

TO: James L. App, City Manager
FROM: Meg Williamson, Assistant City Manager
SUBJECT: Salinas River Parkway Grant – Appraisal Services for Land Acquisition Alternatives
DATE: November 18, 2008

Needs: For the City Council to authorize engagement of professional appraisal services in accordance with the City's State Grant contract for land acquisition along the Salinas River corridor.

Facts:

1. The City was awarded a \$4 million Grant by the State Water Resources Board for the acquisition of up to 260 acres of land within the river corridor and for the restoration of portions of public property adjacent to the River and Larry Moore Park.
2. The overreaching goal of the Grant Project is to protect and improve the water quality of the Salinas River through river property acquisitions and storm water channel restoration efforts.
3. The Land Conservancy of San Luis Obispo County is under contract to the City to provide professional support service relative to the land acquisitions.
4. Grant monies were originally focused on a single property holding at the south end of the City (sometimes referred to as the "old Union Asphalt site"). However, the State has been supportive of the City's plan to work with multiple property owners along the river corridor to increase land acquisition potential under this clean water grant.
5. Two separate property owners (Triple P, LLC and Bunnell Development Corporation) have signed Letters of Interest (LOI) indicating their willingness to negotiate sale of all or some of their property within the river corridor. These property holdings total approximately 230 acres and are shown in the attached exhibits.
6. The next step in negotiations is to establish a fair market price for these properties. Then from there, individual Purchase and Sale Agreements would be negotiated. Deal points would include: sale price, funding sources and timing of sale. Acquisitions will only be completed if the sale is mutually agreeable to all parties.
7. The Grant Contract with the State has minimum requirements for establishing the purchase price of parcels acquired with grant funds. The State's process will require up to three (3) independent appraisals for each parcel purchased. However, the City is working with the State to minimize the number of appraisals necessary to adequately document the value of each site.

8. The Land Conservancy pursued proposals from certified appraisers, and obtained three (3) appraisal proposals (attached).
9. Each of the proposals come from qualified appraisers who have either relative experience in this type of valuation project, localized understanding of the project setting and its unique characteristics, and/or concurrence by the property owners.
10. The following firms submitted proposals:
 - Schenberger, Taylor, McCormick & Jecker, Inc. (Todd Murphy)
 - Market Dynamics (Dennis Greene)
 - Alliance Appraisal (Mike Ming)
11. The appraisal costs range between approximately \$15,000 and \$24,000. Additional alternative analysis options (related to an existing sand mining operation on the Triple P site) would add an additional \$8,000 to \$13,000 for appraisals of that site.
12. Completion windows for appraisals range from 60 to 120 days. The Grant time line requires appraisals to be complete by the end of January 2009. Therefore, time is of the essence in engaging appraisal services.

**Analysis &
Conclusion:**

The City and Land Conservancy have been involved in good faith acquisition dialogue with willing sellers along the River corridor for several months. The appraisal process is a necessary step to establish value of these properties and to continue the acquisition dialogue.

The State has been very supportive of the acquisition efforts, but also has stringent guidelines for documentation of land valuation and use of grant monies. Their process may require that three separate appraisers provide appraisals on each of the sites (two independent appraisals with a third "summary" appraisal). Discussions are underway with the State to reduce the redundancy of the appraisal process, but their response cannot be fully known at this time. Every effort will be made to use resources wisely.

There is a high likelihood that the "alternative analysis options" associated with the sand mining operation would not be included in the appraisals at this time, since it is anticipated that acquisition costs may be inherently prohibitive. This will be determined through further dialogue with the property owners. If eliminated, cumulative appraisal costs would be significantly reduced.

Because of the rigid timeframe to perform the appraisals, it is suggested that the Council authorize staff to engage any and/or all of the three proposing appraisers for appraisal services as may be deemed necessary. After confirmation from the State on their minimum standards, the City and Land Conservancy will further refine the scope of the appraisal services and engage the professional services necessary to meet the State standards.

The up front costs of the appraisals are necessary in to order to access the remaining \$3.7 million in State clean water funding for this project.

Policy

Reference:

General Plan and City Council Adopted Goals
 June 6, 2006 Council Authorization to file State Water Resources Grant
 March 6, 2007 Council appropriation of "Phase I" funds of \$420,000

Fiscal Impact:

The grant agreement is structured so that to receive the full \$4 million in allocation, the City's match obligation would be \$1,335,000. The full grant appropriation has not been made at this time, but rather, will be done in "phases."

The Phase I appropriation of \$420,000 was made by Council on March 6, 2007 to allow the restoration portion of the project (in Larry Moore Park) to proceed. The grant will reimburse \$300,000 of this budget appropriation when the restoration project is completed.

Approximately \$34,000 remains unallocated from the Phase I appropriation and can be applied to the cost of the land appraisals. The total range of appraisal costs are as follows:

	For Both Bunnell & Triple P	Optional Triple P Sand Mining Analysis
TM&J, Inc. (Todd Murphy) -	\$23,400	\$13,000
Market Dynamics (Dennis Greene)	\$24,000	\$ 8,000
Alliance Appraisal (Mike Ming)	<u>\$14,750</u>	<u>\$ -</u>
	\$62,150	\$21,000

If the States deems that the services of all three appraisers will be required for both the Bunnell and Triple P properties, a total budget of \$62,150 would be needed. The alternative sand mining site analysis would add an additional \$21,000. Therefore, to provide the necessary flexibility to evaluate the full range of acquisition alternatives available under the grant, it is necessary to appropriate an additional \$49,000 to the grant effort. This allocation would be utilized as judiciously as possible to minimize redundancy and maximize value to the project goals.

The City's General Fund in Fiscal Year 08/09 is projected to close with a \$797,000 shortfall. This grant allocation will add to that shortfall. However, this \$49,000 qualifies for and may be reimbursable under the Grant.

Options:

1. For the City Council to adopt the attached resolution 08-XXX:
 - a) Authorizing the allocation of \$49,000 from general fund reserves to supplement the Salinas River Parkway Grant funding; and
 - b) Authorizing the City Manager to engage professional appraisal services in accordance with the City's State Grant contract for land acquisition along the Salinas River corridor.

2. Amend, modify, or reject the forgoing option.

Attachments:

1. Resolution 08-XXX authorizing the budget allocation and engagement of appraisal services
2. Triple P LLC Property location exhibit
3. Bunnell Development Property location exhibit
4. Appraisal Proposals

RESOLUTION NO. 07-XXX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF PASO ROBLES
TO APPROPRIATE SUPPLEMENTAL FUNDS TO THE SALINAS RIVER PARKWAY
GRANT WORKING BUDGET – AND AUTHORIZE THE CITY MANAGER TO
ENGAGE APPRAISAL SERVICES ASSOCIATED WITH MULTIPLE
LAND ACQUISITIONS CONSISTENT WITH THE GRANT

WHEREAS, the City was awarded a \$4 million Grant by the State Water Resources Board for the acquisition of up to 260 acres of land within the river corridor and for the restoration of portions of public property adjacent to the River and Larry Moore Park; and

WHEREAS, the overarching goal of the Grant Project is to protect and improve the water quality of the Salinas River; and

WHEREAS, the restoration and acquisition components of the Grant are structured as follows:

- a) Restoration – The total project scope of work will cost \$420,000, of which \$300,000 is reimbursable from the grant;
- b) Acquisition – The total project scope is set at \$4,600,000, of which \$3,700,000 would be reimbursable from the grant; and

WHEREAS, on March 6, 2007, the City Council appropriated \$420,000 to budget account # 110-910-5452-542 to accomplish the first phase of Grant Project work; and

WHEREAS, the phase one grant budget has funded \$375,000 in restoration efforts over two years, and the professional services of the Land Conservancy of San Luis Obispo County for up to \$10,000 to assist in land acquisition services associated with the grant; and

WHEREAS, the City and Land Conservancy are in good faith discussions with two separate land owners with holdings along the river corridor totaling approximately 230 acres; and

WHEREAS, the Grant Contract between the City of Paso Robles and the State Water Resources Agency requires that specific appraisal services be conducted in order to establish the land valuation of any lands to be acquired under the grant; and

WHEREAS, the State process may require up to three (3) separate appraisals on each parcel; and

WHEREAS, such professional appraisal services are specialized and to accomplish this work, the City will need to seek contract service assistance; and

WHEREAS, three appraisal proposals have been obtained from qualified real estates appraisers to evaluate and establish the valuation of the subject river corridor properties; and

WHEREAS, the appraisals range in cost and include several alternative analysis options of an existing sand mining operation which place total professional service costs between approximately \$61,000 and \$83,000; and

WHEREAS, every effort will be made to work with the State to eliminate redundancy of work and minimize expenditures on appraisal costs; and

WHEREAS, there is approximately \$34,000 of the original March 6, 2007 phase one appropriation that can be allocated to appraisal services, leaving approximately \$49,000 of the potentially necessary services unfunded; and

WHEREAS, the up front costs of the appraisals are necessary in order to leverage the remaining \$3.7 million in State clean water grant money should the negotiations be successful; and

WHEREAS, the grant represents a significant and generous “return on the dollar” for a project that promotes multiple community and state wide goals.

THEREFORE BE IT HEREBY RESOLVED by the City Council of the City of El Paso de Robles that the City Manager is authorized to engage the professional services of one or more of the following appraisers to conduct land valuation analysis as may be required by the State in conjunction with negotiating acquisition agreements with property owners along the river corridor:

- Schenberger, Taylor, McCormick & Jecker, Inc.
- Market Dynamics
- Alliance Appraisal

BE IT FURTHER RESOLVED by the City Council of the City of El Paso de Robles, to appropriate from the General Emergency & Contingency Fund reserves \$49,000 to budget account # 110-910-5452-542 to supplement the phase one working budget.

ADOPTED by the City Council of the City of El Paso de Robles at a regular meeting of said Council held on the 18th day of November 2008 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

Frank R. Mecham, Mayor

ATTEST:

Deborah Robinson, Deputy City Clerk

SCHENBERGER, TAYLOR, McCORMICK & JECKER

I N C O R P O R A T E D

Real Estate Appraisers, Consultants and Investment Analysts
Founded in 1972

Emeritus

Richard L. Schenberger, ARA

Principals of the Firm

Gerald C. Taylor, SREA, MAI

Rollie A. McCormick, MAI

Jerald W. Jecker, SRA

Todd O. Murphy, MAI, ARA

Associates

Jenna R. Moran

JoAnn C. Wall

October 20, 2008

VIA E-MAIL

BOBH@SPECIAL-PLACES.ORG

MWILLIAMSON@PRCITY.COM

Ms. Meg Williamson
Assistant City Manager
City of Paso Robles
1000 Spring Street
Paso Robles, California 93446

Mr. Bob Hill
The Land Conservancy of San Luis
Obispo County
PO Box 12206
743 Pacific Street
San Luis Obispo, California 93406

*Re: Proposal for Appraisal Services
Triple P and Bunnell Properties
Salinas River Corridor Area, Paso Robles*

Dear Ms. Williamson and Mr. Hill:

As discussed with Mr. Hill, I am forwarding this proposal for appraisal services.

Our firm will complete appraisals of these properties in accordance with Uniform Standards of Professional Appraisal Practice (USPAP) and State of California General Services appraisal standards. We will provide you with four original copies of each report.

As I understand it, The Land Conservancy of San Luis Obispo County is working with the City of Paso Robles on this matter, and the City of Paso Robles will be our client. Our primary point of contact on this project will be Mr. Hill.

Each of the subject properties is reviewed as follows:

Ms. Meg Williamson
Mr. Bob Hill
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*Proposal for Appraisal Services
Triple P and Bunnell Properties
Salinas River Corridor Area, Paso Robles*

Triple P Property

This is a very complicated property, also known as the former Union Asphalt site. The property includes active Salinas River channel, as well as an upland area with possible future industrial development. These factors will be analyzed and considered in the valuation analysis.

Sand and Gravel Mining Component

An additional aspect of this property is the ongoing sand and gravel mining operation. If requested, we will include an analysis and valuation of the sand and gravel mining component of this property.

If the sand and gravel operation is to be considered, then we will subcontract with a sand and gravel mining specialist to assist in the valuation of this aspect of the property.

Our scope of work also considers the valuation of the individual parcels based on a proposed lot-line adjustment and reconfiguration.

Bunnell Property

This 4.78-acre property appears to comprise mostly land within the Salinas River corridor, with a small amount of possibly developable land.

Ms. Meg Williamson
 Mr. Bob Hill
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*Proposal for Appraisal Services
 Triple P and Bunnell Properties
 Salinas River Corridor Area, Paso Robles*

Budget

Our appraisal budget includes an allowance regarding the sand and gravel mining component. Our projected budget for completing this appraisal is shown as follows:

	Excluding Sand Mining Component	Including Sand Mining Component
<u>Triple P Property</u>		
STM&J	7 to 9 job days @ \$1,800/day \$12,600 to \$16,200	8 to 10 job days @ \$1,800/day \$14,400 to \$18,000
Mineral Valuation Support	n/a	4,500 to \$11,500
<i>Subtotal Triple P Property</i>	<i>\$12,600 to \$16,200</i>	<i>\$18,900 to \$29,500</i>
<u>Bunnell Property</u>		
STM&J	3 to 4 job days @ \$1,800/day \$5,400 to \$7,200	3 to 4 job days @ \$1,800/day \$5,400 to \$7,200
Total Triple P and Bunnell Properties	\$18,000 to \$23,400	\$24,300 to \$36,700

Therefore, our total fee range will be \$18,000 to \$23,400 without considering the sand mining component and \$24,300 to \$36,700 including the sand mining component.

Completion Schedule

Our completion schedule is roughly 14 to 16 weeks from your authorization to proceed.

Items Needed

If you would like us to proceed, please provide the following items:

- * Authorization-to-proceed letter
- * Title report on the Bunnell property
- * Title report on Triple P property (already received)
- * Irrevocable License Agreement (sand) (already received unsigned document)

Ms. Meg Williamson
Mr. Bob Hill
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*Proposal for Appraisal Services
Triple P and Bunnell Properties
Salinas River Corridor Area, Paso Robles*

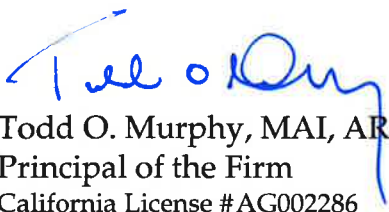
- * Documents shown as Exhibits B, C, and D to Irrevocable License Agreement, including all permits and reclamation plans for sand mining operation
- * Annual sand production history over past 10 years
- * Annual sand production revenue and expenses over past 5 years
- * Any technical reports available on the parcels (environmental assessment, biologic reports, development plans, etc.)
- * Contact name(s) and number(s) for site inspections

Third-Party Review

In response to your request, our firm would consider providing third-party peer review in accordance with State of California grant contract conditions. I would be happy to discuss this with your further.

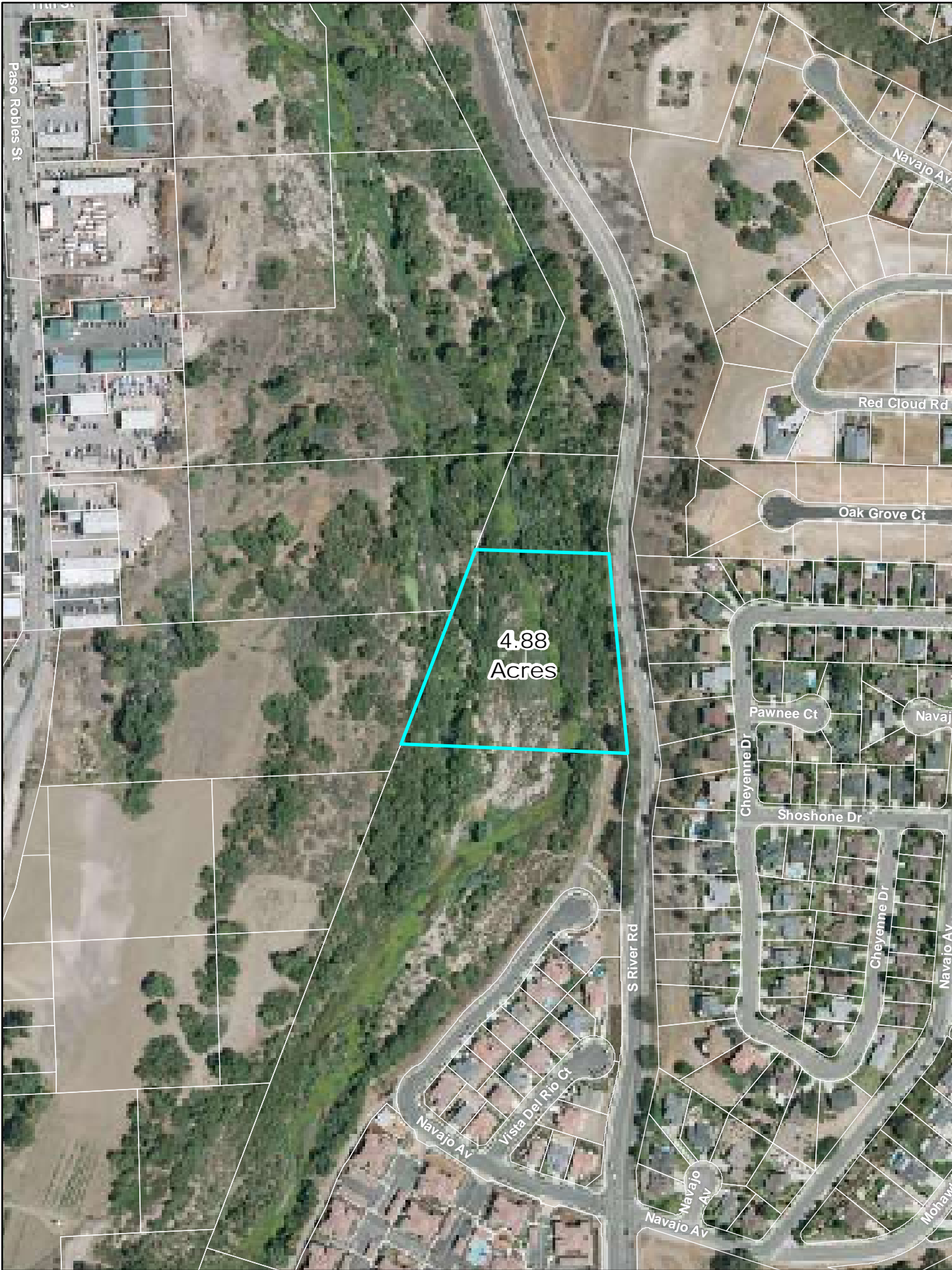
Thank you for requesting this proposal. Please contact me with any questions at (805) 544-2472, Extension 15.

Respectfully submitted,



Todd O. Murphy, MAI, ARA
Principal of the Firm
California License #AG002286

TOM:jsi



Union Asphalt Properties



Existing Parcel Configuration

PROPOSED CONFIGURATION



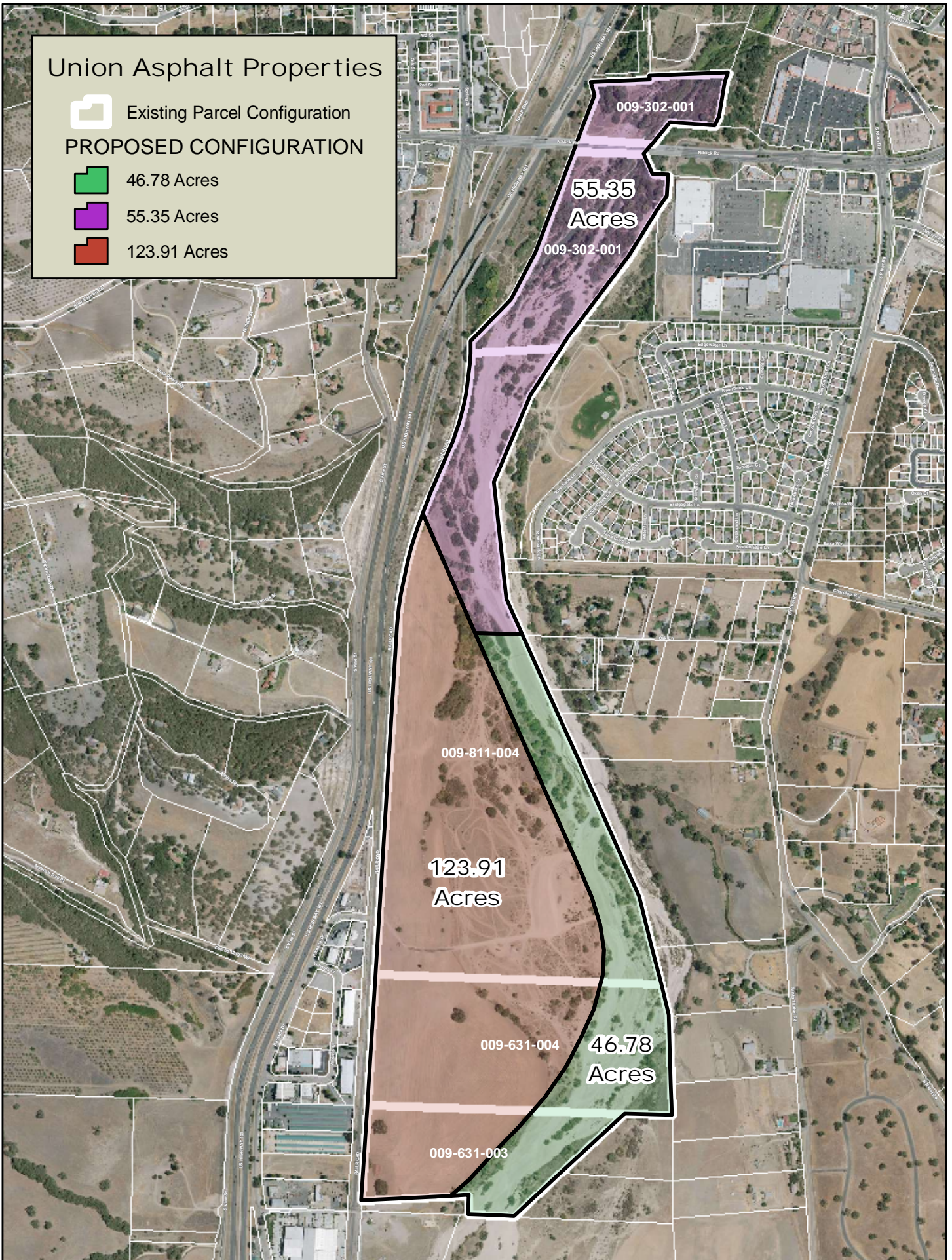
46.78 Acres



55.35 Acres



123.91 Acres





Market Dynamics

P.O. Box 3890
Paso Robles, CA 93447

October 29, 2008

Attn: Meg Williamson
Assistant City Manager
City of Paso Robles
1000 Spring Street
Paso Robles, CA 93446

RE: Appraisal bids of the Triple P LLC and Bunnell properties
City of Paso Robles' Salinas River Parkway Project.

Dear Ms. Williamson:

Thank you for the opportunity to bid on this project. After reviewing the information that Bob Hill of "The Land Conservancy of San Luis Obispo" provided, I conclude that these are complex properties due to Flood Hazard and zoning overlays, governmental regulations and factors to consider such as: Fish & Game, Corps of Engineers, Archeological & Biological Surveys, Liquefaction Potential, etc. to mention a few major considerations that would affect any future development potential. The resulting cost to cure in a development scenario may be prohibitive and in a downward market cycle, demand for any new real estate product may, or may not, exist. Highest and best use(s) is a major issue that would direct the appraiser's research for comparable sales.

Market Value for this report as I understand is defined as per California Code of Civil Procedures Section 1263.320. Market values reported may be of the fee simple interest (an unencumbered property), of the leased fee interest of the portion subject to the sand and gravel lease (which is the right to receive the rental or royalty income from the leased portion), and if requested, (of the leasehold interest of the Lessee). A leasehold interest valuation would normally be required if you were interested in purchasing the sand and gravel lease in order to cease this type of operation. In this type of valuation, the appraiser would be forecasting the potential future demand for sand and gravel from this operation, the possible gross income this would generate less the operating expenses and less the lease payments (royalties) due to Triple P LLC. This net income stream over the life of the lease discounted to a present worth is the estimated market value of the leasehold interest of the Lessee, CPC Real Estate Acquisition, LLC. I mention this to illustrate the potential for a wide variance in market value by different appraisers.

For the four Triple P LLC parcels I will provide four narrative appraisal reports in compliance with State grant contract conditions. The bid is segregated to provide you with flexibility in structuring this potential assignment. I estimate that the fees and dates of delivery for the narrative appraisals would be as follows.

<u>Parcel No.</u>	<u>Ownership per Assessor</u>	<u>Market Value</u>	<u>Appraisal Fee</u>
009-302-001	Triple P LLC	of Fee Simple	\$4,000
009-811-004	Triple P LLC	of Fee Simple & Leased Fee of Sand & Gravel Lease	\$6,000
009-631-004	Triple P LLC	of Fee Simple & Leased Fee of Sand & Gravel Lease	\$6,000
009-631-003	Triple P LLC	of Fee Simple	<u>\$4,000</u>
Total Fees:			\$20,000
Bulk Sale or Market Value of All Parcels Sold to One Investor/Buyer			Included, No Charge

The Leasehold Interest of the Lessee for the sand and gravel operation appears to affect Parcels 009-811-004 and 009-631-004. The valuation of this interest in real estate is estimated to cost \$8,000.

For the Bunnell property I will provide four copies of a narrative report at a fee of \$4,000.

Grand total of all fees is \$32,000. If all valuations are required and ordered at this time a discount of \$5,000 would be applied for a total fee of \$27,000.

Due to the nature of the appraisals and upcoming holidays, all work should be completed no later than February 1, 2009. You can select a portion of this assignment as structured. If needed, the assignments can be prioritized.

I look forward to working with you and your staff on this interesting project. I would appreciate a decision within 10 days due to scheduling of work flow.

Sincerely,
Market Dynamics

Dennis E. Greene, MAI, SRA, CCIM
California Certified General, Lic. # AG004599 Exp. 07-04-2010

cc: Bob Hill: BobH@special-places.org



Tuesday, October 14, 2008

Robert Hill
The Land Conservancy of San Luis Obispo
547 Marsh Street
San Luis Obispo, CA 93401 USA

Dear Mr. Hill,

Thank you for affording Alliance Appraisal LLC the opportunity to make a proposal for your valuation services needs. I am confident that you will be very satisfied with the services that we offer.

Enclosed please find our Agreement for Services. If this Agreement is acceptable to you, please sign and return to our office via fax. Once we receive the signed Agreement from you, we will expedite your request.

If you have questions, please don't hesitate to contact me. I can be reached at 661.631.0391.

Again, thank you for choosing Alliance Appraisal LLC.

Sincerely,

A handwritten signature in blue ink that reads "Michael Ming".

Michael G. Ming, ARA
Owner

Enclosure

DATE OF AGREEMENT: Tuesday, October 14, 2008

PARTIES TO AGREEMENT:

Client:

Meg Williamson
Assistant City Manager
City of Paso Robles

Appraiser:

Michael G. Ming, ARA
Owner/Appraiser
Alliance Appraisal, LLC
3012 Sillect Avenue, Suite C
Bakersfield, CA 93308
661.631.0391
661.631.0392 fax
mming@allianceappr.com

Contact:

Robert Hill
The Land Conservancy of San Luis Obispo
547 Marsh Street
San Luis Obispo, CA 93401 USA
805-544-9096
boh@special-places.org

Client hereby engages Appraiser to complete an appraisal assignment as follows:

PROPERTY IDENTIFICATION

Triple P, LLC Property
009-302-001, 009-631-003 & 004, and 009-811-004

Bunnell Property
009-513-051

PROPERTY TYPE

Residential, Industrial, Open Space, Manufacturing

INTEREST VALUED

Fee Simple

INTENDED USERS

Client listed above

Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report.

INTENDED USE

To assist Client in establishing market value for the Salinas River Parkway project

Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment.

TYPE OF VALUE

Market value as defined by the appraisal requirements pursuant to FIRREA

DATE OF VALUE

Date of Inspection

HYPOTHETICAL CONDITIONS, EXTRAORDINARY ASSUMPTIONS

None anticipated

APPLICABLE REQUIREMENTS OTHER THAN THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)

The Code of Professional Ethics and Standards of Professional Appraisal Practice of the American Society of Farm Managers, Royal Institution of Chartered Surveyors, and Rural Appraiser and Appraisal Institute

ANTICIPATED SCOPE OF WORK

Site visit

Interior and exterior observation, on-site

Information request

Information regarding property outlined upon client's acceptance.

Data Collection

Comparable sales in the immediate vicinity of the subjects from the historical database of Alliance Appraisal, LLC.

Search Official Records of all Counties for the most recent sales of comparable properties. These properties will be inspected and sales verified with parties to the transaction or persons familiar with the details of the sale.

Obtain specific data on the subject property by interviews with persons familiar with the subject property.

Obtain data on property taxes, zoning, land use, flood, and physical constraints.

Obtain Data from third party sources deemed reliable and such data will be relied upon by the appraiser in his analysis.

Valuation approaches

Sales comparison approach / Cost approach / Income approach

Note: Appraiser shall use all approaches necessary to develop a credible opinion of value.

APPRAISAL REPORT

Report option

Summary Appraisal Reports

Form or format:

Narrative

DELIVERY METHOD

Overnight private courier

NUMBER OF COPIES

3

ASSIGNMENT DELIVERY DATE

Provided that Client has performed Client's obligations set forth in this Agreement within 5 days of the Date of Agreement, Appraiser and Client estimate that the assignment will be completed within 60 calendar days from the receipt of the this executed agreement. To the extent Client or Client's contractors or agents are delayed in completing Client's obligations set forth in this Agreement, the foregoing estimated Date of Delivery or completion schedule shall be adjusted accordingly. The foregoing estimated Date of Delivery or completion schedule shall not constitute Appraiser's guarantee that the assignment will be completed within such time periods; provided, however, that Appraiser will use commercially reasonable efforts to complete the assignment on or before the Date of Delivery or pursuant to the completion schedule. In the event Appraiser is unable to complete the assignment within the time set forth herein, Appraiser shall provide Client with reasonable notice of any anticipated delays, and Appraiser and Client shall in good faith agree upon an alternative Date of Delivery or completion schedule.

PAYMENT TO APPRAISER

Not to exceed \$14,000.00 plus direct expenses of no more than \$750.00

PAYMENT DUE DATE

Appraiser shall invoice Client for services rendered on a monthly basis pursuant to this Agreement based upon the fees specified in this Agreement. Appraiser's invoices are considered due upon receipt by Client and shall be deemed delinquent if not paid within 30 days of the date that Client receives Appraiser's invoice. Client shall be assessed a late charge of 1.5% per month if Appraiser does not receive payment of an invoice prior to the date the invoice shall be deemed delinquent. Additional late charges shall be assessed each additional month thereafter that an invoice remains unpaid in whole or in part. In the event Appraiser pursues collection efforts to recover unpaid balances owed by Client, Client shall pay Appraiser's costs of collection, including attorneys' fees at trial or on appeal.

ADDITIONAL COPIES

Additional requested copies of the appraisal report will be available at a cost of \$250.00 per copy plus delivery expense. Client shall specify the delivery method and delivery addresses for such additional copies by written notice to Appraiser.

PROPOSED IMPROVEMENTS

If the property appraised consists of proposed improvements, Client shall provide to Appraiser plans, specifications, or other documentation sufficient to identify the extent and character of the proposed improvements.

PROPERTIES UNDER CONTRACT FOR SALE OR LEASE

If the property appraised is currently under contract for sale or lease, Client shall provide to Appraiser a copy of said contract or lease including all addenda. This document will appear in the addenda of the report.

PROPERTY ACCESS

Property shall be accessible to appraiser.

CONFIDENTIALITY

Appraiser will maintain the confidentiality of any Client information that is "Confidential Information" as defined in the Uniform Standards of Professional Appraisal Practice, using the same degree of care Appraiser uses in maintaining his or her own Confidential Information. "Confidential Information" shall not include (1) any information that is already in the possession of Appraiser and not subject to any duty of confidentiality; (2) information learned or deduced by Appraiser without any reference to Client's Confidential Information; (3) information in the public domain; or (4) information required to be disclosed by operation of law or judicial or administrative rule, regulation or subpoena.

CANCELLATION

Client may cancel this Agreement at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice, unless otherwise agreed upon by Appraiser and Client in writing.

PAYMENT IN THE EVENT OF CANCELLATION

Client may cancel this Agreement at any time prior to Appraiser's delivery of the appraisal report pursuant to this Agreement upon written notice delivered to Appraiser at Appraiser's address specified herein. Unless otherwise agreed by Appraiser and Client in writing, Client shall pay Appraiser for all work completed prior to Appraiser's receipt of Client's cancellation notice, together with all out-of-pocket expenses incurred by Appraiser, at Appraiser's hourly rates specified in this Agreement, or, if the parties have not specified Appraiser's hourly rates in this Agreement, at Appraiser's regular hourly rates in effect at the time the work was performed.

APPRAISAL HOLD AND RESTART

Client may put a hold on the appraisal for 10 days without charge. Client may restart the appraisal up to 60 days after the hold was placed but will be charged 15% of the appraisal fee plus any additional direct expenses incurred. Any hold over 60 days will need to be renegotiated.

CHANGES TO AGREEMENT

Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement. The identity of the client, intended users, or intended use, the date of value, type of value, or property appraised, cannot be changed without a new Agreement.

NO THIRD PARTY BENEFICIARIES

Nothing in this Agreement shall create a contractual relationship between the Appraiser or the Client and any third party, or any cause of action in favor of any third party. This Agreement shall not be construed to render any person or entity a third party beneficiary of this Agreement, including, but not limited to, any third parties identified herein.

USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS

Appraiser may use employees or independent contractors at Appraiser's discretion to complete the assignment, unless otherwise agreed by the parties. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement.

TESTIMONY AT COURT OR OTHER PROCEEDINGS

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment.

APPRAISER INDEPENDENCE

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

EXPIRATION OF AGREEMENT

This Agreement is valid only if signed by both Appraiser and Client within 5 business days of the Date of Agreement specified.

GOVERNING LAW & JURISDICTION

The interpretation and enforcement of this Agreement shall be governed by the laws of the state in which the Appraiser's principal place of business is located, exclusive of any choice of law rules.

By Appraiser:

By Client:

Michael G. Ming

October 14, 2008

(Signature)

(Printed name)

(date)

**CURRICULUM VITAE
MICHAEL G. MING, ARA**

EDUCATION

FRESNO PACIFIC UNIVERSITY

Bachelor of Arts Degree

**AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS
(ASFMRA)**

Course A-10	Fundamentals of Rural Appraisal
Course A-12 Part I	ASFMRA Code of Ethics
Course A-12 Part II	Standards of Professional Appraisal Practice
Course A-20	Principles of Rural Appraisal
Course A-25	Eminent Domain
Course A-27	Income Capitalization- Part I
Course A-29	Highest & Best Use
Course A-30	Advanced Rural Appraisal
Course ALL-215	Report Writing
Seminar	Ranch Appraisal
Seminar	Appraising Permanent Plantings in Changing Markets
Seminar	Advanced Sales Confirmation and Analysis

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Course 510	Advanced Income Capitalization
Course 520	Highest & Best Use and Market Analysis
Course 530	Advanced Sales Comparison and Cost Approaches
Course 410	Standards of Appraisal Practice (USPAP)
Course 420	Standards of Professional Practice
Seminar	Valuation of Detrimental Conditions in Real Estate

OFFICE OF REAL ESTATE APPRAISERS (OREA)

Course 94476003	Uniform Standards of Professional Appraisal Practice
Course 94476001	Foundations of Real Estate Appraisal
Course 94476002	Appraising the Single Family Residence
Course 97476005	Income Capitalization I

PROFESSIONAL DESIGNATIONS AND AFFILIATIONS

OFFICE OF REAL ESTATE APPRAISERS (OREA)

CERTIFIED GENERAL REAL ESTATE APPRAISER

License Number AG026938, Issued 7/14/07, Expires 7/13/09

DEPARTMENT OF REAL ESTATE (DRE)

BROKER

License Number 00951819, Issued 8/20/2008, Expires 8/19/2012

AMERICAN SOCIETY OF FARM MANAGERS AND RURAL APPRAISERS

Currently holds the ARA designation

ROYAL INSTITUTION OF CHARTERED SURVEYORS

Currently in process for MRICS designation

APPRAISAL INSTITUTE

Currently a member

MAJOR APPRAISAL ASSIGNMENTS

National Fish & Wildlife Foundation	Potential purchase or conservation easement of 1,100 acres of riparian, grassland, and upland habitat for the Southwest Willow Flycatcher in Onyx, California.
PG&E Generating Company	Pipeline easement for the La Paloma Co-generation facility in McKittrick, California
Rosedale Ranch	Purchase consultation on 2,700 Acres of Almonds and Open Farm Land containing Urban Influence elements.
Kenneth Mebane	Appraisal of approximately 12,000 acres of grazing land in Kern County, CA.
Giumarra Vineyards Corporation	Appraisal for estate purposes of various properties located in Kern, Los Angeles, Ventura, San Diego and Fresno Counties, CA, including approximately 10,600 acres of open land, vineyards, orchards, citrus, commercial properties and a cold storage facility, as well as marina and retail leasehold improvements, multi unit apartment complex and subdivision land.
Department of Justice	Litigation support for DOJ in case involving a forest fire in the National Forest in Tulare County and compensatory loss.

LEGAL FIRMS & ATTORNEYS:

Borton Petrini & Conron	LeBeau Thelen	Loeb & Loeb
Brobeck Phleger & Harrison	Clifford & Brown	Gordon & Reese
Donald Asperger	Anne B. Nash	Hahn & Hahn
Harwell Howard & Hyne	John R. Reedy	Steven Stanley

FINANCIAL INSTITUTIONS:

Bank of America	Wells Fargo Bank	Sanwa
Bank One	West America Bank	Lend Lease Agri-Business
San Joaquin Bank	The Prudential	New York Life Insurance Company
Britz Ag Finance	Mission Bank	Metropolitan Life Insurance Company

PUBLIC & OTHER ENTITES:

City of Bakersfield	County of Kern	Sate of California
United States of America	Bureau of Reclamation	Forest Service
Bureau of Land Management	California Parks & Recreation	Kern Water Bank
Kern County Water Agency	Metropolitan Water District	ChevronTexaco
Aera Energy	Price Waterhouse Coopers	KPMG
BLHK	Department of Justice	Cushman Wakefield
Numerous Water Districts	Numerous School Districts	PWC

APPRAISAL EXPERIENCE

- 1989 - 1998 **Technical Support, Alliance Appraisal Company**
Conducted field research of agricultural, industrial, and commercial properties; verified sales data; and inspections of subject properties.

- 1998 - 2004 **Vice President, Alliance Appraisal Company**
Conduct field inspections of complex agricultural, industrial and commercial properties; verify sales data; perform depreciation analysis, perform analyses of properties using sales comparison, cost, and income approaches to value; and draft narrative and UAAR appraisal reports.

- 2004 - Present **President/Owner, Alliance Appraisal, LLC**
Owner and Chief Appraiser. Providing valuation services on complex appraisal and consulting assignments within the agricultural, industrial, and commercial real estate market throughout California.

PROFESSIONAL & CIVIC

- California Chapter of the American Society of Farm Managers & Rural Appraisers
 - President
- 2008 Spring Ag Outlook Conference
 - Chairman 2008
- Bakersfield High School Future Farmers of America
 - Board Member & Past President
- Bakersfield Chapter of the Appraisal Institute, Past Treasurer