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Real Estate Valuation ■ Arbitration

APPRAISAL UPDATE REPORT
Fair Market Value

Limited Utility Parcel
Parcel 3 – 10,925 SF

Manzano Way
Portion of Assessor's Parcel Number
104-28-066 and 104-28-069
Sunnyvale, CA

Prepared For
Santa Clara Valley Water District

February 2021

John C. Clifford, MAI



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Real Estate Valuation

February 25, 2021

Mr. RAHN K. SPRINGER, SR/WA
ASSOCIATE REAL ESTATE AGENT
Real Estate Services Unit
Santa Clara Valley Water District
5750 Almaden Expressway, San Jose CA 95118
Tel. (408) 630-3054

RE: Appraisal Update Report
Limited Utility Parcel
Parcel 3 – 10,925 SF
Manzano Way
Portion of Assessor's Parcel Number
104-28-066 and 104-28-069
Sunnyvale, CA

Mr. Springer,

Subsequent to your request and authorization, I have completed an appraisal to estimate the Fair Market Value of a limited utility parcel. The subject is identified as **Parcel 3** that contains 10,925 SF and is also slightly irregular but generally rectangular in shape. The subject parcel has not been assigned a street address but it is otherwise oriented inbound from the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale's Lakewood subdivision district. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but is not within stream channel. Parcel 3 is a remnant parcel that consists of land on the west bank of Calabazas Creek, and a portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of neighboring Parcels 1 and 2, described later in the report. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access. The Highest and Best Use of the subject Parcel 3 is for continuation of its limited utility use.

The property is the subject of a Complete Appraisal dated September 15, 2019, prepared by John C. Clifford, MAI. This update appraisal report is to investigate and summarize prevailing market conditions, note relevant market activity and conclude a current value estimate consistent with Hypothetical Conditions and Extraordinary Assumptions relied upon for the 2019 valuation. However, for the update, one other Extraordinary Assumption is noted. The user is directed to the Extraordinary Assumption related to the impact of the Covid-19 Pandemic appearing on page 2, and as well it's possession and their review of the prior 2019 Complete Appraisal Report, that presents a detailed description of the site, its Highest and Best Use and its competitive market appeal. This Appraisal Update report is not intended to duplicate the contents of the September 2019 Appraisal Report, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.

In order to appraise the property, I have completed an inspection of the subject property, and observed trends of land uses in the area. In addition, the appraiser investigated and analyzed comparable land sales for similar

properties. Based upon the analysis presented herein the estimated Fair Market Value for the subject properties, as of February 25, 2021 is:

Parcel 3


THIRTY THREE THOUSAND DOLLARS

\$ 33,000

The narrative report contains 20 pages plus the addenda. The valuation stated herein is subject to the conditions and assumptions stated on the following pages. The valuation and report is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP). Further, the appraisal is subject to the requirements of the Code of Ethics and the Standards of Professional Conduct of the Appraisal Institute.

Respectfully submitted,

CLIFFORD ADVISORY, LLC



John C. Clifford, MAI
SCGREA Certificate No. AG007177

I. INTRODUCTION

A. Appraisal Problem

The intended use of the appraisal is to estimate the Fair Market Value of a limited utility parcel. The subject is identified as **Parcel 3** that contains 10,925 SF and is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but is not within stream channel. Parcel 3 is a remnant parcel that consists of land on the west bank of Calabazas Creek, and a portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of neighboring Parcels 1 and 2, described later in the report. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access. The Highest and Best Use of the subject Parcel 3 is for continuation of its limited utility use. The subject parcel has not been assigned a street address but it is otherwise oriented inbound from the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale's Lakewood subdivision district.

The property is the subject of a Complete Appraisal dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). The 2019 appraisal also included adjoining Parcels identified as Parcel 1 and Parcel 2. This update appraisal report pertains only to Parcel 3 and is to investigate and summarize prevailing market conditions, note relevant market activity and conclude a current value estimate consistent with Hypothetical Conditions and Extraordinary Assumptions relied upon for the 2019 valuation. However, for the update, one other Extraordinary Assumption is noted. The user is directed to the Extraordinary Assumption related to the impact of the Covid-19 Pandemic appearing on page 2, and as well it's possession and their review of the prior 2019 Complete Appraisal Report, that presents a detailed description of the site, its Highest and Best Use and its competitive market appeal. This Appraisal Update report is not intended to duplicate the contents of the September 2019 Appraisal Report, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.

Please refer to **Exhibit A** in the neighborhood description for an illustration of the subject property and abutting uses that include reference to its impact privacy on Parcels 1 and 2. As noted above referring to **Exhibit C** Parcels 1 and 2 are level and served by public utilities and street improvements. Parcel 1 abuts the remnant parcel (#4) to the north that provides access to the Parcel 3 improved with the concrete ramp and linkage to public trail access for pedestrian and bike trail use per existing legacy permits.

B. Property Inspection Data

John C. Clifford, MAI performed an exterior inspection of the subject last on February 25, 2021. The surrounding neighborhood and comparable properties utilized in the analysis were also inspected.

C. Scope of Appraisal Development and Reporting Process

The appraisal is being prepared in accordance with the *Uniform Standards of Professional Appraisal Practice*.

The reporting format of this document is referred to as an Appraisal Report, in accordance with the requirements identified in Standard Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice*. It is intended to provide a summary overview of the Subject property, substantive valuation issues, and data relied upon in the formation of an opinion of Market Value. Additional supporting documentation and analyses, as appropriate, are retained in the appraiser's file.

The scope of inspection consisted of offsite and on-site site observation by John C. Clifford, MAI on several occasions but last on February 25, 2021, that serves as the effective date of value.

The *scope of comparative data verification* included a review of county recording data and online services such as CoStar. Each comparable sale or rental property transaction was viewed and photographed by the appraiser. Verifications of sales with either principals or brokers were made. The comparables cited herein should be construed as being a pertinent sampling, which were selected based upon physical and location similarities relative to the subject property and the credibility of the data.

The physical and transaction data cited have been developed from sources that are assumed to be accurate. In California, the specific terms of sale are not required to be disclosed. Accordingly, circumstances may arise wherein this type of data may not be available. The quality and extent of the verification process should be carefully considered by the reader/client when forming an opinion as to the credibility of the individual comparables, as well as the cumulative database.

The geographic scope of research was basically focused on the aforementioned prescribed neighborhood boundaries in the city of San Francisco.

The following scope of resources was used in the development of the Fair Market Value opinion expressed herein. The appraiser has developed a physical profile of the Subject property based upon a personal inspection, combined with information provided by the city planning files and supplemented by owner's or property management data

Sources used in the process of analyzing the property included

- On-site inspection
- Assessor's maps, FEMA flood maps, aerial photographs and other illustrations
- Zoning and General Plan maps and ordinances for City of Sunnyvale

Sources used in the process of estimating value for the subject included:

- CoStar Comps, Inc.
- Assessor's records
- Confirmation of sales with brokers and principals

In preparing this appraisal, the appraiser inspected the subject site and applied market data in a Sales Comparison Approach.

D. Report Format

1. *Appraisal Report*

This is appraisal report that intends to comply with the reporting requirements were forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents summary discussions of the data, reasoning and analyses used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

E. Competency Provision

The appraiser possesses the knowledge and required ability to appraise the subject property, and has appraised this property type before both within its competitive market area and in other San Francisco Bay Area locations. Please refer to the Addenda for a summary of the appraiser's experience.

F. Intended Use and Users of the Appraisal Report

The contents and conclusions presented in this report are prepared for the exclusive use of the Santa Clara Valley Water District. The valuation is intended to assist the Santa Clara Valley Water District and the current owner in establishing the Fair Market Value for the property for purposes of potential ownership transfer. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which the client is aware prior to utilizing this report or making it available to any third party. No duplication is permitted without the written authorization of John C. Clifford, MAI. Please refer to Item 18 of the Assumptions and Standard Limiting Conditions for further clarification.

G. Valuation Subject To Hypothetical Conditions and Extraordinary Assumptions

The value estimate is made as of a current date under major assumptions that are relied upon for the valuation of the subject property. These may include hypothetical conditions and extraordinary assumptions that have been made for the purpose of this analysis as defined by USPAP. The definitions are provided below.

HYPOTHETICAL CONDITION: that which is contrary to what exists, but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about the physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions, trends, or the integrity of data used in an analysis.

EXTRAORDINARY ASSUMPTION: Extraordinary assumptions presume as fact otherwise uncertain information about the physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of the data used in an analysis.

The hypothetical conditions and extraordinary assumptions are:

1. The property is the subject of an Appraisal Report dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). Upon approval and release of the current owner, it is assumed and understood the users of this Update Report have obtained and reviewed a complete copy of the 2019 appraisal report, that presents a detailed description of the site and its competitive market appeal. This update report is not intended to duplicate the content of the September 2019 Appraisal Report¹, but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.
2. The property is not impacted by any detrimental environmental conditions. The assumption applies to the actual physical condition of the subject property as well for the update analysis, but further commentary is warranted that relates to detrimental environmental conditions impacting market conditions. Subsequent to the September 2019 appraisal the onset of the Covid-19 Pandemic arrived in March 2020. The Covid-19 Pandemic has interrupted economic stability, jobs dislocation, and prevailing market demand and related development activity.

The client and intended users are advised that the Covid-19 Pandemic is causing unprecedented chaos, volatility and uncertainty in the market and it is yet difficult to predict what impact it will have on the overall U.S. economy, state economy, local economy and real estate values in general. Ultimately, the impact will depend on the lag in the health care industries' response and development of effective vaccines and treatment therapies. Reports of progress on the release and distribution of two vaccines have raised optimism, but manufacturing, logistical distribution and widespread availability will likely not occur until

¹ Required USPAP reporting information regarding Appraisal Standards, Definition of Market Value, Property Rights Appraised, Current Property Condition and Inspection / Date of Value, Competency, Scope of Development and Reporting Process and other data is presented in the 2019 Complete Appraisal Report that must be relied upon with this Appraisal Update report in order to comply with USPAP.

Spring 2021 at the very earliest and could be delayed even longer. Among the many manifestations this has led to market volatility. These times have been made even more interesting property valuations when there are limited to no comparable evidence and all markets are facing an uncertain future. Such is the case in Truckee as the dearth of comparable land sales activity provides little evidence of emerging trends and their impact beyond a limited term. One of the main issues when dealing with valuation uncertainty is that a valuation is not a fact, but it is an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process. If the valuation date coincides with economic or political crises or immediately follows such an event, significant valuation uncertainty arises because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and therefore have limited relevance to the situation on the valuation date. The impact of the event on the attitude of market participants, and therefore prices, will not be known during its immediate aftermath. Because of this, uncertainty caused by market disruption is rarely quantifiable.

A lack of relevant input data can cause valuation uncertainty. This may be due to market disruption as described above but may also be due to the assets being unique or because the market for the asset is normally illiquid. Where there is a lack of relevant market data, there may be a need to extrapolate inputs from directly observable prices for similar assets, or to rely on unobservable inputs. These are inputs for which market data are not available but that can be developed using the best information available about the assumptions that market participants would use when pricing the asset. The use of unobservable inputs can be a source of uncertainty because of the difficulty of finding objective evidence to support either the adjustments or the assumptions made. The existence of significant uncertainty does not mean a valuation cannot be undertaken, but it does mean that significant assumptions within the valuation approach and methodology should be disclosed within the valuation report.

H. Definition of Fair Market Value

Market Value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions in the United States of America is:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale 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 they consider their 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.

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

Source: (OCC 12 CFR 34.42 (g)) (OTS 12 CFR, Part 564.2 (g))

I. Exposure Time

Exposure time is the appraiser's opinion of the amount of time the subject property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It answers the question, "how long would this property have been offered on the market before it would have as of the effective date of value?" Exposure Time is distinguished from the marketing period. The marketing period is the estimated time that it would take to consummate the sale after the effective date of the appraisal. Market sales and conversations with brokers have indicated that properly priced limited utility sites would require a 6 to 12-month

marketing periods. Given the current market environment, balanced by the appeal of the subject's location, a 6-12 month marketing and exposure period is concluded.

J. Property Rights Appraised

The primary purpose of the appraisal is to estimate the Fair Market Value of the Fee Simple Interest in the subject property as described herein. Fee Simple is defined by the Appraisal Institute as an absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

K. Property Condition

AS IS MARKET VALUE refers to an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications on the date of inspection.

In the case of the subject property it refers to Parcel 3 that contains 10,925 SF and it is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but not within stream channel. A portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of the adjoining Parcels 1 and 2 (discussed in the 2019 report and again later in this update report). A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access.

L. Ownership History

Ownership of the subject property is vested in the name the City and County of San Francisco, a municipal corporation. No ownership transfers are noted over the past 3-years. However, it is understood the ownership representatives and Santa Clara Valley Water District are proposing to enter into a purchase and sales agreement at this time based on the 2019 appraisal and this current update.

M. Title and Legal

A preliminary title report dated December 16, 2016 was provided for use in the appraisal. An updated title report that would reflect the current configuration of title property as Parcels 1, 2 and 3 was provided. The 2016 title report appears to apply only to APN 104-28-066 as it existed before subsequent parcel splits. The title report indicates that title to the fee interest is vested in the City and County of San Francisco, a municipal corporation. Public records show no sales during the three-year or five-year period preceding the effective date of the appraisal.

Easements/Encroachments/Restrictions

No obvious atypical easements or encroachments were noted during the inspection and the appraisal assumes that there are none.

Among other exceptions, the title report cites the following:

- Exception 4. Rights of the public to any portion of the land lying within the area commonly known as Manzano Way.
- Exception 6. Notes, recitals and legends as shown on the Map of Tract No. 2010, Lakewood Village No. 5, filed December 18, 1957, in Map Book 89 at Pages 16 through 18, inclusive, Santa Clara County Records.

The preliminary title report appears to reveal and it is assumed there exist no adverse easements or encumbrances noted or observed by the appraiser that would have a detrimental effect on the utility, marketability or value of the subject property, other than as addressed herein. Unless otherwise noted, it is assumed there exist no conditions of title that would have a detrimental effect on the utility, marketability or value of the subject property, other than as addressed herein. Please refer to Item 2 of the appraisal Assumptions and Limiting Conditions.

Legal descriptions for the subject parcels are included in the addenda of the report.

II. PROPERTY DESCRIPTION

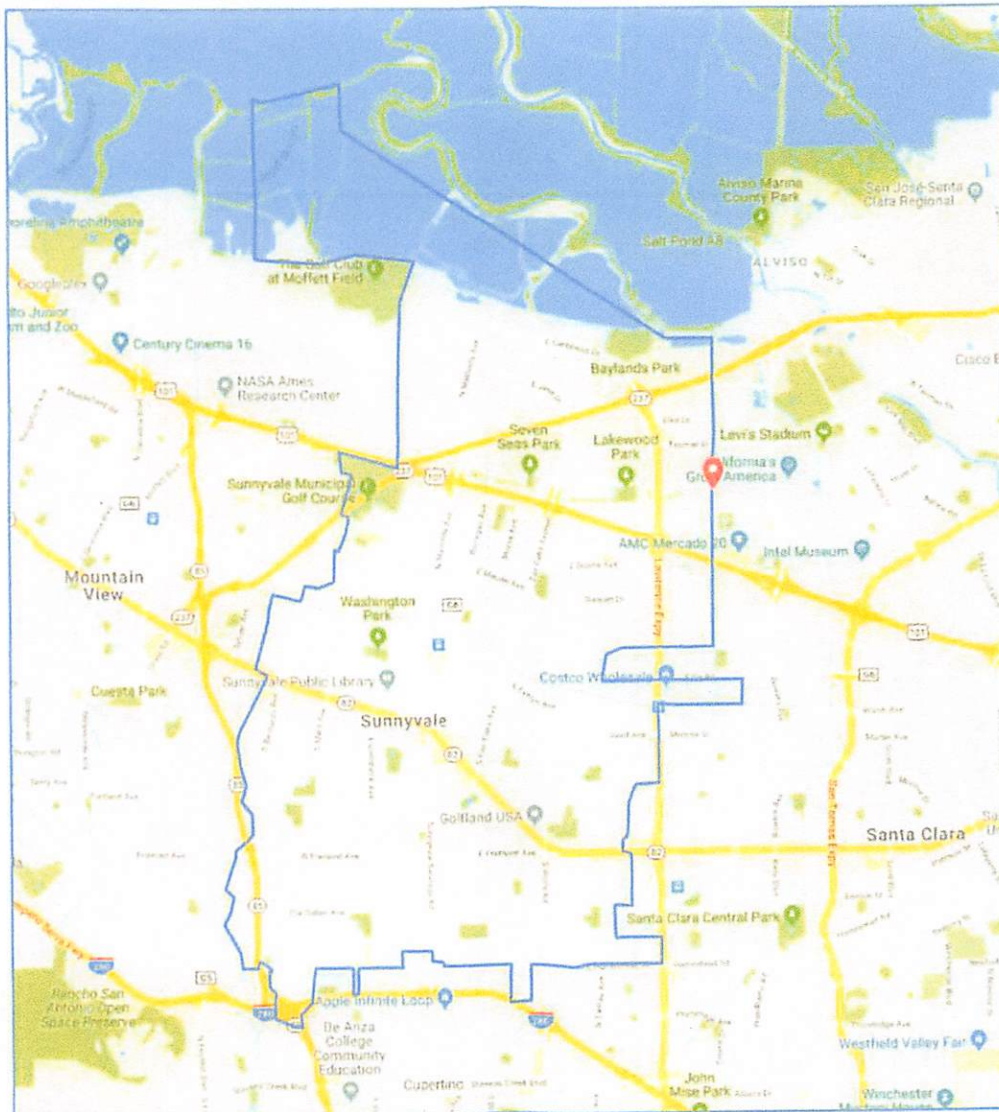
A. City Description

The subject property is located in the Sunnyvale jurisdiction of Santa Clara County. The county is situated at the southern end of San Francisco Bay. It has a land area of approximately 1,300 square miles. Santa Clara County is the largest component of the San Jose-Sunnyvale-Santa Clara Metropolitan Statistical Area (MSA). It is the most populous county in the Bay Area, with a population of 1.782 million at the time of the 2010 census. Through 2030, ABAG projects a population increase to 2.189 million. This would equate to total growth of 22.8% over the twenty-year period and average annual growth of 1.03%. The county is at the heart of the Bay Area's highway transportation system. It is served by numerous freeways with ready access to international airports in San Jose, San Francisco and Oakland. Union Pacific Railroad provides freight rail service and Amtrak provide long-distance passenger rail service, while Caltrain, the Capitol Corridor and the Altamont Express provide rail service to San Francisco, Sacramento and the Central Valley, respectively. Finally, a BART extension now under construction will connect the county to the region's largest commuter rail network. Despite these positives, the county's transportation infrastructure has not kept pace with its population and job growth. The frequent result is long rush hours and a commute ranked among the worst in the nation.

Sunnyvale is located in the South Bay subregion of the San Francisco Bay Area, an area generally referred to as Silicon Valley. The city has an area of ± 24 square miles, comprised almost entirely of land. Sunnyvale is mostly urbanized. The transportation linkages are excellent. Sunnyvale is crossed by several freeways including US 101, 1-280 and State Route 237 (SR 237). Caltrain provides commuter rail service, with a downtown stop at Sw1.11yvale Station. Caltrain also provides connections to regional and long-distance rail services, including Amtrak and the Capitol Corridor. Santa Clara Valley Transportation Authority (VTA) provides bus and light rail service and Union Pacific Railroad provides limited freight service. Three nearby international airports - in San Jose, San Francisco and Oakland - provide scheduled passenger and air freight service, with flights to hundreds of domestic and international destinations. Moffett Field hosts a number of private and government users; it also forms part of the city's westerly boundary. Other smaller general aviation airports are located in Palo Alto, San Carlos and San Jose. The city's population at the time of the 2010 Census was 140,081. ABAG projected that ilis would increase to 174,700 through 2030, for overall growth of 24. 7% and average annual growth of 1.11 %.

The U.S. Census Bureau estimated that the city's job base would grow from 74,810 in 2010 to 90,160 in 2030, an increase of 20.5% over twenty years and average annual growth of 0.94%. Because the number of jobs is projected to grow more slowly than the number of employed residents, the jobs-to-employed-residents ratio is expected to fall from 1.10 in 2010 to 1.01 in 2030. The top three industry segments in 2016 were: Professional, scientific, management, administrative and waste management; Educational services, health care and social assistance; and lastly, Manufacturing. Together, they accounted for nearly 63% of total industry employment. Consistent with the white-collar bent of the job base, the lion's share of residents are employed in Management, business, science and arts occupations. Because tech jobs pay well, incomes are relatively high. In 2016, the Census Bureau estimated the city's median household income at \$109,799, its mean household income at \$139,953, and its per capita income at \$53,133. Compared to the same metrics for the county, the city had a median household income 9% higher, a mean household income 4% higher, and a per capita income 15% higher. For December 2018, the state Employment Development Department (EDD) estimated the city's civilian labor force at 91,200, with total employment of 89,400. The labor force grew by 3,000 persons year-over-year (YOY), while the number of employed persons increased by 3,200. The December 2018 unemployment rate was 1. 9%, a drop of 40 basis points YOY. Referring to earlier ABAG projections, EDD figures indicate that the number of employed residents already exceed ABAG projections for 2030. At its current low level, the city's unemployment rate is considered more-or-less equivalent to full employment.

CITY OF SUNNYVALE



City Location Map

Blue border: City of Sunnyvale boundary
Red icon: Subject property

B. Neighborhood

The subject is located in Lakewood Village subdivision. The neighborhood is predominantly single family residential with commercial uses localized around the intersection of Lawrence Expressway and Lakehaven Drive. Lawrence Expressway is a major surface arterial that bisects the neighborhood into distinct east and west portions, with a freeway interchange less than one-half mile north at SR 237 and an interchange at US 101 at the neighborhood's southerly edge. The subject is in the easterly portion of the neighborhood. Internal streets are all local. VTA bus service is available on Lawrence Expressway and light rail service is available on Tasman Road a short distance to the north of the neighborhood.

The Lakewood subdivision dates to the late-1950s and it contains $\pm 1,600$ homes. The neighborhood is situated in the northeastern portion of the city of Sunnyvale. The approximate neighborhood boundaries are described Casa de Amigos and Adobe Wells mobile home parks to the north; the Bayshore Freeway (US 101) to the south; the Sunnyvale East flood control channel to the West and Calabazas Creek and City of Santa Clara to the East.

With respect to the subject in particular, it is noted the Calabazas Creek that borders the subject lots is that it is the dividing line between Sunnyvale (west side of creek) and Santa Clara (east side of creek). Major existing land uses in Santa Clara that are within approximately one-half mile of the subject include Levi's Stadium (49ers), Great America Theme Park, Santa Clara Convention Center and a 1980s-era business park on Patrick Henry Drive. A major mixed-use project is proposed for a 50-acre site formerly owned by Yahoo that lies north of the SFPUC right-of-way and south of Tasman Drive, between Patrick Henry and Old Ironsides Drives. In addition, the city of Santa Clara recently initiated a general plan amendment process that would lay the groundwork for high-density, mixed-use development south of the SFPUC right-of-way and the former Yahoo site. The environmental review is currently underway.

The neighborhood contains 8,198 housing units, a large percentage (40.9%) of which is in the mobile home parks that lie north of Lakewood Village. The neighborhood accounts for 14.1 % of the city's housing stock. The permanent supply is about evenly divided between single- and multi-family units, although Lakeside Village is entirely single-family. The neighborhood population was estimated at 21,403 that accounts for 14.3% of the city's population. The neighborhood has grown about twice as fast as the city and county since 2000, but much of its growth is attributable to new apartment projects located outside Lakewood Village. Incomes are generally lower than those in the county and substantially lower than incomes in the city as a whole.

Although remodeling activity is evident throughout the neighborhood, there has been little in the way of redevelopment involving demolition of existing improvements. According to Corelogic, just six new houses have been built since 2010. Contrast thus with higher-priced Sunnyvale neighborhoods where significant redevelopment has taken place and developers remain active. Sunnyvale is fully built out. Although there are scattered vacant lots, most new construction involves redevelopment of improved lots after demolishing the existing structures.

C. Site Description

1. *Physical Characteristics of Subject and Neighboring Parcels*

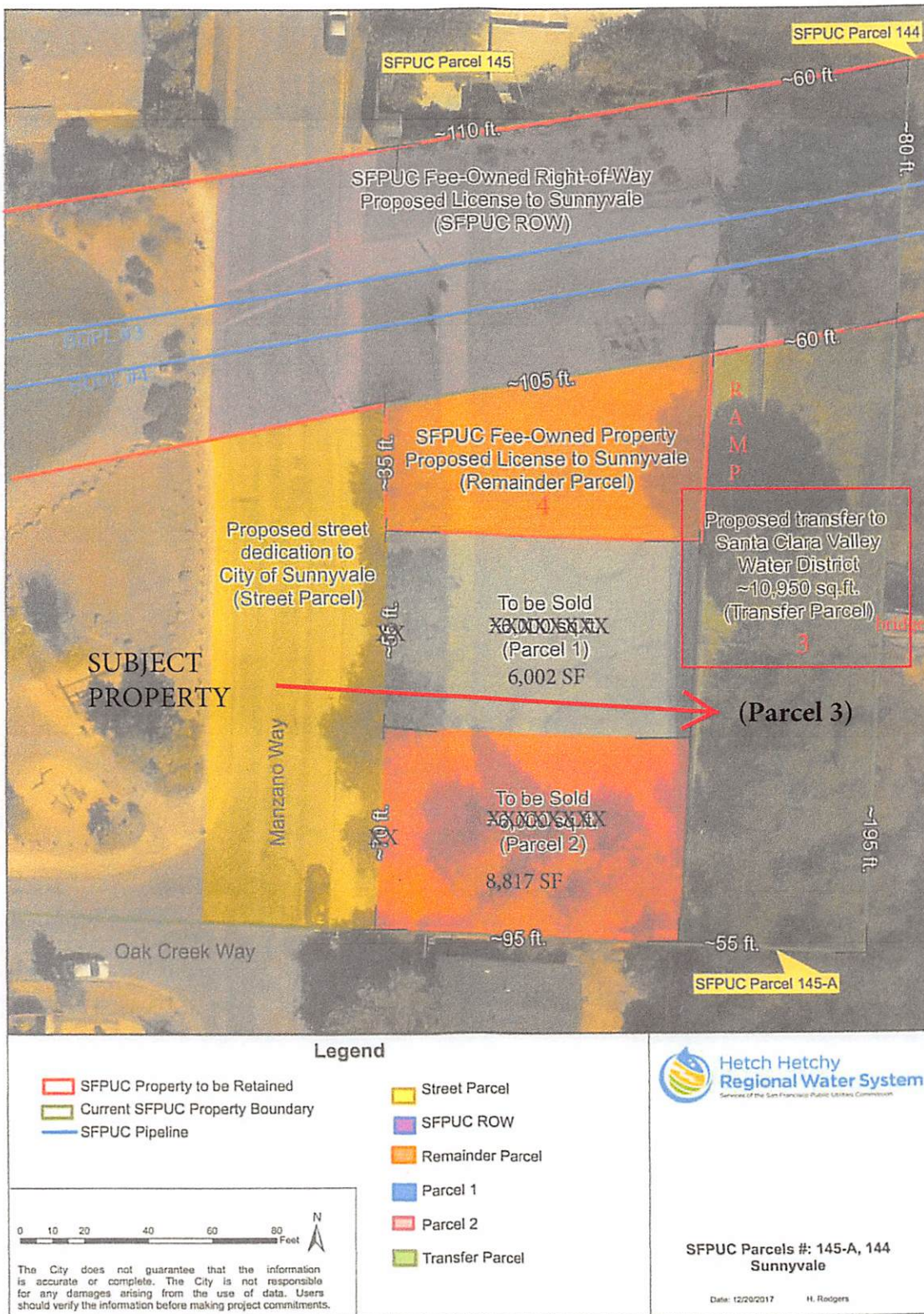
Referring to Exhibit A, the subject and several adjoining lots have been created. The subject property is labeled #3 that comprises the site area that is landlocked to the east that largely comprises Calabazas Creek along with a ramp that supports pedestrian and bike trail and that crosses the creek over to City of Santa Clara business park. The neighboring lots (recently created as separate legal lots) are referred to as Parcel 1 and Parcel 2 comprise two single family lots identified by the Santa Clara County Assessor's Office as a portion of Parcel Numbers 104-28-066 and 104-28-069. Neither of Parcel #1 or #2 has been assigned a street address but they are otherwise oriented along the east side of the street between 1130 and 1209 Manzano Way, in Sunnyvale.

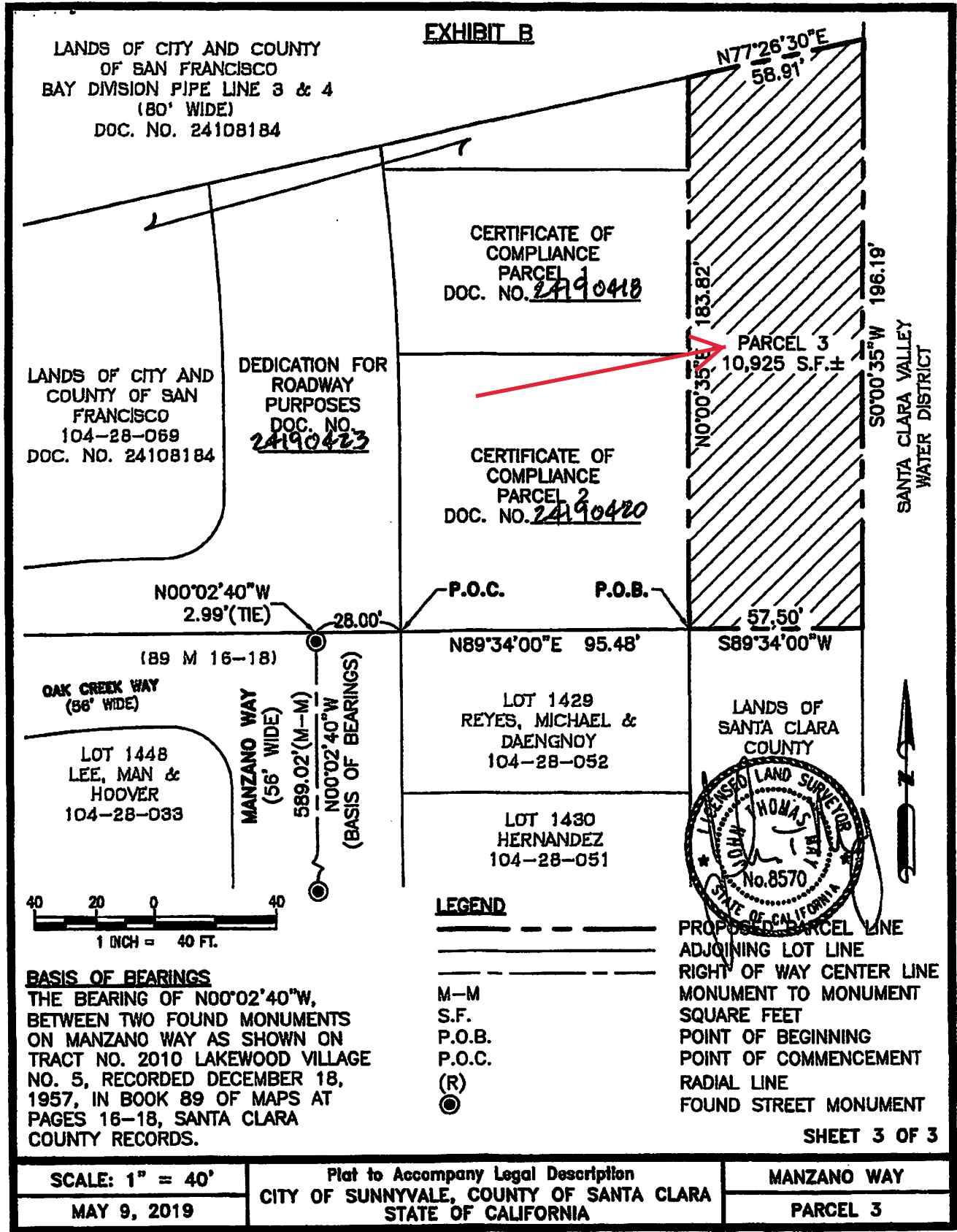
LAKWOOD VILLAGE



Lakewood Village

Red boundary/red shading: Neighborhood
Red arrow: Subject property





To the north of the Parcel 1 (referred to as the Transfer Parcel) has labeled #4 comprises the site area that supports a pedestrian and bike trail ramp.

The subject Parcel 3 contains **10,925 SF** and it is also slightly irregular but generally rectangular in shape. Parcel 3 adjoins the concrete flood control wall on east bank of Calabazas Creek but not within stream channel. A portion is improved with a concrete ramp structure that is a segment of a pedestrian/bicycle trail. The ramp provides access to a bridge that crosses the creek to connect with a trail on the opposite side of the creek in the city of Santa Clara. The concrete ramp is elevated and allows public use that significantly inhibits typical privacy for residential use of Parcels 1 and 2. A segment of a Santa Clara Valley Water District service road is located on the property and the service road extends both north and south from the subject property. Parcel 3 is rendered unbuildable by lack of access.

The neighborhood (non-subject) parcels are **accessible** from Manzano Way, a public street along their frontage. At this location Manzano Way is a two-lane, two-way public street with a right-of-way width of ± 57.5 feet. Frontage improvements already in place consist of concrete curbs, gutters, sidewalks and streetlights. Curbside parking is available on both sides of the street. Electric and phone lines are in the street and landscaping includes mature trees. Both are level and served by public utilities and street improvements. Parcel 1 abuts the remnant parcel (#4) to the north that provides access to the concrete ramp and linkage to public trail access for pedestrian and bike trail use per existing legacy permits.

Parcel 1 contains **6,002 SF**. It has a slightly irregular but generally rectangular **shape** with 61.52 feet frontage on the east side of Manzano Way and a depth that ranges from 100.87 feet along the northerly boundary to 95.92 feet along its southerly boundary adjoining Parcel 2.

Parcel 2 contains **8,817 SF** and it is also slightly irregular but generally rectangular in **shape**. It has 92.65 feet frontage on the east side of Manzano Way and it is 95.92 feet deep along its northerly boundary adjoining Parcel 1. It is 95.48 feet deep along its southerly boundary adjoining an improved residential lot at 1209 Manzano Way.

The **topography** of Parcels 1 and 2 is generally level and slightly above street grade. Parcel 3 is level and downsloping into the creek bed.

Parcels 1, 2 and 3 are in FEMA designated **Flood Zone X500**. The subject property is depicted on FIRM Community Panel 060352-06085C0063H, dated May 18, 2009. A flood map is included as an addendum. Parcels 1 and 2 are in Flood Zone X500, outside the flood plain.

Parcels 1 and 2 are served by typical urban **utilities** that are available at the street but do not appear to be connected as of the date of value. Utility connections are required for development and this would increase the cost of development relative to otherwise similar lots with connections already in place. The same is the case for several other factors for transactions conveying lots with older homes slated for redevelopment or rehabilitation. A property transfer with an existing use not only has the benefit of utility connections, but other impact fees and costs are avoided (or credited) for public services such as park, traffic school fees, etc. for the prior use. The cost avoidance adds significantly to their contributory value of these properties compared to the subject due to their prior use.

The **zoning** for the subject parcel is bifurcated as the westerly portions are in the P-F Public Facility zoning district and the easterly portions are in the R-0 Low Density Residential zoning district. The dividing line between the zoning districts appears to correspond with the boundary between the two assessor's parcels. A copy of the zoning ordinance is included in the addenda of the report and the current land use controls are addressed in the Highest and Best Use section of the report. See addenda for additional use and development criteria data.

D. Taxes & Assessments

Since passage of Proposition 13 (Jarvis Gann Initiative) in 1978, Article XIII A of the California State Constitution, requires that real property taxes are limited to 1% of Market Value, as of a specified base year. The base year valuation is the Assessor's 1975 Market Value estimate, unless there is a transfer of ownership (sale), new construction, or the property is leased on a long-term basis. Whenever this occurs, the property is reassessed at full Market Value. If a reassessment is not triggered, the assessed value is trended upward at a maximum of 2% annually. Furthermore, Proposition 13 limits annual taxes to 1%, plus an amortized amount for voter approved bonded indebtedness, of the assessed value. Taxes are levied annually for each fiscal year from July through June. They are paid in semi-annual installments being delinquent in December and April, respectively. The parcels are currently non-assessed given the public ownership. However, under the premise of market value, assuming a transfer of ownership, the subject property may be reassessed to its market value.

III. HIGHEST AND BEST USE

1. Definition

Highest and Best Use is defined as that use which is physically possible, legally permitted, economically feasible and produces the highest return or value.

2. Highest and Best Use As If Vacant – Parcel 3

Based upon the appraiser's analysis of these factors, and alternatives the concluded Highest and Best Use of Parcel 3 is continuation of the current use as limited utility land.

- a. Parcel 3 is a portion of APN 104-28-066 and is situated adjacent to Calabazas Creek, behind Parcels 1 and 2 as illustrated. It has an irregular quadrangular shape with no public street access or exposure. Public utilities do not appear to be readily available. Adjoining uses are summarized as: North and South - SCVWD service road and vacant land; East - Calabazas Creek; and, West - Parcels 1 and 2. In its "as is" condition, a portion of Parcel 3 is improved with a concrete pedestrian/bicycle ramp that connects a greenway on the west side of the creek to a public trail on the east side of the creek, by way of a bridge that crosses over the creek.
- b. Segments of the greenway and the SCVWD service road occupy portions of Parcel 3. There are no building improvements. A portion along the westerly property line may be encumbered with an easement for a wood pole/communications line. At the time of inspection there were no stakes on the ground to demarcate the boundaries of Parcels 3. Based on the exhibit provided it appears that it may adjoin a concrete flood barrier at its interface with the creek. If so, then no part of Parcel 3 would be in the flood channel or flood plain.
- c. The zoning is R-1-8 and the general plan land use designation is Low Density Residential. Both provide for residential development at a maximum density of 7.0 DUA.
- d. The range of uses is severely constrained by the physical characteristics of the land. Among other things, it lacks access and utilities, both of which are necessary for development. The observed use at the time of inspection was vacant land, except for the concrete ramp structure described above. The probable physically possible use of Parcel 3 is continuation of the existing vacant land use. Other than speculation, there are no economic uses that meet the threshold tests of physical possibility and legal permissibility. However, continuation of the vacant land use is clearly financially feasible. Because it is the only identified probable use it is also the maximally productive use.

IV. VALUATION ANALYSIS

A. Introduction

The intended use of the appraisal is to establish a fair market value for the subject Parcel 3. The condition and highest and best use of the subject property dictates the valuation methodology employed to determine the market value for the subject property. Based on the property descriptions and the functional utility of Parcel 3 its probable physically possible use of Parcel 3 is continuation of the existing vacant land use. There does not appear to economic uses that meet the threshold tests of physical possibility and legal permissibility. As discussed in the following section, there is a limited market for limited utility parcels like the subject.

B. Sales Comparison Approach – Parcel 3

In order to estimate the value of the subject parcels, a number of sales were investigated. In the case of Parcel 3 its probable physically possible use of Parcel 3 is continuation of the existing vacant land use. However, the range of uses is severely constrained by the physical characteristics of the land. Among other things, it lacks access and utilities, both of which are necessary to support development. Those sales considered to provide the most meaningful comparison are presented on **Table 1**. The majority of the comparable sales summarized on **Table 1** are presented in the 2019 appraisal. However, additional land sales datum is presented as land Sale 9.

Sale 1 is located in Multifamily residential neighborhood. The site is heavily encumbered parcel at northerly terminus of Greenlee Drive. City sold as surplus at auction. Buyer submitted application for 2,228 SF duplex but subsequently withdrew. Current MLS listing asking is \$99,000. Probably not economic to develop because of cost to extend water and sewer to property (±\$400-\$500k).

Sale 2 is located in transitional light industrial neighborhood near downtown San Jose, at SWC of Guadalupe Pkwy and Coleman Ave. The site sold by city at auction to one of several owners of adjoining properties. Now used in buyer's welding business. Landlocked status renders parcel unbuildable on stand-alone basis.

Sale 3 is located in residential enclave surrounded by mostly industrial uses, at NWC Lafayette St/Memorex Dr. Site sold by administrator of estate to one of two adjoining property owners. Not buildable because of small size.

Sale 4 is located in single family residential neighborhood. It was sold by city to owner of adjoining 0.93-acre site at 344 Bryant Ave. Buyer assembled the two parcels for development of 4-lot residential subdivision. Developer approached city and price was negotiated. There was no market exposure. Adjacent site sold for \$104/SF in 2013 so price of this sale parcel represents 20% of fee.

Sale 5 is located in single family residential neighborhood. The City bought 60'wide strip adjacent to US 101 for new city park. Caltrans reserved 15' maintenance easement. Negotiated price based on appraisal. Narrow width and reserved easement would make development difficult but probably not impossible.

Sale 6 is located in single family residential neighborhood. The City bought long and narrow remnant parcels left over from original construction of Foothill Expwy for continued use as city park. Negotiated price was based on appraisal. Probably not economic to develop because of zoning standards.

Sale 7 Berryessa Creek that adjoins VTA/BART right-of-way and includes areas of stream channel, recreational trail and uplands. The true seller was UPRR. Unbuildable due to no legal access and encumbrances. Eminent domain proceedings were underway price was negotiated. Nearest economic use is PUD project to east.

TABLE 1

Limited Utility Urban Land – Land Sales

Comp	Property/APN/Zoning	Grantor/Grantee	Date/Deed	Price	Acres	\$/SF
1	Nily Terminus Greenlee Dr, San José 303-28-067 (now -074) R-M; GP Mixed Use Neighborhood	City of San José Burkette Drive LLC	Jul-13 22320344	\$60,000	0.167	\$8.26
2	SEQ Guadalupe Pkwy/Coleman Ave, San José 259-22-053 R-2; GP Residential Support for the Core	City of San José Padilla 2004 Trust	Apr-12 21638601	\$50,000	0.455	\$2.53
3	2290 Lafayette St, Santa Clara 224-67-006 Light Industrial; GP Light Industrial	Daisy Reganani Tony Garza et ux	Apr-16 23282397	\$55,000	0.086	\$14.71
4	Apricot Ln NWC Filomena Ct, Mountain View 197-21-037 R-1-8; GP Low Density Residential (0-6 DUA)	City of Mountain View Kanu Patel Tr	Jun-14 22620655	\$50,000	0.055	\$20.69
5	W/531st St between Alum Rock/San Antonio No APN assigned R-1-8; GP land use not assigned Atos	State of California (Caltrans) City of San José	Aug-16 23391397	\$850,000	1.892	\$10.31
6	Lincoln Park, Los Altos 175-12-012 & 167-41-049 (ptn) PCF; GP Park	County of Santa Clara City of Los Altos	Aug-16 23397426	\$1,020,000	4.493	\$5.21
7	S of Abel S ercrossing, Milpitas Santa Clara APN 028-19-063 (Portion) POS; Parks and Open Space	Standard Realty & Development Santa Clara Valley Water District	Sep-16 23448078	\$30,000	0.493	\$1.40
8	1544 Woodland Ave, East Palo Alto San Mateo 063-471-020 C05C; GP Community OS - Conservation	Richard C Ersted Tr EQR-Woodland Park LP	Jan-12 3584	\$90,000	0.816	\$2.53
9	Locust Dr. & Santa Ana Road 544-40-004, -005 Los Gatos, CA	Redwood Estates Service Assn San Jose Water Company	Jul-19 24226510	\$14,000	0.25	\$1.28

Sale 8 is within mixed residential neighborhood west of US 101 where East Palo Alto, Palo Alto and Menlo Park converge. San Francisquito Creek, West of US 101 and adjoining Palo Alto. Buyer is REIT that owns approximately 2,000 apartment units in immediate vicinity. Purchased for amenity value and possible future mitigation or leverage in dealings with city. Seller owns house on an adjacent property and "had no idea how he ended up owning this parcel.

Sale 9 comprises two adjacent vacant parcels that are within a treed hillside residential area known as Redwood Estates. The property has a minor drainage course and roadway traversing it. All the houses in Redwood Estates are served by septic systems. It is reported no septic system could be permitted to support development on the two lots due to the roadway and drainage course. The San Jose Water Company bought the property as it owned the adjacent reservoir and needed it to install a new pipeline in the road that traversed it, consistent with its policy of not installing pipelines without a property right for the alignment or encroachment permit. The roads in the area were dedicated to public use but not accepted by the County for maintenance.

The preceding limited market sales data is categorized as follows. The remnant parcels (Sales 1, 2, 3 & 4) reflected a dominant range from \$8.26/SF to \$20.69/SF but omitting the extreme outlier at \$2.53/SF. The Park land parcels (Sales 5 & 6) range from \$5.21/SF to \$10.31/SF. The stream/riparian parcels (Sales 7 & 8) range from \$1.40/SF to \$2.53/SF. Sale 9 is most similar to this latter group. The use of portions of Parcel 3 for ramp, greenway and SCVWD service road are public uses are not considered economic uses. Parcel 3 has some characteristics in common with all the sale parcels, but overall is most similar to the park land and stream/riparian parcels. However, like Sale 9, three of four remnant parcels were bought by adjoining land-owners and the buyers were motivated in part by the prospect that they would be able to realize the speculative increment of value immediately. However, Sale 9 does not offer that opportunity. The remnant parcels bracket the upper end of the price range. With the focus on park land and stream/riparian parcels as most similar to the subject, the comps bracket a broad range from \$1.40/SF to \$10.31/SF. Both park land parcels are superior to Parcel 3, because they have public street access and utilities are readily available, whereas Parcel 3 has neither. The park land parcels suggest that a reasonable value rate would be below the bracketed range of \$5.21/SF to \$10.31/SF. With regard to the stream/riparian parcels, the bracketed range is lower at \$1.40/SF to \$2.53/SF. Both comparable parcels are considerably larger than the subject, which suggests some upward consideration for size may be warranted. Like Parcel 3, the low value parcel lacks access and utilities. On the other hand, substantial portions of the comparable property are actual stream channel and it is heavily encumbered with easements because of its former use as a public street. The other stream/riparian parcel indicates a higher unit price of \$2.53/SF. Primary consideration is placed on Sales 2, 6, 7 and 8 to conclude a unit value of \$3/SF as follows:

$$10,925 \text{ SF} \times \$3/\text{SF} = \$33,000 \text{ (ROUNDED)}$$

V. ADDENDA

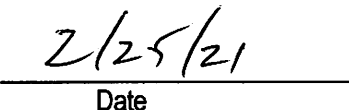
A. Appraisal Certification Statement

EXHIBIT A

The appraiser certifies that, to the best of his knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraiser 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.
- The appraiser has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The appraiser's engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraiser's 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.
- The appraiser has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraiser has not completed a prior appraisal of the subject property in the prior three years.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, the appraiser has completed the continuing education program of the Appraisal Institute.


Signature
JOHN C. CLIFFORD, MAI


Date

SCGREAA - Certificate No. AG007177

Assumptions and Standard Limiting Conditions**EXHIBIT B**

This appraisal is subject to the following limiting conditions.

1. The legal description and area dimensions furnished the appraiser is assumed to be correct. No survey of the boundaries of the property was completed.
2. No responsibility for matters legal in character is assumed, nor is any opinion as to title rendered, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, except where noted, and the property is appraised as though free and clear, under responsible ownership and competent management. It is specifically noted the appraisal assumes the property will be competently managed, leased and maintained by financially sound owners over a reasonable period of ownership.
3. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
4. No opinion is intended to be expressed on matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.
5. The exhibits in this report are included to assist the reader in visualizing the property. No survey of the property has been made and no responsibility in connection with such matters is assumed.
6. The distribution or allocation, if any, of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
7. The statements of value and all conclusions shall apply as of the date shown herein.
8. No responsibility for economic or physical factors is assumed which may affect the opinions herein stated, which may be present or occur at some date after the date of value.
9. An inspection, as far as possible, by observation, the land has been made; however, it was impossible to personally inspect conditions beneath the soil; therefore, no representations are made as to these matters unless specifically considered in the appraisal. Further, no opinion is expressed as to the value of sub-surface oil, gas, or mineral rights, or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.
10. This appraisal is predicated on the assumption that the existence of hazardous material, which may or may not be present in, on or near the property, was not observed by the appraiser, unless otherwise stated. The appraiser has no knowledge of the existence of such materials in, on or near the property. The appraiser, however, is not qualified to detect such substances, and assumes no responsibility for such conditions, or for engineering or other inspections which might be required to discover such factors. The presence of asbestos or other potentially hazardous materials may affect the value of the property. The value estimate herein is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such condition, or for any expertise or knowledge required to discover them.
11. No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. Furthermore, no warranty is implied with regard to physical or structural or operational deficiencies which are not disclosed to the appraiser and noted herein.

12. The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. The appraiser assumes that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The appraiser assumes that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. Information, estimates, and opinions contained in this report are obtained from sources considered reliable and where feasible, has been verified. However, no liability can be assumed for information supplied by others.
14. The right to make such adjustments to the valuation herein reported is reserved, as may be required by the consideration of additional data or more reliable data that may become available.
15. All projections of income and expenses in this report are estimates of current market expectations, not predictions of the future. No warranty or representation is made that these projections will materialize. Where Discounted Cash Flow Analyses have been completed, the discount rates utilized to bring forecast future revenues back to estimates of present value, reflect both the appraiser's market investigations of yield anticipations and judgment as to the risks and uncertainties in the subject property and the consequential rates of return required to attract an investor under such risk conditions.
16. The appraiser may not be required to give testimony or to appear in court or any governmental or other hearing by reason of this appraisal, unless prior arrangements have been made.
17. The liability of John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is limited to the Client only and to the amount of fee actually paid for services rendered, as liquidated damages, if any related dispute arises. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of any one other than the Client, the Client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. John C. Clifford, MAI and CLIFFORD ADVISORY, LLC is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physical, financially and/or legally. Any claims or damages made against the Appraiser by the Client will be limited to the amount paid by the Client to the Appraiser for the appraisal report or services. Client waives all other claims to consequential or special damages arising from the use of the report, and agrees to hold harmless CLIFFORD ADVISORY, LLC from any liability, loss, or expense incurred by the client in such action, regardless of its outcome.
18. The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.
19. This report shall be used for its intended purpose only and by the parties to whom it is addressed as of the current date of valuation. Possession of this report does not carry with it the right of publication, or duplication. One of the signatories of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or candidate to control the use and distribution of each appraisal signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal was prepared may distribute copies of this report, in its entirety, to such third parties as may be selected by the party for whom this report was prepared; however, selected portions of this appraisal shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, the identity of the appraiser or firm with which is connected, and any reference to the Appraisal Institute, or MAI designation.

Extraordinary Assumptions and Hypothetical Conditions

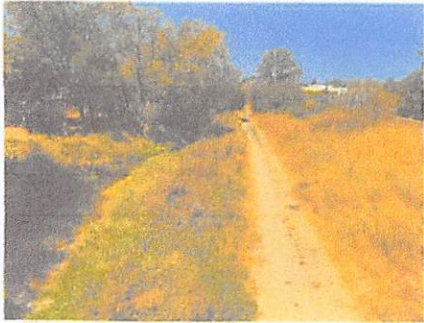
The hypothetical conditions and extraordinary assumptions are:

1. The property is the subject of an Appraisal Report dated September 15, 2019, prepared by John C. Clifford, MAI for the current owner (City & County of San Francisco, by and through its Public Utilities Commission Real Estate Division). Upon approval and release of the current owner, it is assumed and understood the users of this Update Report have obtained and reviewed a complete copy of the 2019 appraisal report, that presents a detailed description of the site and its competitive market appeal. This update report is not intended to duplicate the content of the September 2019 Appraisal Report², but to address pertinent factors and market conditions deemed to influence market value as of a current effective date of value on February 25, 2021.
2. The property is not impacted by any detrimental environmental conditions. The assumption applies to the actual physical condition of the subject property as well for the update analysis, but further commentary is warranted that relates to detrimental environmental conditions impacting market conditions. Subsequent to the September 2019 appraisal the onset of the Covid-19 Pandemic arrived in March 2020. The Covid-19 Pandemic has interrupted economic stability, jobs dislocation, and prevailing market demand and related development activity.

The client and intended users are advised that the Covid-19 Pandemic is causing unprecedented chaos, volatility and uncertainty in the market and it is yet difficult to predict what impact it will have on the overall U.S. economy, state economy, local economy and real estate values in general. Ultimately, the impact will depend on the lag in the health care industries' response and development of effective vaccines and treatment therapies. Reports of progress on the release and distribution of two vaccines have raised optimism, but manufacturing, logistical distribution and widespread availability will likely not occur until Spring 2021 at the very earliest and could be delayed even longer. Among the many manifestations this has led to market volatility. These times have been made even more interesting property valuations when there are limited to no comparable evidence and all markets are facing an uncertain future. Such is the case in Truckee as the dearth of comparable land sales activity provides little evidence of emerging trends and their impact beyond a limited term. One of the main issues when dealing with valuation uncertainty is that a valuation is not a fact, but it is an estimate of the most probable of a range of possible outcomes based on the assumptions made in the valuation process. If the valuation date coincides with economic or political crises or immediately follows such an event, significant valuation uncertainty arises because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and therefore have limited relevance to the situation on the valuation date. The impact of the event on the attitude of market participants, and therefore prices, will not be known during its immediate aftermath. Because of this, uncertainty caused by market disruption is rarely quantifiable.

A lack of relevant input data can cause valuation uncertainty. This may be due to market disruption as described above but may also be due to the assets being unique or because the market for the asset is normally illiquid. Where there is a lack of relevant market data, there may be a need to extrapolate inputs from directly observable prices for similar assets, or to rely on unobservable inputs. These are inputs for which market data are not available but that can be developed using the best information available about the assumptions that market participants would use when pricing the asset. The use of unobservable inputs can be a source of uncertainty because of the difficulty of finding objective evidence to support either the adjustments or the assumptions made. The existence of significant uncertainty does not mean a valuation cannot be undertaken, but it does mean that significant assumptions within the valuation approach and methodology should be disclosed within the valuation report.

² Required USPAP reporting information regarding Appraisal Standards, Definition of Market Value, Property Rights Appraised, Current Property Condition and Inspection / Date of Value, Competency, Scope of Development and Reporting Process and other data is presented in the 2019 Complete Appraisal Report that must be relied upon with this Appraisal Update report in order to comply with USPAP.



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title IMG_0129.HEIC

View of surrounding public access to subject property - pedestrian and bike trails

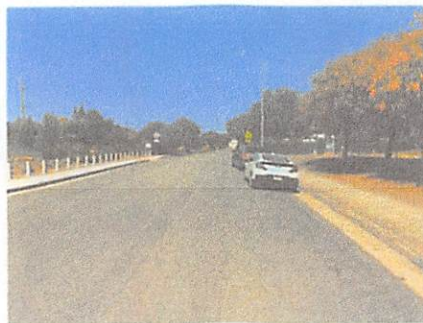


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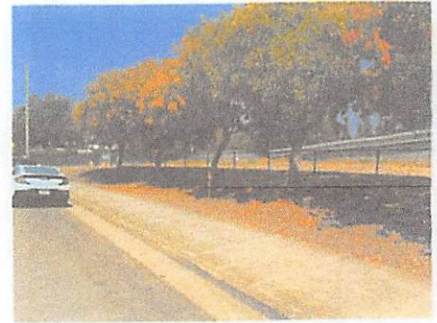


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View of surrounding public access to subject property - pedestrian and bike trails



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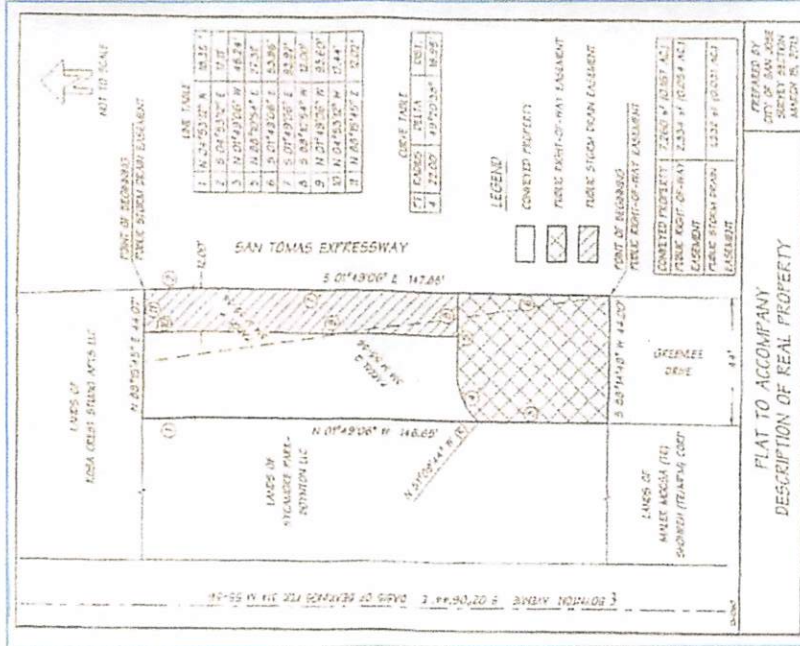


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Street Scene along Manzano Way Parcel 3 on right

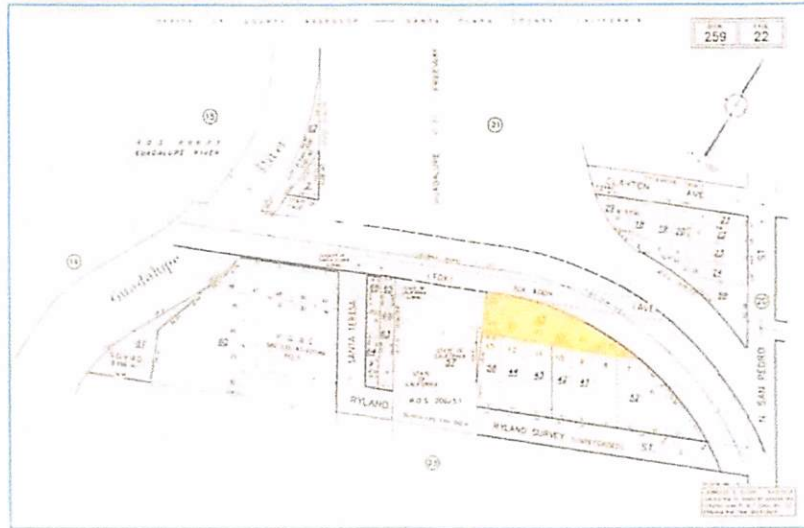
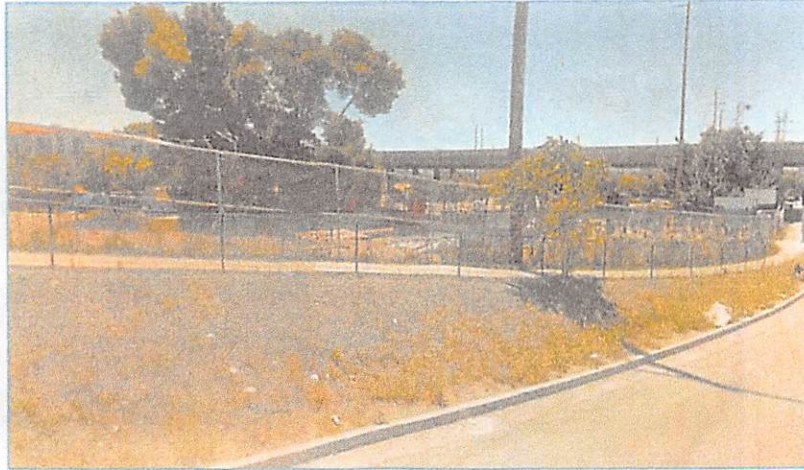
Market Data – Limited Utility Urban Land

Comp #1. Northerly Terminus of Greenlee Dr, San José



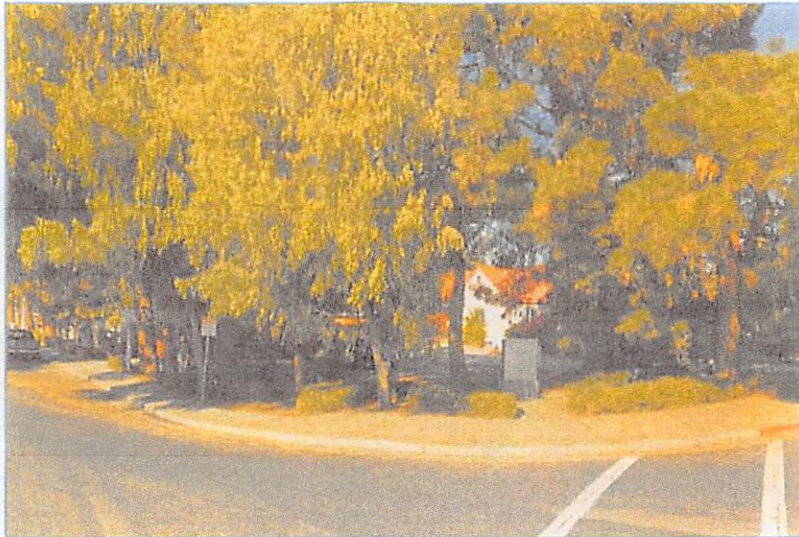
Market Data – Limited Utility Urban Land

Comp #2. SEQ Guadalupe Parkway and Coleman Ave, San Jose



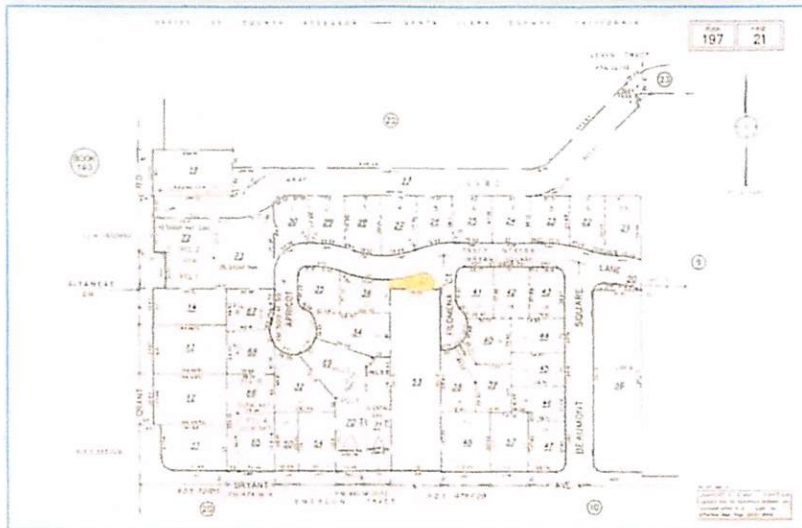
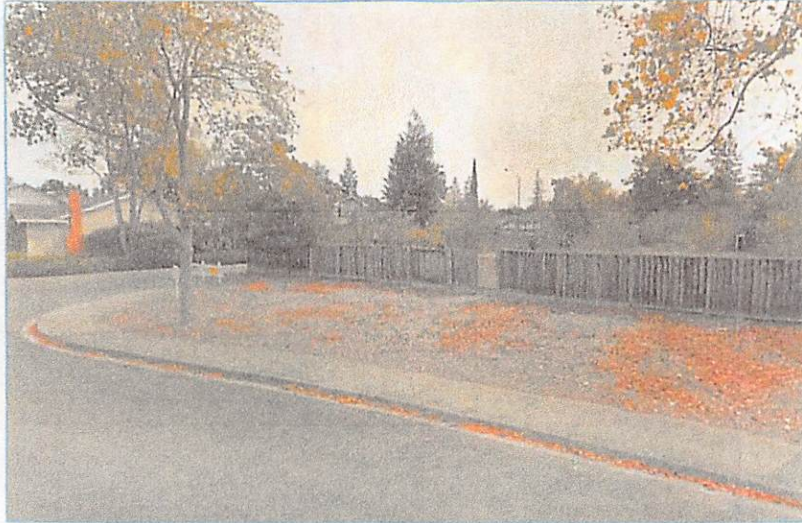
Market Data – Limited Utility Urban Land

Comp #3, 2290 Lafayette Street, Santa Clara



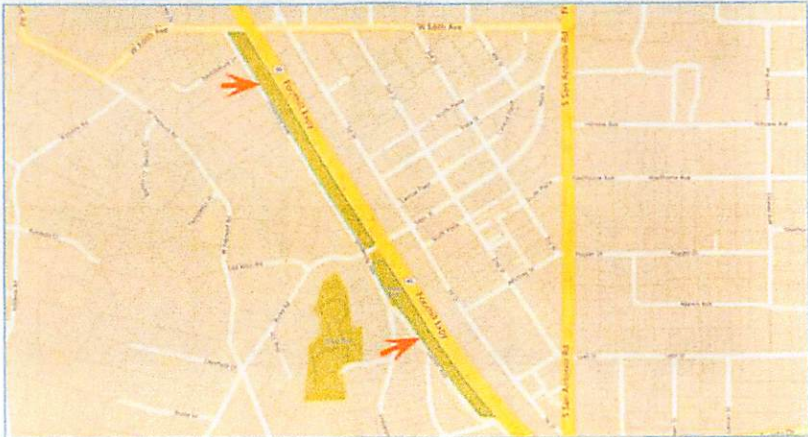
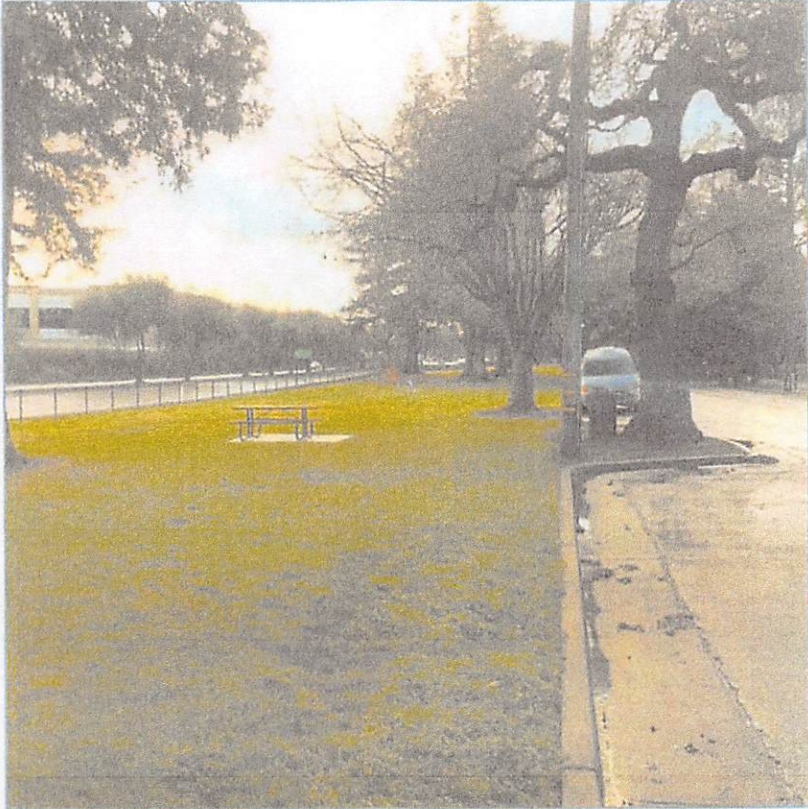
Market Data – Limited Utility Urban Land

Comp #4. Apricot Lane at Northwest Corner of Filomena Court, Mountain View



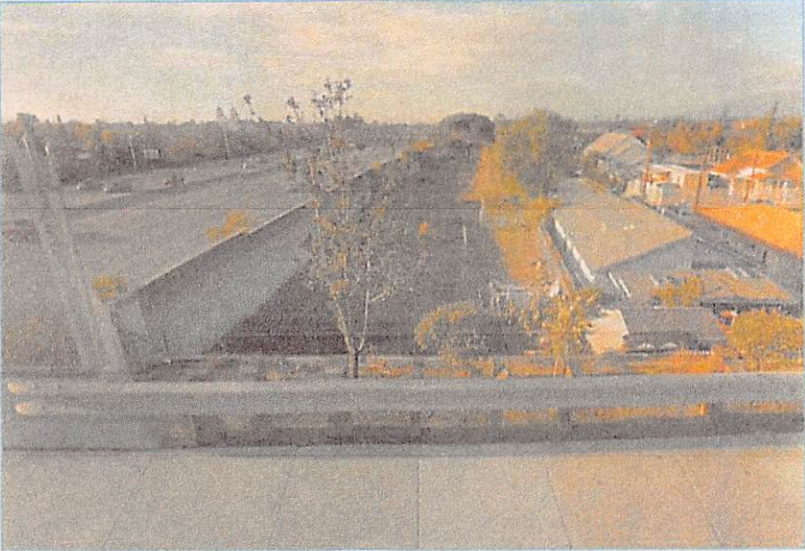
Market Data – Limited Utility Urban Land

Comp #6. Lincoln Park, Low Altos



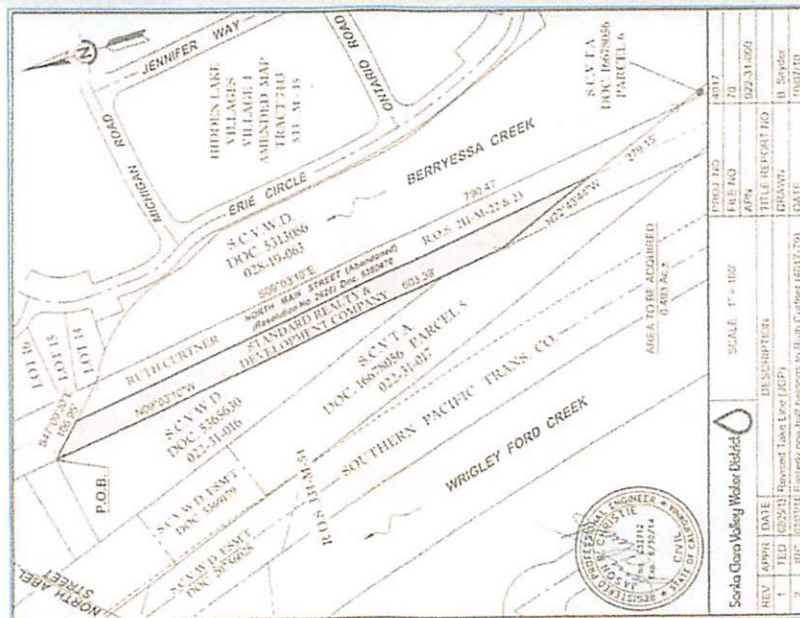
Market Data – Limited Utility Urban Land

Comp #5. West Side of South 31st Street between Alum Rock Avenue and San Antonio Street



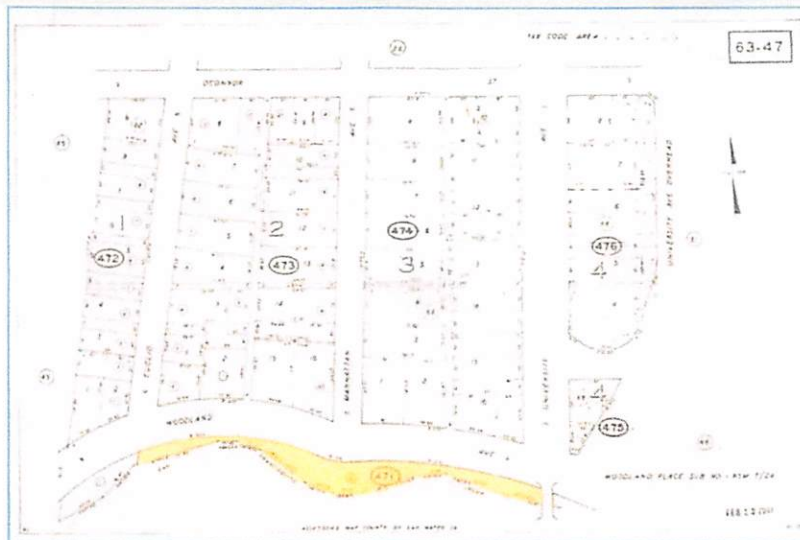
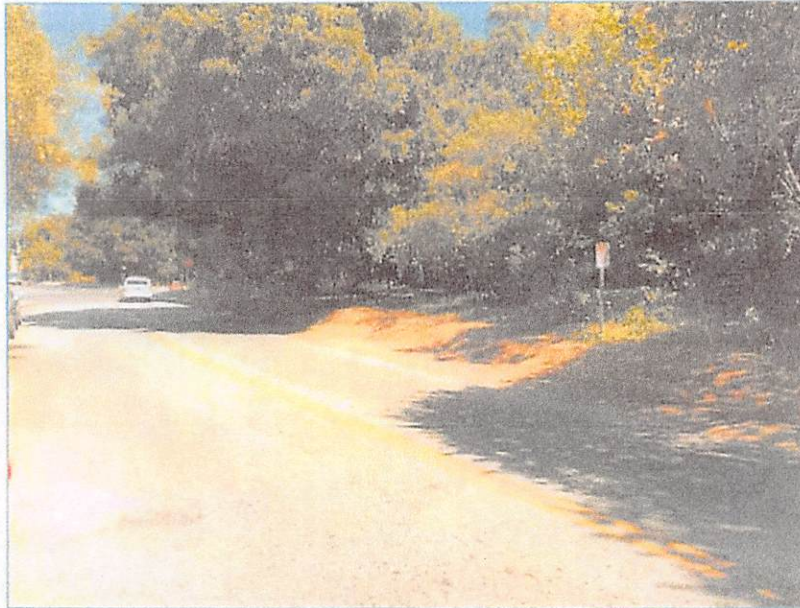
Market Data – Limited Utility Urban Land

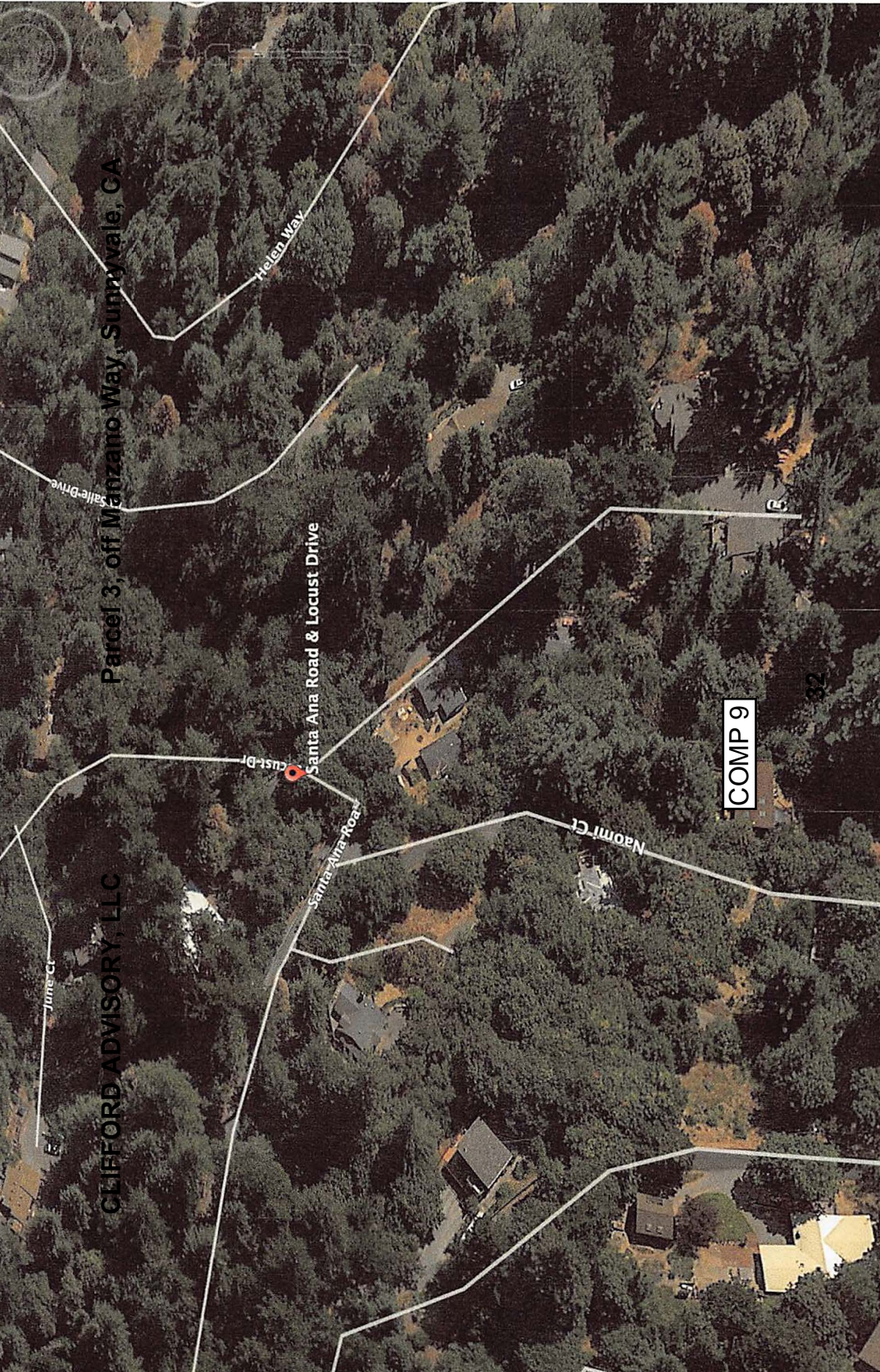
Comp #7. South of Abel Street Overcrossing, Milpitas



Market Data – Limited Utility Urban Land

Comp #8. 1544 Woodland Avenue, East Palo Alto





Parcel 3, off Manzano Way, Sunnyvale, CA

Helen Way

Saddle Drive

Santa Ana Road & Locust Drive

COMP 9

Locust Dr

Santa Ana Road

Naomi Ct

June Ct

CLIFFORD ADVISORY, LLC

CLIFFORD ADVISORY, LLC

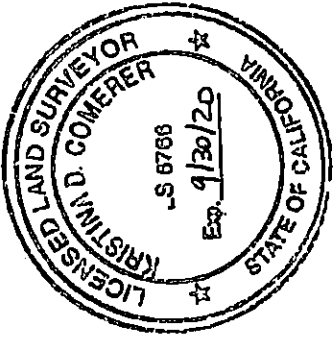
Parcel 3, off Mansero Way, Santa Ana, CA

EXHIBIT 'B'
PLAT TO ACCOMPANY
LEGAL DESCRIPTION

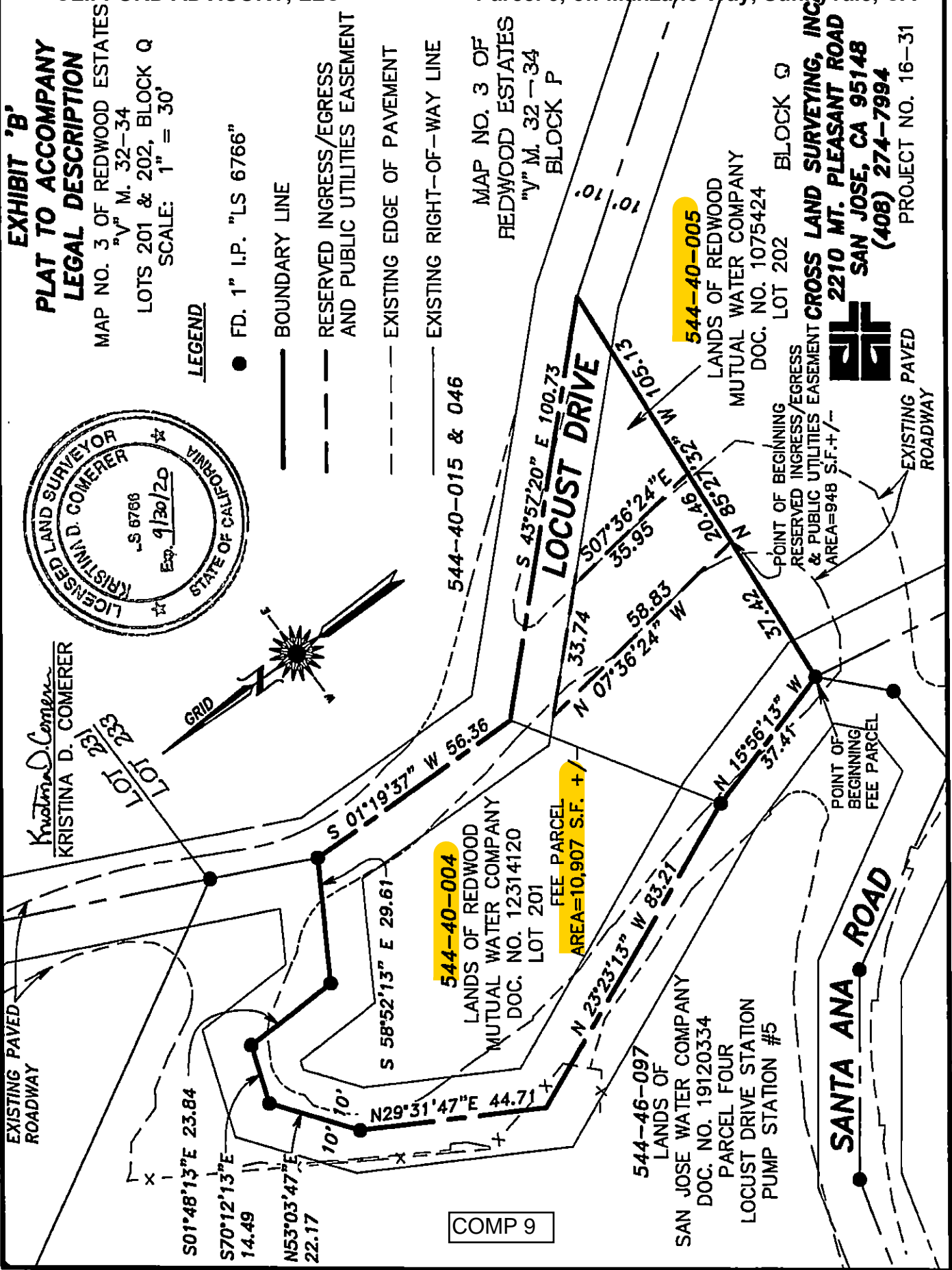
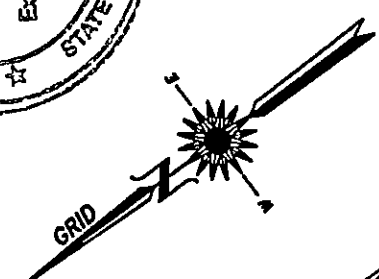
MAP NO. 3 OF REDWOOD ESTATES
"V" M. 32-34
LOTS 201 & 202, BLOCK Q
SCALE: 1" = 30'

LEGEND

- FD. 1" I.P. "LS 6766"
- BOUNDARY LINE
- - - RESERVED INGRESS/EGRESS AND PUBLIC UTILITIES EASEMENT
- - - EXISTING EDGE OF PAVEMENT
- - - EXISTING RIGHT-OF-WAY LINE



Kristina D. Comerer
KRISTINA D. COMERER
LOT 201
LOT 202



COMP 9

CROSS LAND SURVEYING, INC.
2210 MT. PLEASANT ROAD
SAN JOSE, CA 95148
(408) 274-7994
PROJECT NO. 16-31

CLIFFORD ADVISORY, LLC
CLIFFORD ADVISORY, LLC
RECORDING REQUESTED BY

Parcel 3, off Manzano Way, Sunnyvale, CA.
MANZANO WAY PARCELS, SUNNYVALE, CA
24190418

NAME: City of Sunnyvale

WHEN RECORDED MAIL TO:

NAME: City of Sunnyvale/Engineering Division

ADDRESS: P.O. Box 3707
Sunnyvale, CA 94088-3707

CITY/STATE/ZIP:

WITH COPIES TO:

San Francisco Public Utilities Commission
Real Estate Services Division
525 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Attn: Real Estate Director
and

Real Estate Division
City and County of San Francisco
25 Van Ness Avenue, Suite 400
San Francisco, California 94102
Attn: Director of Property

The undersigned hereby declares this instrument to
(DOCUMENT WILL ONLY BE RETURNED TO NAME & ADDRESS IDENTIFIED ABOVE)

(SPACE ABOVE FOR RECORDER'S USE)

RECORD WITHOUT FEE UNDER
GOVERNMENT CODE SECTION 27383

CERTIFICATE OF COMPLIANCE

Property Owner(s):

City and County of San Francisco, a municipal corporation

Description of Property:

See legal descriptions described in "Exhibit A", as shown on the accompanying plats "Exhibit B", attached hereto and by this reference made a part hereof.

Determination of Compliance:

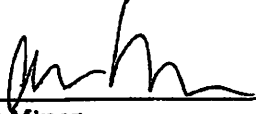
Notice is hereby given that the above described parcel(s) complies with the applicable provisions of the Subdivision Map Act and Title 18 of the Sunnyvale Municipal Code.

Furthermore, that as a result of this Certificate of Compliance, the parcel(s) described herein may be sold, leased, or financed without further compliance with the Subdivision Map Act or any local ordinance enacted pursuant thereto.

CLIFFORD ADVISORY, LLC

Parcel 3, off Manzano Way, Sunnyvale, CA

Development of the parcel(s) may require issuance of a permit or permits, or other grants of approval. Conditions related to the certificate of compliance are not required to be recorded as attachments to the certificate of compliance.



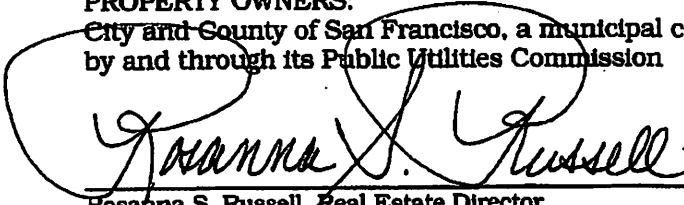
Andrew Miner
Assistant Director of Community Development
City of Sunnyvale

Date: 5/28/19

OWNER(S) CERTIFICATE

PROPERTY OWNERS:

City and County of San Francisco, a municipal corporation,
by and through its Public Utilities Commission



Rosanna S. Russell, Real Estate Director
San Francisco Public Utilities Commission

DATE: 5/07/2019

Signature _____ Printed Name _____
(Signature(s) to be notarized)

DATE: _____

ENCUMBRANCERS IF ANY:

Signature _____ Printed Name _____

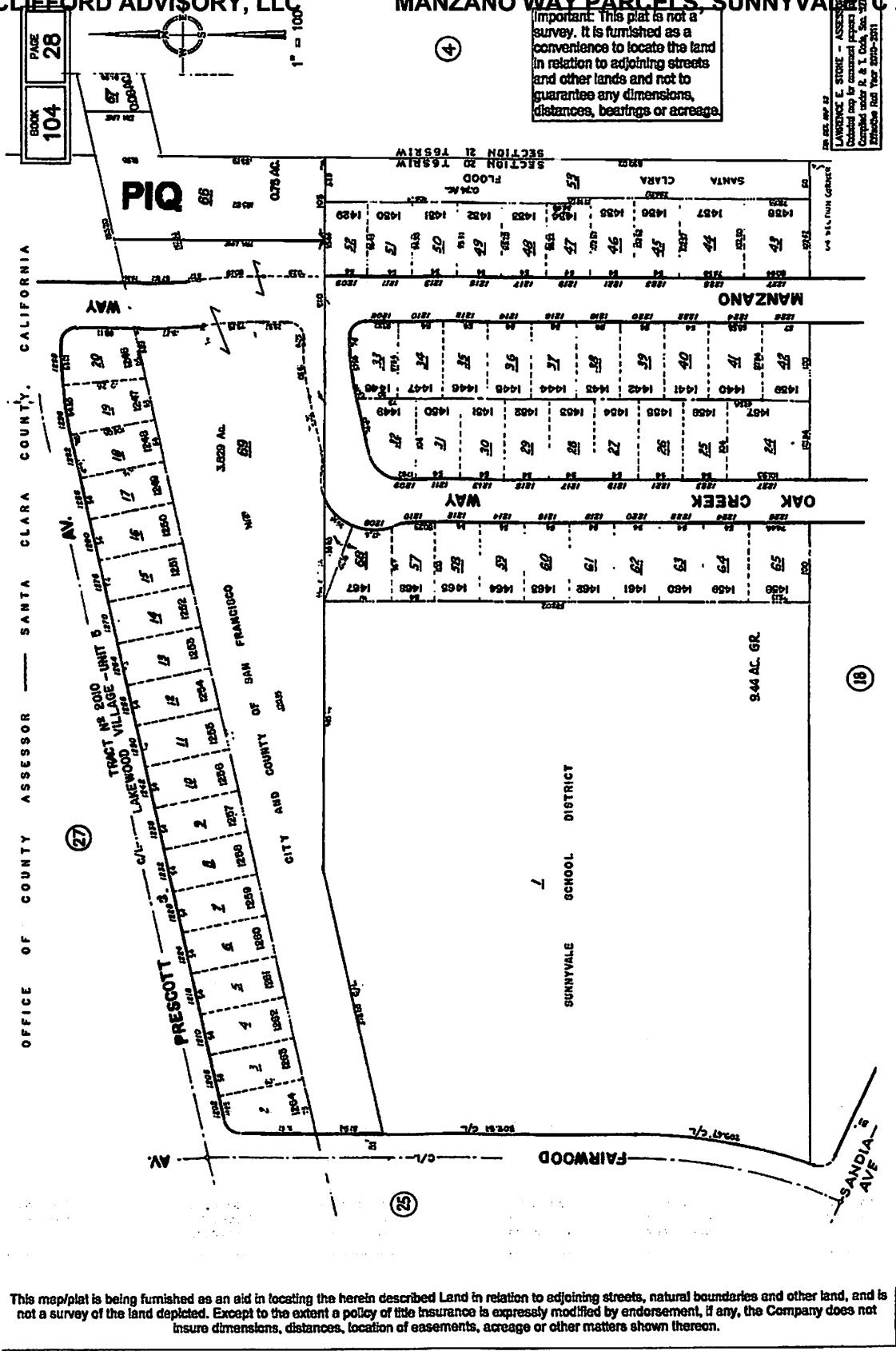
DATE: _____

Signature _____ Printed Name _____
(Signature(s) to be notarized)

DATE: _____

CLIFFORD ADVISORY, LLC

MANZANO WAY PARCELS, SUNNYVALE, CA



This map/plot is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

Important: This plot is not a survey. It is furnished as a convenience to locate the land in relation to adjoining streets and other lands and not to guarantee any dimensions, distances, bearings or acreage.

LAWRENCE E. STORKE - ASSESSOR
 (Detailed map for commercial purposes)
 Compiled under P. S. & Y. Code, Sec. 5071
 Effective Roll Year 2010-2011



Real Estate Valuation ■ Arbitration

**QUALIFICATIONS
OF
JOHN C. CLIFFORD, MAI**

Mr. John C. Clifford is a designated member of the Appraisal Institute (MAI) and is qualified by the State of California as a Certified General Appraiser. The following is a brief resume of his background and experience.

Experience

Mr. Clifford is the principal of CLIFFORD ADVISORY, LLC and has provided real estate appraisal, arbitration and consultation services since 1982. He has performed a wide variety of appraisal and valuation consulting assignments.

Based in San Francisco, Mr. Clifford has benefited from the unique opportunity to analyze many complex properties including:

Complex Properties

- San Francisco Giants AT&T Baseball Stadium
- Treasure Island
- Mission Bay MXU Development Project
- Hamilton Army Air Field (HAAF)
- Hunters Point Naval Shipyard
- Ferry Building - Embarcadero
- Fisherman's Wharf Restaurants
- United Airlines Maintenance Facility

Arbitration

- 400,000 SF - Pacific Bell
370 Third Street, SOMA
- 200,000 SF - Heller Ehrman
333 Bush Street, Financial
District
- 500,000 SF - Nordstroms Centre
Union Square District
- Pier 41 - Fisherman's Wharf

Valuation property types include major high-rise office and mixed-use retail/office projects, retail projects, biotech facilities, medical office buildings, regional malls, neighborhood shopping centers, hotels and restaurants, industrial and manufacturing buildings and facilities, high-rise and suburban multi-family residential projects, subdivision analysis, special purpose properties, recreational properties, vacant land and open space.

Mr. Clifford has provided litigation support in numerous condemnation valuation assignments, and has testified as a qualified expert witness in the Superior Court of the State of California, U.S. Bankruptcy Court, and before various quasi-judicial and municipal hearings.

Condemnation

- **Moscone West Convention Center Site**
- **Transbay Terminal Project Sites**
- **San Francisco Cable Car Line**
- **The Rock**
- **Richmond Parkway**
- **Golden Gate Ministorage vs. The State of California**

Client

- City of San Francisco**
- City of San Francisco**
- City of San Francisco**
- City of San Francisco**
- Property Owner**
- Property Owner**

Mr. Clifford participated in a landmark inverse condemnation land use case which upheld the use of public agency purchases as comparables following the 1987 revision to the State's evidence code (*City and County of San Francisco v. Golden Gate Heights Inv.* (1993) 14 Cal.App.4th 1203).

Other major assignments demonstrating the extent of his experience are listed as follows:

- | | |
|---|---|
| • Genentech Research Facility | • Silverado Country Club |
| • Biorad Research Facility | • Renaissance Estates Golf & SFR Community |
| • Port Sonoma-Marin Marina | • Fountaingrove Ranch Golf & SFR Community |
| • Marin County Civic Center | • Northeast Ridge Subdivision |
| • Sea Cliff Sinkhole Properties | • Lagoon Valley MXU Golf, SFR, Business Park |
| • Hamilton Airfield Reuse Plan | • Bel Marin Keys Unit 5 |
| • Wal-Mart Distribution Facility | • AT&T Cable Franchise – Possessory Interest |

After earning his MAI designation in 1983, he established an appraisal and consulting practice. As his practice and reputation has grown, he now maintains offices in San Francisco and Mill Valley, California.

Development Consulting

Mr. Clifford is a specialist in evaluating real estate economic feasibility, completing land use entitlement processes, and formulating development strategies. He successfully processed tentative and final subdivision maps, secured development financing and acted as project manager in the construction and marketing of the 100-unit Cotati Station project in Sonoma County.

Education and Professional Affiliation

Mr. Clifford graduated from Indiana University in 1974, Bloomington, Indiana, with a Bachelor of Arts degree.

During the years 1979 through 1983, Mr. Clifford completed a curriculum of study in the understanding and application of the theory and practice of appraisal principles. The course subjects include appraisal and economic theory, real property law, finance, and professional ethics, and are presented by the Appraisal Institute, which ultimately awards the MAI (Member of the Appraisal Institute) designation. After satisfying the additional five years of experience requirements, demonstration reports, and successfully completing a Comprehensive Exam, he was awarded the MAI designation in 1983.