographics						
Year	Six Counties			Imperial County		
	Population	Change	% Change	Population	Change	% Change
1980	12,922,609			92,110		
1981	13,119,400	196,791	1.5%	94,200	2,090	2.3%
1982	13,393,800	274,400	2.1%	96,800	2,600	2.8%
1983	13,683,100	289,300	2.2%	99,100	2,300	2.4%
1984	13,964,500	281,400	2.1%	101,000	1,900	1.9%
1985	14,256,400	291,900	2.1%	103,200	2,200	2.2%
1986	14,628,800	372,400	2.6%	105,900	2,700	2.6%
1987	15,029,300	400,500	2.7%	108,200	2,300	2.2%
1988	15,418,700	389,400	2.6%	111,300	3,100	2.9%
1989	15,825,200	406,500	2.6%	115,400	4,100	3.7%
1990	16,259,400	434,200	2.7%	119,600	4,200	3.6%
1991	16,799,400	540,000	3.3%	112,300	(7,300)	-6.1%
1992	17,141,056	341,656	2.0%	118,900	6,600	5.9%
1993	17,379,920	238,864	1.4%	131,000	12,100	10.2%
1994	17,598,900	218,980	1.3%	135,900	4,900	3.7%
1995	17,760,100	161,200	0.9%	141,500	5,600	4.1%
1996	17,797,100	37,000	0.2%	139,300	(2,200)	-1.6%
1997	18,023,900	226,800	1.3%	141,000	1,700	1.2%
1998	18,325,600	301,700	1.7%	142,100	1,100	0.8%
1999	18,645,500	319,900	1.7%	144,500	2,400	1.7%
2000	18,576,642	(68,858)	-0.4%	142,361	(2,139)	-1.5%
2001	18,867,000	290,358	1.6%	148,300	5,939	4.2%
2002	19,240,400	373,400	2.0%	150,200	1,900	1.3%
2003	19,609,400	369,000	1.9%	150,900	700	0.5%
2004	19,957,300	347,900	1.8%	156,600	5,700	3.8%
2005	20,319,653	362,353	1.8%	161,800	5,200	3.3%
2006	20,496,472	176,819	1.4%	166,585	4,785	4.8%
2007	20,760,639	264,167	2.0%	172,672	6,087	6.0%
2008	20,951,621	190,982	1.5%	176,158	3,486	3.4%
2009	21,053,466	101,845	0.8%	179,254	3,096	2.9%
2010	20,323,832	(729,634)	-5.6%	174,528	(4,726)	-4.4%
2011	20,420,430	96,598	0.7%	175,712	1,184	1.1%
2012	20,701,467	281,037	2.2%	180,061	4,349	3.8%
2013	20,454,157	(247,310)	-1.9%	176,258	(3,803)	-3.2%
2014	20,896,458	442,301	3.4%	180,672	4,414	3.9%
2015	21,107,871	211,413	1.6%	183,429	2,757	2.3%
Total		8,185,262	63.3%		91,319	99.1%
Average		240,743	1.9%		2,686	2.9%

EMPLOYMENT

One of the primary characteristics of a regional economy is its ever-increasing diversity. The area receives most of its impetus from the agricultural segment of the economy with government employment being secondary. The following table summarizes the distribution of the total work force from 1990 through 2005

Imperial County - Employment by Industry					
Distribution of Total Workforce by Percent					
Industry	1990	1995	2000	2005	2010
Agriculture	32.8%	29.6%	23.9%	19.1%	16.0%
Construction	4.6%	2.9%	3.9%	3.4%	2.1%
Manufacturing	3.5%	3.3%	3.1%	4.2%	4.6%
Trade, Transportation & Utilities	17.5%	16.5%	18.3%	19.5%	18.3%
Financial & Professional	6.8%	7.6%	6.4%	6.3%	6.5%
Educational & Hospitality	10.7%	10.6%	11.7%	14.8%	17.8%
Government	21.6%	27.1%	30.2%	30.3%	32.5%
Other	2.6%	2.4%	2.5%	2.3%	2.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

As the above table indicates, Imperial County's employment has been shifting away from agriculture employment toward the government, trade and service sectors. Services employment includes industries such as professional services, health services, and tourism.

The Imperial County employment figures point to a continued slow growth in employment compared with the six counties in Southern California. The table below reflects an increase of 75% over the period compared with an increase of 19% for the six county area of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Imperial.

Employment Demographics						
	Six Counties			Imperial County		
Year	Total Employment	Change	% Change	Total Employment	Change	% Change
1990	7,858,400			35,300		
1991	7,599,200	(259,200)	-3.3%	36,100	800	2.3%
1992	7,522,300	(76,900)	-1.0%	37,300	1,200	3.3%
1993	7,427,900	(94,400)	-1.3%	39,100	1,800	4.8%
1994	7,485,700	57,800	0.8%	42,400	3,300	8.4%
1995	7,553,500	67,800	0.9%	41,000	(1,400)	-3.3%
1996	7,657,400	103,900	1.4%	40,300	(700)	-1.7%
1997	7,954,500	297,100	3.9%	41,000	700	1.7%
1998	8,235,700	281,200	3.5%	41,400	400	1.0%
1999	8,449,700	214,000	2.6%	42,200	800	1.9%
2000	8,569,700	120,000	1.4%	46,300	4,100	9.7%
2001	8,729,400	159,700	1.9%	46,700	400	0.9%
2002	8,766,400	37,000	0.4%	48,900	2,200	4.7%
2003	8,848,900	82,500	0.9%	49,900	1,000	2.0%
2004	9,007,400	158,500	1.8%	49,700	(200)	-0.4%
2005	9,224,700	217,300	2.4%	51,800	2,100	4.2%
2006	9,396,100	171,400	1.9%	54,400	2,600	5.0%
2007	9,460,400	64,300	0.7%	55,800	1,400	2.6%
2008	9,326,000	(134,400)	-1.4%	56,700	900	1.6%
2009	9,252,800	(73,200)	-0.8%	56,500	(200)	-0.4%
2010	8,700,700	(552,100)	-6.0%	56,800	300	0.5%
2011	8,819,800	119,100	1.4%	57,200	400	0.7%
2012	8,963,800	144,000	1.6%	58,900	1,700	3.0%
2013	9,145,300	181,500	2.0%	60,600	1,700	2.9%
2014	9,346,500	201,200	2.2%	61,800	1,200	2.0%
Total		1,488,100	18.9%		26,500	75.1%
Average		74,405	0.9%		1,325	3.8%

However, the Imperial County unemployment rate has historically been quite high. The farm economy has been blamed for this situation, since agricultural employment in the county is seasonal, and depends upon the schedule of harvest and planting. Hence at any given time many people in this industry are not employed. Furthermore, a large number of farm workers reside outside the county or have dual residences. Many of these list Imperial County as their place of residence. The table below reflects a declining trend in the unemployment rate.

Imperial County Labor Force					
	1990	1995	2000	2005	2010
Civilian Labor Force	47,400	58,000	61,800	61,300	79,800
Civilian Employment	35,300	41,000	52,000	51,500	56,800
Civilian Unemployment	12,100	17,000	9,800	9,800	23,100
Civilian Unemployment Rate	25.6%	29.3%	15.8%	16.0%	29.0%

The unemployment rate has deviated from a low of 14.6 percent in March 1990 to a high of 35.6 percent in August 1992. This high unemployment rate impacts the economic stability of the local economy.

ECONOMY

Imperial County has typically had a single industry driven economy of agriculture. Historical agricultural output is shown below.

YEAR	AGRICULTURAL OUTPUT	% CHANGE
1990	\$1,016,811,000	
1991	\$952,700,000	-6.31%
1992	\$855,070,000	-10.25%
1993	\$1,020,513,000	+19.35%
1994	\$955,164,000	-6.40%
1995	\$1,008,653,000	+6.00%
1996	\$956,521,000	-5.17%
1997	\$1,040,000,000	+8.73%
1998	\$1,083,232,000	+4.16%
1999	\$1,045,092,000	-3.52%
2000	\$919,610,000	-12.01%
2001	\$1,010,321,000	+9.86%
2002	\$1,224,000,000	+21.15%
2003	\$1,073,473,000	-12.30%
2004	\$1,187,254,000	+10.60%
2005	\$1,286,066,000	+8.32%
2006	\$1,365,368,000	+6.17%
2007	\$1,369,000,000	+0.26%
2008	\$1,685,000,000	+23.08%
2009	\$1,453,000,000	-13.76%
2010	\$1,600,000,000	+9.19%
2011	\$2,000,000,000	+25.00%
2012	\$1,945,759,000	-2.71%
2013	\$2,158,517,000	+10.93%

Along with the improved agricultural outlook, the county has commenced diversification of its economy. Industry is now invited to the area as noted by the current maquiladora program or twin plant concept between the United States and Mexico.

A 2,200-bed maximum-security prison in Calipatria was constructed and completed in January of 1992, followed by a similar 2,200-bed medium-security prison completed in October of 1993 in the south end of the county. The two prisons employ approximately 3,200 people. The average salary of Correction Department employees is about \$34,000, which means the annual payroll will range from \$22.9 million to \$46.2 million. The recreational vehicle park industry is also developing along with geothermal resources and gold mining. There is also increased employment by the United States Border Patrol and United States Naturalization and Immigration Service in the county. The economy is trending from a strictly agricultural base toward a more industrial, retail and governmental employment base.

The peso-money exchange rate devalued in December of 1994, yet has improved since that time. The Imperial County economy is partially dependent on the retail trade from the Mexicali population of over one million persons. A new port of entry (border crossing) was completed in an area six miles east of Calexico. This further indicates the significance of the economic ties between Imperial County and Baja California. The Imperial Valley is becoming a transportation hub signified by this recent completion. Amplified by the North American Free Trade Agreement, the county should grow and benefit from this factor.

Retail sales in the county have also been improving. The total taxable retail sales for the years 1985 through 2013, inclusive, as provided by the State Board of Equalization, Research and Statistical Division are:

	TOTAL TAXABLE	%
YEAR	RETAIL SALES	CHANGE
1985	\$598,989,000	
1986	\$582,280,000	-2.78%
1987	\$646,673,000	+11.06%
1988	\$807,818,000	+24.92%
1989	\$869,648,000	+7.65%
1990	\$897,107,000	+3.16%
1991	\$919,869,000	+2.54%
1992	\$995,495,000	+8.33%
1993	\$1,045,757,000	+4.94%
1994	\$1,041,052,000	-0.45%
1995	\$980,170,000	-5.85%
1996	\$1,012,588,000	+3.31%
1997	\$1,048,395,000	+3.54%
1998	\$1,105,405,000	+5.44%
1999	\$1,293,324,000	+17.00%
2000	\$1,403,530,000	+8.52%
2001	\$1,381,668,000	-1.56%
2002	\$1,462,537,000	+5.85%
2003	\$1,528,886,000	+4.54%
2004	\$1,689,539,000	+10.51%
2005	\$2,000,619,000	+18.41%
2006	\$2,148,730,000	+7.40%
2007	\$2,253,133,000	+4.86%
2008	\$2,179,276,000	-3.28%
2009	\$1,773,930,000	-18.60%
2010	\$1,970,232,000	+11.07%
2011	\$2,181,800,000	+10.73%
2012	\$2,356,313,000	+8.00%

2013	\$3,661,582,000	+55.39%
------	-----------------	---------

Wal-Mart, Costco, Toys-R-Us and Food-4-Less have completed large shopping centers in the El Centro and Calexico areas. Additionally, a new Target store was recently constructed. The county retail sales paralleled that of gross agricultural sales for the first time in 1992.

SOCIAL AND ENVIRONMENTAL ISSUES

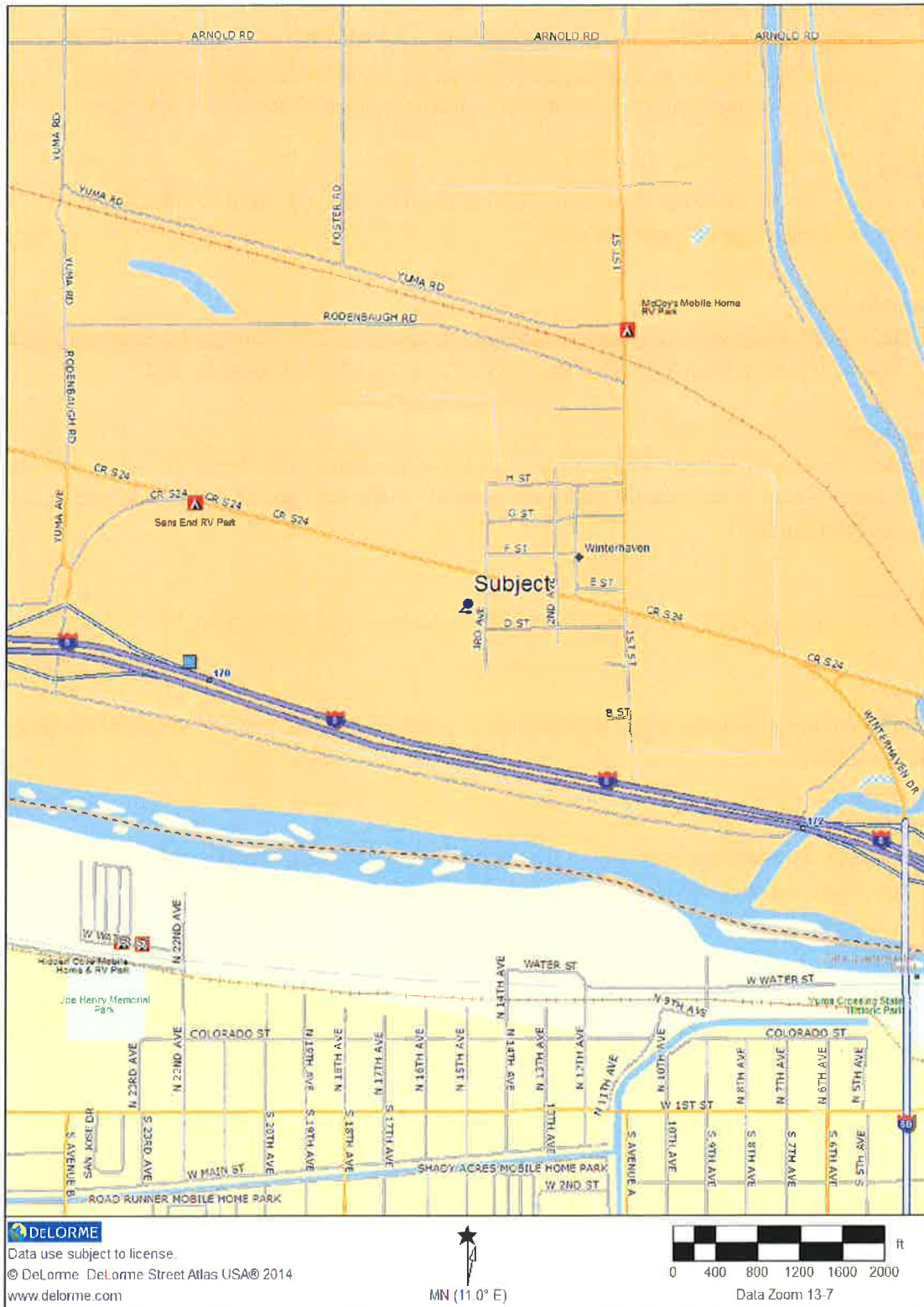
The climate in Imperial Valley is decidedly arid. Its chief characteristics are exceptionally hot summers with a relatively high temperature throughout the entire year, a low annual rainfall, and a rapid rate of evaporation and a large percentage of sunny days. The winters are short and mild. Temperatures slightly lower than 32 degrees Fahrenheit may be expected occasionally from December to February, inclusive. Frost has occurred as late in the Spring as March and as early in the Fall as November. This gives an average growing season of 302 days throughout the winter. The rainfall is very slight, the minimum for any year so far on record being approximately .64". The average is reported at approximately 3.12".

The source of virtually all surface waters in Imperial County for all purposes, domestic, irrigation, and industrial, is brought in from the Colorado River, 60 miles east, through the All American Canal. Water is served in the entire area through gravity canals of the district for general irrigation use or for domestic purposes for lands or properties within the boundaries of the district. There is no potable underground water supply in the valley. Electrical power requirements for residential, commercial, and industrial uses within Imperial County are also provided by the Imperial Irrigation District. Telephone service is furnished by AT&T. Natural gas is furnished by Southern California Gas Company.

PROPERTY TAXES

The property tax structure in California underwent a tremendous change in 1978 when the voters approved the Jarvis-Gann Amendment, popularly known as "Proposition 13." Under this law, the property tax for any property cannot exceed 1 % of the sale price plus any bonded indebtedness for special assessments like road improvements, sewer lines, and other voter approved debt. The maximum annual increase is limited to 2% of the assessed value.

NEIGHBORHOOD MAP



NEIGHBORHOOD ANALYSIS

Winterhaven, California

Market area is defined as:

The geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the minds of probable, potential purchasers and users.

Location

Winterhaven is an unincorporated community within Imperial County. It is about 60 miles east of El Centro and 2 miles west of Yuma, Arizona.

Accessibility

Interstate 8 is the major east-west freeway through the county and runs through the southern portion of Winterhaven. It leads west to San Diego and east to Yuma, Arizona and points beyond.

Topography

Winterhaven is located 131 feet above sea level in a very level area of the Imperial Valley. Based upon existing development in the area, properties are generally easily developable and the topography hinders no construction activity.

Population

The 2010 Census reported a population of 394 which was down from 529 in 2000.

Services

Though Winterhaven is an agricultural town, it has a small commercial area and generally has all public services available.

Conclusion

Winterhaven is an established community with a narrow base of areas including business services, retail trade, agriculture and retirees. It has good access to the surrounding city of Yuma, AZ.

PROPERTY DESCRIPTION

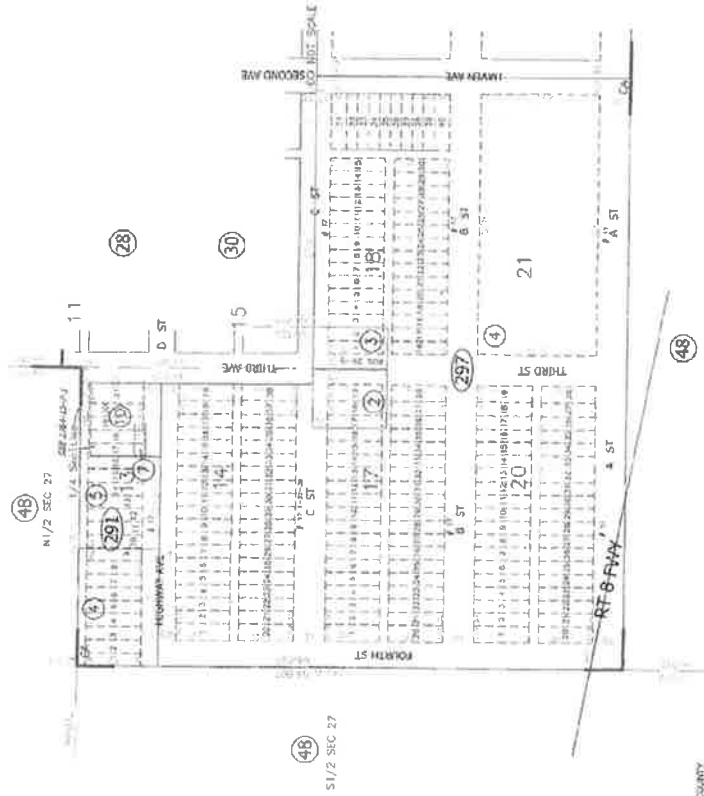
PLAT MAP

56-29



Tax Area Code
94-006 MPR
94-010

POR. CENTRAL ADD., TOWNSITE OF WINTERHAVEN
POR. SEC 27 T16S R22E
OM 3-27



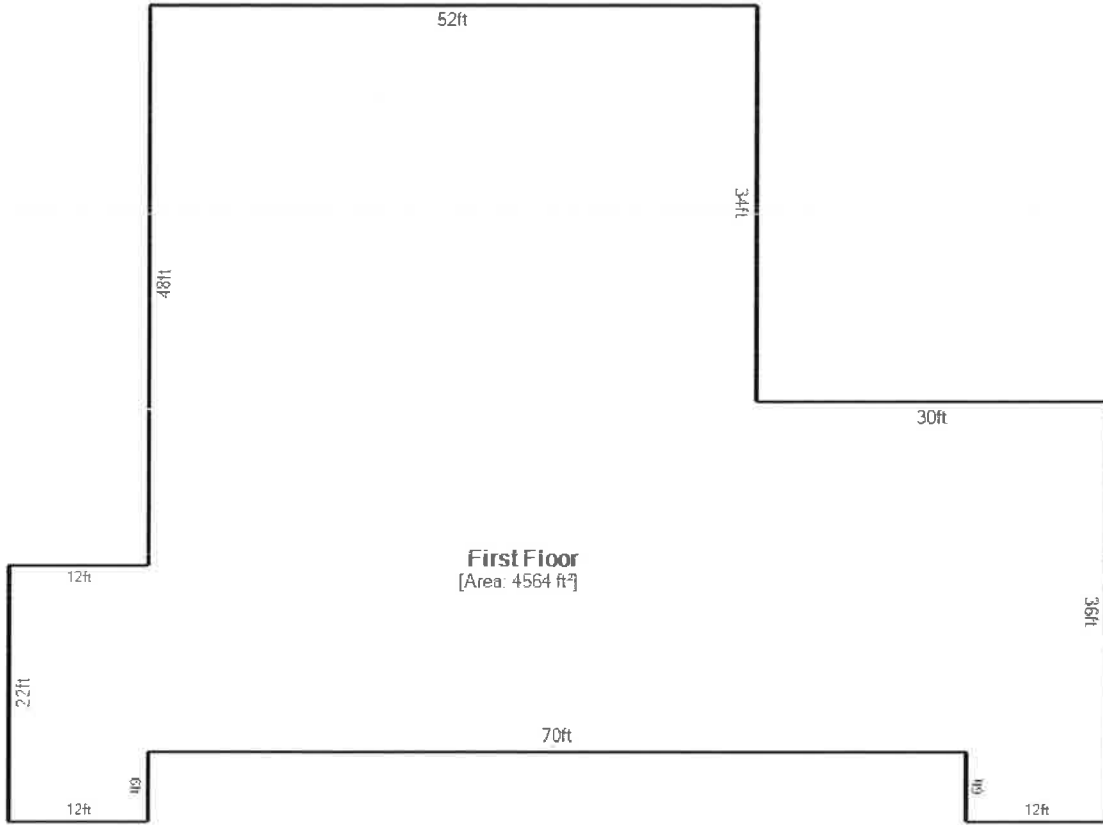
Assessor's Map Bk. 56-Pc.29
County of Imperial, Calif.

NOTICE:
THIS IS NOT AN OFFICIAL MAP.
THIS MAP WAS CREATED FOR THE IMPERIAL COUNTY
ASSESSOR FOR THE PURPOSE OF ASSESSING
PROPERTY FOR THE LOCAL PROPERTY TAX.
THE ASSessor'S OFFICE IS NOT RESPONSIBLE FOR
ANY ERRORS OR OMISSIONS IN THIS MAP AND DOES
NOT WARRANT THE ACCURACY OF THE INFORMATION
ON THIS MAP. (REV. 8/16/00) (CIP 10/17)

3-1-13 MPR
4-27-04 MPR
9-4-07 LS
6-2-08 MPR
5-23-09 M.P.K.
6-25-14 MPR

SITE ANALYSIS

<i>Location</i>	The property is located on the west side of Third Ave. south of Winterhaven Drive in the community of Winterhaven as shown on the plat map on the previous page.
<i>Legal Description</i>	A portion of the south 120 feet of Lots 17 through 21, Block 12, Central Addition, Townsite of Winterhaven, County of Imperial, State of California.
<i>Size and Shape</i>	The subject has an area of 23,053 sq.ft. The property is generally rectangular in shape as seen on the plat map on the previous page.
<i>Hazardous Materials</i>	The current use of the property is a fire station station. The appraiser was not provided with any soil studies and did not identify any causes for concern during our site inspection. However, it should be noted that the appraiser is not an expert in this field and is not qualified to render any opinions about the condition of the site.
<i>Topography/Soils</i>	The property is level and at street grade. Drainage appears to be adequate although no soil report was provided.
<i>Flood Hazard</i>	Zone X500L – Community Panel No. 06025C2250C dated 9/26/08.
<i>Street Improvements and Access</i>	Third Avenue is a two lane asphalt paved road with concrete sidewalks, curbs and gutters fronting the subject.
<i>Utilities</i>	All are existing to the site.
<i>Encumbrances</i>	The appraiser was not provided with a title report for the subject property. The appraiser did not identify any easements that would impact the development potential of the site.
<i>Zoning</i>	GS (Government Service) The GS zone is intended for development of governmental facilities. For our analysis, we have assumed that the property can be rezoned R-1 to allow for residential uses.



Living Area		Area Calculation			
First Floor	4564 ft ²	6ft x	12ft x	1.00 =	72 ft ²
		12ft x	22ft x	1.00 =	264 ft ²
		64ft x	52ft x	1.00 =	3328 ft ²
Total Living Area (rounded):	4564 ft²	30ft x	30ft x	1.00 =	900 ft ²

IMPROVEMENT ANALYSIS

<i>Building Description:</i>	The improvements consist of a concrete block and metal fire station building containing an area of 4,564 sq.ft. The foundations are concrete and the walls are of block and metal construction. The interior was not inspected as access was not provided. There are five grade level truck doors and the ceiling height is 15 feet.
<i>Site Improvements</i>	Gravel paving and a radio tower.
<i>Coverage:</i>	The building footprints cover 4,564 SF reflecting a coverage of 20 percent of the 23,053 sq.ft. site.
<i>Parking and Landscaping:</i>	There is adequate unpaved parking.
<i>Deferred Maintenance:</i>	The improvements had nominal deferred maintenance that is expected for buildings of this age.
<i>Functional Utility:</i>	The improvements are functional and well laid out for typical fire station use.
<i>Year Built and Remaining Economic Life:</i>	The appraiser estimated an overall effective age of 30 years and a remaining economic life of 20 years for the building improvements.
<i>Quality and Condition:</i>	The improvements are of average quality and in average condition.
<i>Environmental Hazards:</i>	The exterior inspection did not reveal any cause for environmental concern.
<i>Personal Property:</i>	None.

VALUATION

HIGHEST AND BEST USE

Highest and Best Use is an important concept in real estate valuation as it represents the premise upon which value is based. As used in this report, Highest and Best Use is defined in the Appraisal of Real Estate published by the Appraisal Institute as follows:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

The highest and best use of a property is determined by social, economic, governmental, and physical forces. The concept addresses the question of legally allowable, physically possible, economically feasible, and maximally productive uses. Potential alternative uses of the property must be considered in the highest and best use analysis. Once the legally allowable and physically possible uses have been identified, the economic viability of the various uses must be determined. The use is financially feasible if it provides a positive return to the land. The highest and best use is that use that provides the highest overall return.

Highest and Best Use - As if Vacant

Legally Permissible

The subject property is zoned G-S (Government Service) by the county of Imperial. The GS zone is intended for development of governmental facilities. For our analysis, we have assumed that the property can be developed with residential uses which would be compatible to the surrounding area.

Physically Possible

The subject site is a large lot, with level topography, a rectangular shape, frontage and depth to allow for a single family dwelling. All utilities are existing to the site and the property is located within an established residential district. Based on this site analysis, residential development would be physically possible as well as legally permissible on the subject site.

Financially Feasible

The methodology employed in estimating financial feasibility is to determine the various uses which might provide a positive return and research the various assumptions and conditions relating to each of these uses. Due to the location of the subject in a residential neighborhood, the most feasible use would be residential. However, limited development is taking place in the community at the current time suggesting that this use might not be feasible. Therefore, it is the appraiser's opinion that development is not financially feasible.

Maximally Productive

Since development is not financially feasible, the maximally productive use of the site would be for future development.

Highest and Best Use, as Improved

The property is improved with a fire station that contributes to the overall site value. The improvements are in average condition and are considered to be the highest and best use of the property, as improved.

THE APPRAISAL PROCESS

METHODOLOGY

The appraisal process is an orderly procedure in which the data used to estimate value are acquired, presented, classified, and analyzed. The following sections include descriptions and analyses of the data and reasoning used in the valuation process. The three generally accepted methods of estimating Market Value are the Cost Approach, Sales Comparison Approach, and Income Approach.

The *Cost Approach* is based on the idea that value is indicated by the cost to create an adequate substitute. In this approach, land value is estimated as if vacant and added to the reproduction cost new of the improvements. All pertinent direct and indirect costs are considered. The subject would generally be expected to be purchased by an owner/user, so a developer's profit is not generally considered. This approach is particularly applicable when the improvements are new, or nearly new, and represent the highest and best use of the site. It is particularly useful as a gauge upon which to judge economic feasibility of a proposed project. It is also especially good for valuing special purpose properties. The cost approach is considered a valid indicator of value for the subject due to the special purpose nature of the improvements.

The *Sales Comparison Approach* relates the subject to similar properties that have recently sold. This approach to value relies on the concept that a prudent purchaser would pay no more to buy a property than it would cost to acquire a comparable substitute. In the case of an investment property such as the subject, the comparison can be made on the basis of physical and economic characteristics. The comparisons are typically made on a unit basis such as price per square foot of building area and/or they may be made on the basis of gross or net income per square foot of building area. These units of value are adjusted in comparison to the subject property to arrive at an indicated unit value applicable in the subject case which is then translated into an overall indicated value. The subject property consists of a fire station. This is a special use property. I searched for comparable sales of fire stations in the Imperial County and found none. Therefore, I have not used this approach.

The *Income Approach* relates the subject property to similar improved properties through net income. This approach is based on the idea that there is a relationship between future income produced by a property and its present value. The first step in this process is to estimate the fair market rent potential of the subject space and the resulting potential gross income. From the potential gross income, our estimates for vacancy and collection loss and operating expenses are subtracted to arrive at a net operating income which is then capitalized into an indicated value for the subject assuming stabilized occupancy. This approach to value produces an indication of Stabilized Value. The subject is currently owner occupied. I was unable to locate any fire stations that were leased and, therefore, have not used this approach.

In the "*Reconciliation*" section of the report, we separately analyze the indications of value yielded by the Cost, Sales Comparison and Income Approaches to value. Upon weighing each of the indications of value relative to their merits regarding the valuation of the subject property, the appraiser will reconcile these amounts into our final opinion of Stabilized Market Value for the subject property.

COST APPROACH

COST APPROACH

The cost approach is based on the premise that an informed purchaser would pay no more for a particular property than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when unique or specialized improvements are located on the site for which there exists no comparable properties in the market. The relevance of this valuation technique decreases with the age of the property and when difficult estimates of obsolescence are required. This approach involves estimating land value in accordance with its highest and best use. The reproduction cost new of the improvements is then estimated and accrued depreciation for all causes is deducted. The sum of the land value and the depreciated reproduction cost new results in the indicated value by the cost approach.

The cost approach to value is based on the principle of substitution; ie. that the cost of creation is a competitive alternative to buying an existing property. The following steps were employed in order to reach an estimate of value:

1. The value of the site, as if vacant and ready to be put to its highest and best use, was estimated using the sales comparison approach.
2. The current total cost to create the building and site improvements was estimated using costs derived from Marshall Valuation Service.
3. Additional indirect costs not included in the above costs were estimated and include taxes during construction and general & administrative costs. The above costs included all soft costs.
4. The improvements are not new and some depreciation due to physical deterioration was deducted.
5. A developer's profit was not estimated since the improvements would most likely be built for owner use.
6. The value of the site, the cost of the improvements and the developer's profit, if any, are added to arrive at the indicated property value.

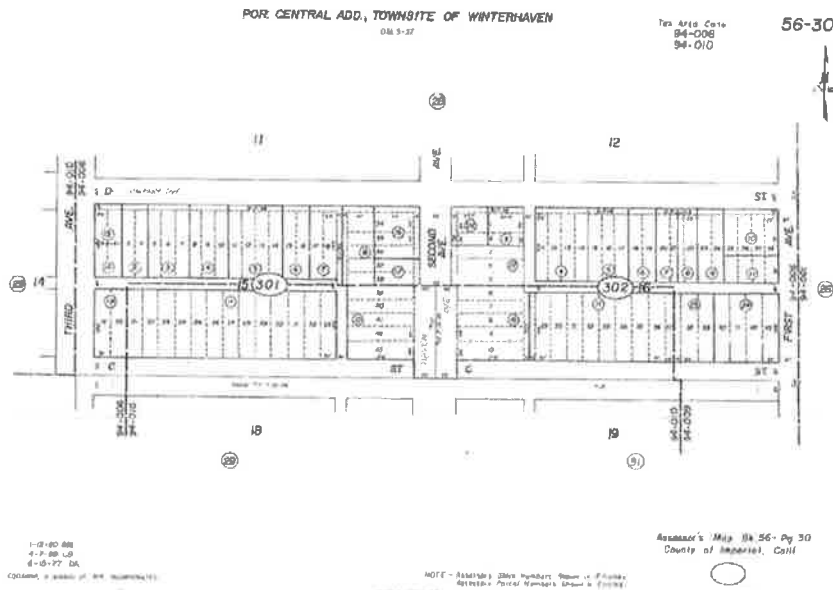
LAND VALUE ESTIMATE

In estimating site value, it is typical to employ the sales comparison approach which is based on the concept that sales and listings of competitive alternatives are an indication of value in the marketplace and that the value of one property is governed by the cost of acquiring an equally desirable substitute property. The process involves comparing the value attributes of one property with another and the gathering of data pertinent to sales of properties similar to the subject. The data are analyzed with adjustments made for differences. From the adjusted data, indications of value are applied to the subject and an estimate of value is derived.

The subject improvements cover an area of 23,053 sq.ft. The highest and best use of the subject was determined to be for future development. An extensive search was conducted for recent residential site sales in the vicinity of the subject, but none were found. The appraiser was able to locate four expired and withdrawn listings which are considered to be the best market transactions available and best fit the profile for typical buyers of land such as the subject.

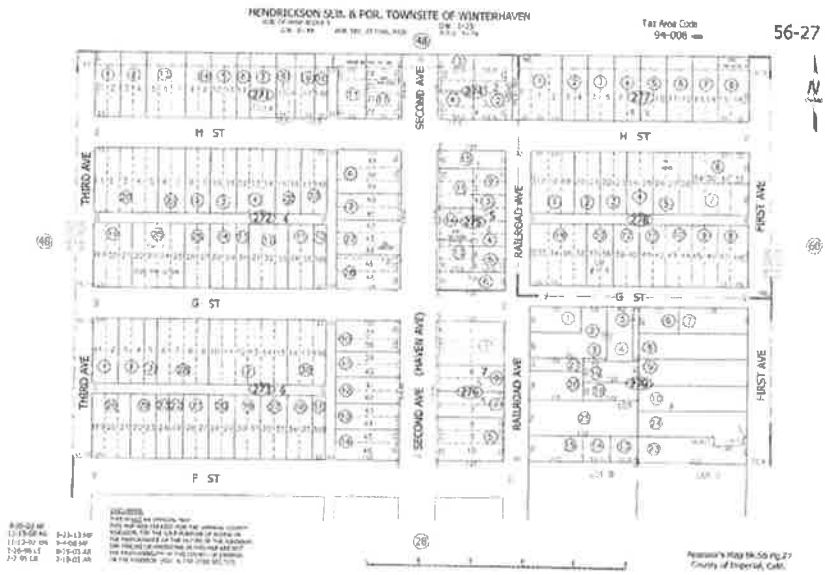
The adjustment process will then be applied to account for differences between the sales and the subject. The primary unit of comparison used when applying the sales comparison approach to parcels of vacant residential land is the price paid per square foot. Finally, the adjusted physical unit of comparison (per square foot) will be applied to the subject's land area to arrive at a value indication via the Sales Comparison Approach.

Data sheets are included below.



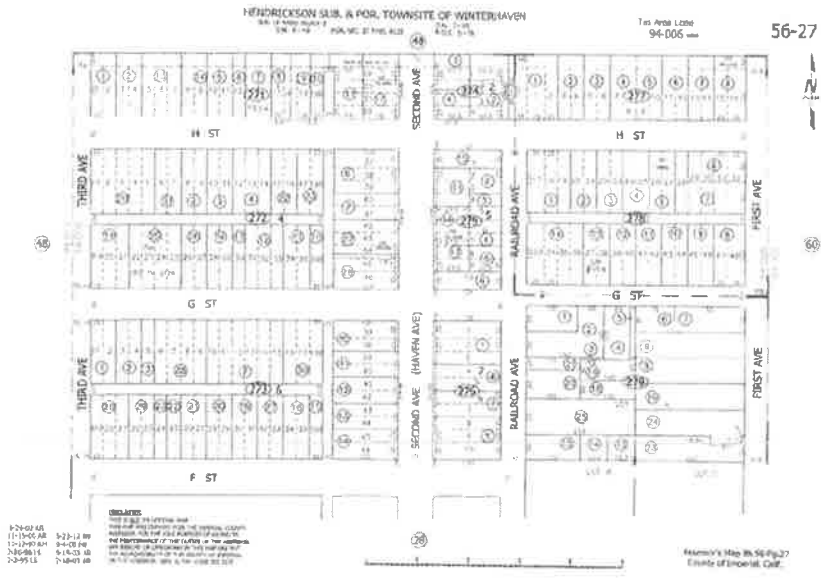
LAND SALE NO. 1

LOCATION	EL of 2 nd Ave., Winterhaven	
SIZE AND SHAPE	9,524 SF, rectangular	
TOPOGRAPHY	Level at grade	
STREET IMPROVEMENTS	Paved street	
ZONING	R1	
USE AT SALE	Vacant	
IMPROVEMENTS	None	
ASSESSOR PARCEL NO.	056-302-027	
GRANTOR	Mary Clare Stewart	
GRANTEE	N/A	
TRANSACTION	Recorded:	1/4/17 Withdrawn
SALE PRICE	\$29,000	
UNIT INDICATORS	Price per SF	\$3.04
TERMS	N/A	
SOURCE	IVMLS # 156965827	



LAND SALE NO. 2

LOCATION	SWC G St. & Second Ave., Winterhaven	
SIZE AND SHAPE	11,032, rectangular	
TOPOGRAPHY	Level at grade	
STREET IMPROVEMENTS	Paved street	
ZONING	R-3	
USE AT SALE	SFR	
IMPROVEMENTS	Teardown SFR and mobile homes	
ASSESSOR PARCEL NO.	056-276-001	
GRANTOR	John & Diane Lemon	
GRANTEE	N/A	
TRANSACTION	Recorded:	5/24/15
		Expired
SALE PRICE	\$100,000	
UNIT INDICATORS	Price per SF	\$9.06
TERMS	N/A	
SOURCE	IVMLS #33449	



LAND SALE NO. 3

LOCATION	WL of First St., Winterhaven	
SIZE AND SHAPE	10,454 SF, rectangular	
TOPOGRAPHY	Level at grade	
STREET IMPROVEMENTS	Paved street	
ZONING	R1	
USE AT SALE	Vacant	
IMPROVEMENTS	None	
ASSESSOR PARCEL NO.	056-279-008	
GRANTOR	Simon Ramirez	
GRANTEE	N/A	
TRANSACTION	Recorded:	11/18/14
		Expired
SALE PRICE	\$18,500	
UNIT INDICATORS	Price per SF	\$1.77
TERMS	N/A	
SOURCE	IVMLS #35918	

Land Sale Adjustment Process

In analyzing and adjusting these sales, five elements of comparison were considered as to their relative effect on prices. These elements of comparison are: (1) property rights conveyed; (2) financing terms; (3) conditions of sale; (4) time; and (5) physical characteristics. The adjustments are summarized in the Market Data Adjustment Grid below.

Property Rights Conveyed

All Transactions involved the sale of the fee simple estate, with no adjustments needed.

Financing Terms

All sales represented cash to the seller as typified by all cash sales or financing at typical market rates, with no financing adjustments required.

Conditions of Sale

All of the sales were either expire or withdrawn with a downward adjustment made for a probable discount from the asking price.

Market Conditions

None of the sales are current but represent the best comparable sales. No adjustments were made.

Physical Characteristics

We have adjusted the comparable sales for differences found between the property location, size, shape, and improvements.

Land Data Summary and Adjustment Grid				
	SUBJECT	DATA 1	DATA 2	DATA 3
Address	495 Third	EL of G	SEC G & Second	WL of First
City	Winterhaven	Winterhaven	Winterhaven	Winterhaven
APN	056-291-010	056-302-027	056-276-001	056-279-008
Sale Date	1/17/2017	1/4/2017	5/24/2015	11/18/2014
Net Site Size	23,053	9,524	11,032	10,454
Sale Price		\$29,000	\$100,000	\$18,500
Financing				
Cash Equiv.		\$29,000	\$100,000	\$18,500
Cond. of Sale		-10%	-10%	-10%
Adj. Sale Price		\$26,100	\$90,000	\$16,650
Adj. \$/SF		\$2.74	\$8.16	\$1.59
Market Cond.				
Time Adj. \$/SF		\$2.74	\$8.16	\$1.59
Location	average			
Size	23,053	-10%	-10%	-10%
Zoning	R1		-20%	
Shape	Rectangular			
Improvements	None		-30%	
Corner	No		-10%	
Total Adj %		-10%	-70%	-10%
Indicated Value per SF		\$2.47	\$2.45	\$1.43

Conclusion

The adjustments to the comparable data have been summarized in the Land Sales Adjustment Grid shown above. After adjustments, the overall range of indicated values for the subject property is approximately \$1.43 to \$2.47 per sq.ft. The appraiser gave less weight to sale 2 which had improvements. Equal weight was given sales 1 and 3. The appraiser summarized the value in the table below.

Land Value Conclusion		
Sq.Ft.	Price per Sq.Ft.	Value
23,053	\$2.00	\$46,106
	Rounded	\$50,000

IMPROVEMENT AND DEPRECIATION SUMMARY

Reproduction Cost Estimate

The appraiser estimated costs using Marshall Valuation Service, a nationally recognized cost service and reported costs for industrial buildings. The costs estimated include all direct construction costs plus some indirect cost items.

Depreciation

Physical Deterioration

The improvements have an estimated effective age of 30 years. Depreciation was estimated from the Marshall Valuation depreciation tables.

Functional Obsolescence

The improvements appear to be well adapted for the fire station use. No functional obsolescence was noted.

External Obsolescence

No signs of external obsolescence were noted during the neighborhood investigation.

Developer Profit

A developer's profit is normally included when the improvements are built for sale or for lease. The subject consists of a fire station which would typically be an owner-user structure. Typically, when improvements are built for owner use, a profit is not anticipated. But, when they are built for investment, a profit is anticipated. Therefore, we have not added a developer profit.

Summary

The cost approach summary is displayed below.

Cost Approach to Value				
Building Components	Units		Cost	Total
Fire Station	4,564	Sq. Ft. @	\$56.50	\$257,866
Site Improvements	18,489	Sq. Ft. @	4.60	85,049
Total Direct Cost				\$342,915
Indirect Costs :				
Taxes & Closing Costs			\$779	
Loan Costs			12,600	
Leasing Commission			20,538	
Total Indirect Costs	9.89%			\$33,917
Replacement Cost New				\$376,832
Estimated Depreciation				
Physical Deterioration		38.00%	143,196	
Functional Obsolescence		0.00%	0	
External Obsolescence		0.00%	0	
Estimated Depreciation		38.00%		\$143,196
Depreciated Replacement Cost				\$233,636
Improved Site Value	23,053	Sq.Ft. @	\$2.00	\$50,000
Developer Profit		0.00%		\$0
Value Indicated by Cost Approach				\$283,636
Final Value Indicated by Cost Approach			(Rounded)	\$280,000

Sales Comparison Approach

The sales comparison approach to value is based on the concept that sales and listings of competitive alternatives are an indication of value in the marketplace and that the value of one property is governed by the cost of acquiring an equally desirable substitute property. The process involves comparing the value attributes of one property with another and involves the gathering of data pertinent to sales of properties similar to the subject. The data is analyzed with adjustments made for differences. From the adjusted data, indications of value are applied to the subject and an estimate of value is made. The subject property consists of a fire station. This is a special use property. We searched for comparable sales and found none. Therefore, we have not used this approach.

Income Approach

The Income Approach, in part, is based on the principle of substitution which, in essence, asserts that a buyer will not pay more for an income-producing property than the cost of acquiring an income-producing property, or investment, with similar characteristics such as cash flow, appreciation potential, and tax advantages, among other factors. Another important concept is the principle of anticipation which is based on the premise that value is created by the expectation of future benefits. In the case of Income-producing property, future benefits of ownership are typically expressed in the form of periodic cash flow and proceeds upon resale. As the future is less certain than the present, an investor will typically pay less for the anticipated payments than he would for the same sum at the present. Risks can be viewed by the investor in many ways, as in real estate markets, the investor analyzes other investment options ranging from relatively risk free to highly speculative. Normally, the higher the potential rewards, the higher the risk. Various valuation techniques are available within the Income Approach. These techniques are generally based on modified forms of capitalization. These include direct capitalization, yield capitalization and discounted cash flow analysis. I could not locate any fire stations in the Imperial County that were being rented. Therefore, I have not used this approach.

ADDENDA

EXPOSURE TIME AND MARKETING PERIOD

The estimated marketing time (i.e., the amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation) is estimated to be approximately 48 months. The following characteristics describe the marketing period.

- 1.) The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar-type properties.
- 2.) The property will be offered at a price reflecting the most probable mark-up over Market Value used by sellers of similar-type properties.
- 3.) A sale would be consummated under the terms and conditions of the definition of Market Value.

The subject property type has been discussed with brokers and agents active in the sale of commercial properties and they have indicated that a marketing period of about 4 years is very reasonable for the subject property type. Based on this analysis, it is our opinion that if the subject property is priced competitively and marketed aggressively, a marketing period of about 48 months is reasonable. It is noted that marketing periods are based on current market conditions. Consequently, it is possible that market conditions could change during the marketing period, and those changing conditions could affect both Market Value and marketing period.

RECONCILIATION

The appraiser summarized the various values estimated for the subject property in the table below.

Reconciliation	
Cost Approach	\$280,000
Sales Comparison Approach	N/A
Income Approach	N/A

The following value has been estimated for the subject property.

TWO HUNDRED EIGHTY THOUSAND DOLLARS
\$280,000