

APPRAISAL REVIEW REPORT

**Landlocked Remnant Parcel - Vacant Land
Between Upper Newport Bay & 2600 Mesa Drive
Newport Beach, CA**





October 10, 2020
Our File No. 20-21

County of Orange
County Executive Office, Real Estate Services, Infrastructure
601 N. Ross Street, 2nd Floor
Santa Ana, CA 92701

Attn: Mr. Timothy H. Moe
Administrative Manager

Re: Review of the Appraisal
Landlocked Parcel Between Upper Newport Bay and 2600 Mesa Drive
Newport Beach, CA

Ladies & Gentlemen:

Pursuant to the request and authorization of the client, the County of Orange, I have conducted an appraisal review of the above-referenced appraisal transmitted in a written report. The intended use of the appraisal being reviewed is to assist one of the intended users of the appraisal, the County of Orange, in decision making regarding a potential disposition of the property.

The appraisal being reviewed indicates that the client for the appraisal assignment was Mr. Buck Johns and that the intended users of the appraisal and report include Mr. Buck Johns and the County of Orange.

The purpose of this appraisal review is to provide the client with an opinion as to the quality of the appraisers' work including a review of: (1) the completeness of the appraisal as it relates to the scope of work set forth within the appraisal; (2) the adequacy and relevance of the data and the propriety of any adjustments made to the data; (3) the appropriateness of the appraisal methods and techniques used; and (4) whether the analyses, opinions, and conclusions in the appraisal and report are appropriate and reasonable.

The reviewed appraisal and report indicate that the opinion of value for the property appraised is the market value of the fee simple estate, subject to two extraordinary assumptions and no hypothetical conditions. The two extraordinary assumptions include:

1. That the property history information provided by the General Counsel of The Irvine Company is correct.
2. That the legal description of the subject property prepared by Michael Baker International accurately describes the subject property.

The appraisal report indicates that the extraordinary assumptions may affect the assignment results.

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The appraisal report indicates that the appraisal is transmitted in a written report format with a date of value of January 10, 2020 and a date of the report of September 1, 2020 for the initial report. After revisions, the date of report is now October 9, 2020.

The appraisal as well as the appraisal report were prepared and signed by Steve Calandra, MAI, a California Certified General Real Estate Appraiser. Mr. Calandra is indicated in the Certification statement to have inspected the subject property.

Mark Prottas, MAI, a California Certified General Real Estate Appraiser signed the appraisal report. Mr. Prottas is indicated in the Certification statement to have not inspected the subject property.

Wes Parrett is noted in the Certification as providing significant appraisal assistance.

Assumptions and Limiting Conditions

The analyses and opinions set forth in this appraisal review are subject to the following assumptions and limiting conditions:

No responsibility is assumed by us for matters which are legal in nature. No opinion of title is rendered, and the property that is the subject of the appraisal being reviewed is assumed to be free of all encumbrances and the title is assumed to be marketable.

No survey of the boundaries of the property was undertaken by us. All areas and dimensions furnished to us are presumed to be correct.

This appraisal review is predicated on the assumption that the existence of hazardous materials, which may or may not be present on the property, was not observed by the review appraiser, unless otherwise stated in the appraisal review report. The review appraiser has no knowledge of the existence of such materials on or in the property, except as noted in the appraisal reviewed. The review appraiser is not qualified to detect such substances. The presence of substances such as asbestos, lead paint, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

No engineering survey has been made by us. Except as specifically stated, data relative to size and area were taken from sources considered reliable. No encroachment of real property improvements are considered to exist.

We shall not be required, by reason of the appraisal review, to give testimony or to be in attendance in court or any governmental or other hearing with reference to the appraisal reviewed or the property involved without prior arrangements having first been made with us relative to such additional employment.

The signatory of this appraisal review is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member to control the use and distribution of each appraisal review signed by such member. Therefore, except as hereinafter provided, the party for whom this appraisal review was prepared may distribute copies of this appraisal review, in its entirety, to such third parties as may be selected by the party for whom this appraisal review was prepared; however, selected portions of this appraisal review shall not be given to third parties without the prior written consent of the signatory of this appraisal review. Further, neither all nor part of this appraisal review shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatory of this appraisal review.

Scope of the Appraisal Review

The scope of the appraisal review for this assignment included the process of reading the appraisal report, reviewing the data, analyses, and conclusions for conformity with the Uniform Standards of Appraisal Practice (USPAP) of the Appraisal Foundation, a verification of the public records sale references, and contacting the appraiser in order to answer questions regarding the appraisal.

A revised appraisal with a date of the report of October 9, 2020 was provided by the appraisers for additional review.

The property that is the subject of the appraisal under review was **not inspected** as a part of the appraisal review process as requested by the client and intended user.

I have not conducted any additional or independent research of the market to ascertain the availability of any additional sales or other indicators of market value that could pertain to the subject property.

Intended Use and Intended User of the Appraisal Review

The County of Orange, the client and intended user, intends to use the appraisal review for internal quality control and management decision-making purposes.

Any use of this appraisal review by any other party is not intended.

Date of Appraisal Review

The date of the appraisal review is October 9, 2020.

The effective date of the appraisal review report is the date set forth on each page of the report.

Appraisal Review

This review is of an appraisal of a Residential Equestrian zoned parcel of land that covers 13,785 sq.ft. that is currently used as open space. There is a covenant attached to the subject land parcel by the prior land owner (The Irvine Company) that limits the land use to passive recreation purposes only. The subject property of the appraisal being reviewed is a landlocked parcel located between Upper Newport Bay and 2600 Mesa Drive, Newport Beach, CA.

The appraisal being reviewed was transmitted in a written report format. The opinion of the market value of the fee simple estate is based on the application of a Sales Comparison Approach.

A Cost Approach and an Income Approach were not considered to be appropriate or applicable for this valuation assignment of vacant land as stated in the report.

The appraisal date of value was January 10, 2020 and the date of the report reviewed was originally September 1, 2020. After revisions, the date of report is now October 9, 2020.

The conclusion of the highest and best use of the vacant land parcel, that is the subject property of this appraisal review, is for open space conservation.

The appraisal transmitted in an appraisal report that was reviewed indicates that the valuation process followed in reaching the opinion of the market value for the fee simple estate in the vacant land parcel was adequately completed in compliance with the scope of work set forth in the Appraisal Report.

The data utilized to arrive at the opinion of value for the subject property was appropriate for this appraisal assignment. The analysis appears to be performed adequately and the procedure used was applied in an acceptable manner. The presentation was limited in the discussion of the adjustments and the support for the adjustments

In the application of the Sales Comparison Approach, quantitative comparisons were made.

The information set forth regarding Listing No. 1 and Sale Nos. 2 through 8 in the appraisal report reviewed, was consistent with the public records sale history.

The reconciliation of the sale data was limited in the comparability of the land sales to the subject property but results in a reasonable conclusion.

It is recommended that the appraisal of the property and report dated October 9, 2020 be accepted for use by the County of Orange.

No market data, other than the market data set forth in the appraisal report reviewed was uncovered, obtained, or considered in the process of performing this appraisal review.

Certification

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, impartial, and unbiased professional, analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that the subject of this appraisal review report, and I have no personal interest or bias with respect to the parties involved.
- I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- The reported analyses, opinions, and conclusions were developed, and this review report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

- The use of this review 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, Peter B. Finnerty has completed the requirements of the continuing education program of the Appraisal Institute.
- I have not made a personal inspection of the subject property of the work under review for this appraisal review.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
- I am competent to review or appraise the property that is the subject of this report based on my previous experience appraising and/or reviewing appraisals of similar types of properties.
- My state certification has not been revoked, suspended, canceled, or restricted.

Respectfully submitted,



Peter B. Finnerty, MAI
Certified General Real Estate Appraiser
California Certificate No. AG001937

ADDENDA

QUALIFICATIONS

QUALIFICATIONS

OF

PETER B. FINNERTY, MAI

PROFESSIONAL BACKGROUND

Actively engaged in the real estate profession since 1977. President and Principal of Pacific Real Estate Consultants, Inc., with offices at:

**668 N. Coast Highway, Suite 1409
Laguna Beach, California 92651**

Before starting Pacific Real Estate Consultants, was employed as Vice-President at Real Estate Analysts of Newport, Inc. (REAN), in Costa Mesa, California. Prior to that, was a Senior Appraiser, Bank of America, in Anaheim, California.

PROFESSIONAL ORGANIZATIONS

**Member of Appraisal Institute, with the MAI designation
LEED AP, Green Building Certification Institute
Member of National Association of Realtors
Member of California Association of Realtors
Member of Orange Coast Association of Realtors**

INSTRUCTOR

**AIREA Basic Valuation Procedures Course
AIREA Capitalization Theory & Techniques, Part A
AIREA Capitalization Theory & Techniques, Part B**

**How to Value your Corporate Real Estate Assets,
Seminar for International Association of Corporate Real Estate Executives, Inc.**

**Real Estate Appraisal 342, Coastline Community College
Finance 448, Income Property Appraisals, California State University at Long Beach**

**Appraisal Institute Appraisal Procedures Course
Appraisal Institute Capitalization Theory & Techniques, Part B
Appraisal Institute Advanced Applications Course
Appraisal Institute Non-Residential Demonstration Appraisal Report Writing Seminar
Appraisal Institute Small Hotel/Motel Valuation**

EXPERT WITNESS

**Superior Court of Orange County
Superior Court of Los Angeles County
Superior Court of Riverside County**

**Superior Court of San Diego County
Federal District Court
Federal Bankruptcy Court
Arbitration Proceedings**

LICENSES

**Licensed California Real Estate Broker
Certified General Real Estate Appraiser, State of California**

EDUCATIONAL ACTIVITIES

B.S., Real Estate Administration, Indiana University, 1976.

Special courses in Real Estate:

**Principles of Real Estate
Real Estate Appraisals
Case Studies in Real Estate
Real Estate Law
Residential Construction and Design
Survey of Real Estate and Land Economics**

Courses sponsored by American Institute of Real Estate Appraisers:

**Course I-A Principles, Methods, and Techniques of Real Estate Appraising
Course I-B Capitalization Theory and Techniques
Course II Urban Properties
Course VI Introduction to Investment Analysis**

SCOPE OF EXPERIENCE

Vacant Land

Single-family residential sites, multi-family residential sites, commercial and industrial sites, acreage, planned communities.

Residential

Single-family residences, duplexes, apartments, condominiums, planned unit developments, mobile homes.

Commercial

Shopping centers (regional, neighborhood and community), retail stores, general office buildings, medical office buildings, car dealerships, banks.

Industrial

Single- and multi-tenant warehouses and manufacturing buildings, truck terminals, business parks, R & D buildings, garages, mini-warehouses.

Special Purpose

Churches, veterinary hospitals, hotels and resorts, restaurants, theaters, mobile home parks, submerged tidelands, mixed-use developments, landfill properties, contaminated properties.

PARTIAL LIST OF CLIENTS

Lending Institutions

American Savings & Loan Assn.	Great Western S & L Assn.
Bank of America	Home Federal S & L of San Diego
Bank of British Columbia	Imperial S & L Assn.
Beverly Hills S & L	Merit Savings Bank
Butterfield Savings	Mitsui Manufacturers Bank
California Canadian Bank	Morgan Guarantee Trust Co.
California Federal S & L Assn.	Mortgage Guaranty Ins. Corp.
Canadian Commercial Bank	Pacific Mutual Life Insurance
Chemical Bank	Rainier Mortgage
Citibank	San Diego Federal S & L Assn.
Columbia Savings & Loan	Security Pacific Nat'l. Bank
Coast Savings & Loan	Valencia Bank
Gibraltar Savings	Western Empire Savings & Loan
Glendale Federal S & L Assn.	Wells Fargo Bank
Goldman Sachs	

Public Agencies

Burbank Unified School Dist.	Orange County Dept. of Real Property Services
Calif. Dept. of Real Estate Services	Orange County Counsel's Office
City of Irvine	United States Postal Service
Federal Deposit Insurance Corp.	United States Army Corps of Engineers
Resolution Trust Corporation	United States Justice Department
Garden Grove Unified School	King County, Washington

Developers and Landowners

Birtcher-Pacific	Norland Properties
Butler Housing Corporation	Nu-West Development Company
Cadillac Fairview Homes West	Pipefitters Welfare Education and Pension
Carlton-Browne and Co., Inc.	Regis Homes
Carma Developers (Canada)	Santa Anita Development Company
Carma-Sandling Group	Daon Development
Save-Most Development, Inc.	Genstar
T & S Development Company	The Irvine Company
Trammel-Crow Company	The Koll Company
Valencia Corporation	Lincoln Property
Warmington Group	Meister Company
Robert P. Warmington Company	Mola Development Company
William Lyon Company	Newhall Land & Farming Company

Law Firms

Davis & Digrazia	McDermott, Will & Emery
Gibson, Dunn & Crutcher	Morrison & Foerster
Latham & Watkins	Paul, Hastings, Janofsky & Walker
Lewis, D'Amato, Brisbois, & Bisgaard	Rhodes & Bidna
McCutchen, Black, Verlager and Shey	Rosenfeld, Meyer & Susman
Rutan & Tucker	Urland, Morello, Dunn & Maynard

Corporations and Institutions

AMF Voit, Incorporated	W. R. Grace Company
ATO Corporation	E. F. Hutton Development, Inc.
Baldwin United Corporation	Kenneth Leventhal & Assoc.
University of California at L.A.	Ottawa Silicon Corporation
Campeau Corporation	Fluor Corporation