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November 18, 2019

Honorable Board of Directors  
Marin County Transit District  
3501 Civic Center Drive  
San Rafael, CA 94903

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**SUBJECT: Approve the purchase of property at 600 Rush Landing, Novato for \$4.9 million and associated activities; authorize spending for due diligence, closing, and related costs; determine that the acquisition and continued use of the property is exempt from the California Environmental Quality Act (CEQA).**

Dear Board Members:

**RECOMMENDATION:** Approve a Purchase and Sale Agreement to acquire the property located at 600 Rush Landing Road, Novato, California for \$4,900,000; approve execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including a leaseback agreement with seller and delegation of authority to the General Manager to approve/accept information received during due diligence; authorize expenditures for due diligence, closing, and related costs not to exceed \$175,000; and determine that the proposed acquisition and continued use of the site is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines section 15301 (Class 1).

**SUMMARY:** The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet is performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has identified the value of investing in a permanent facility to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. In 2015, your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease a site for maintenance and operations facilities.

In August 2019, the Federal Transit Administration (FTA) awarded/obligated a \$4.4 million bus and bus facilities discretionary grant to the District for property acquisition and minor site improvements.

Following an extensive search, staff has identified the property located at 600 Rush Landing Road, Novato, CA (APN 125-560-01) (the "Property") for a District-owned bus storage facility. The Property is currently partially leased, including to one of the District's bus operators for District bus storage. The District would take an assignment and assumption of the existing leases, and continue those existing leases under all of the same terms and conditions. The District would also leaseback a portion of the office building to the seller.

Staff recommends that your Board approve the purchase of the Property pursuant to the attached Purchase and Sale Agreement for \$4,900,000, which is just 0.4% more than the Property's fair market value, and approve the execution of all documents and performance of all activities consistent with the terms of the Purchase and Sale Agreement, including entering a leaseback agreement with seller and delegation of authority to the General Manager to approve/accept information received during due diligence. Staff recommends that your Board authorize expenditures for due diligence, closing, and related costs in an amount not to exceed \$175,000 for items such as building inspections, title insurance premium, and a real estate broker fee. Staff recommends that your Board determine that the proposed acquisition of this Property and continued use under the existing leases is exempt from CEQA under CEQA Guidelines section 15301 (Class 1).

## **BACKGROUND:**

### **Purpose and Need for Property Acquisition**

The District currently owns a fleet of 100 buses and paratransit vehicles operated and maintained through contracts with four vendors. The operations and maintenance of the District's fleet is performed through a county-wide network of several storage and maintenance facilities owned or leased by contractors. The District has been able to operate and expand services with these dispersed facilities, but the District has identified the value of investing in a permanent facility as the District transitions to hybrid electric and battery electric buses. Purchasing a facility is a priority project for the District to incentivize competition for service operations contracts, reduce cost uncertainty, and reduce or minimize overall operating cost growth. District ownership of a facility will impact procurements and operations for the Local Fixed Route, Muir Woods Shuttle, West Marin Stagecoach, Community Shuttle, and paratransit operations. A parking location will enable the District to better plan for service growth and effectively deploy, maintain, and integrate new vehicle technologies.

In June 2015 your Board authorized the General Manager to identify and begin negotiating terms to purchase or lease sites for maintenance and operations facilities. In October 2016 your Board established goals and criteria for evaluating potential bus maintenance and operations facility sites. Attachment A, Initial Site Evaluation and Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility, describes these selection criteria. At a minimum, the site had to be at least 3 acres for a single site or combination of two sites, consistent with the local jurisdiction's General Plan, and the purchase and development needed to be financially feasible and cost effective. Other adopted criteria included:

1. Within Marin County to minimize deadhead or non-revenue service costs
2. Accessible to US 101
3. Compatible land use / good neighbor potential
4. Sufficient size and accessibility to maneuver and store buses
5. Primary egress and ingress routes to site are compatible with local circulation plan
6. Site readiness
7. Minimal vulnerability in case of a natural disaster

8. Title VI Equity Analysis
9. Preliminary Analysis of Potential Environmental Impacts on Site Surroundings

With the assistance of a commercial real estate broker, staff explored over fifty sites for a property that met both our fleet and facility needs as well as the selection criteria. Properties meeting the District's needs are quite limited so the District has been preparing to make an offer when a suitable property was identified.

### **FTA Discretionary Grant**

In October 2016, FTA awarded the District a \$4.4 million under its Section 5339 bus and bus facilities discretionary grant program. In August 2019, FTA awarded/obligated the funding for the property acquisition proposed here. The District is required to apply \$1.1 million in local funds as a match to the FTA grant.

### **Description of the Property**

Following an extensive search, staff has identified the property located at 600 Rush Landing Road in Novato (APN 125-560-01) (the "Property") for a District-owned storage facility.

The Property is an about 2.5 acre site. The Property is bounded by U.S. Highway 101 on the west; SMART train tracks, a landscape contractor and open space to the east; and a privately-owned property on the south, which is the site of a Public Storage facility. Attachment B is a site map. It is assigned the Light Industrial Office (LIO) land use designation of the Novato General Plan and is zoned Planned District (PD).

The Property is improved with an approximately 10,950 square foot, two-story office building built in 1998. The bulk of the remainder of the site is paved, with the paved areas divided into passenger vehicle stalls near the building and a parking lot on the northern area.

The Property is owned by Roger L Kaehler, Trustee of the Kaehler Living Trust, and Paul S. Scheller (50%), Trustee of the Scheller Living Trust (50%). The Property has been leased since August 2012 to MV Transportation, who parks District vehicles at the site and uses a portion of the office space, and since May 1998 to Enterprise Rent-A-Car, who uses the site for office space and to store passenger cars (Enterprise does not appear to use the site as a retail rental facility for the public). The owners occupy upwards of about 900 square feet of office space. The remainder of the office building is currently vacant.

### **The District's Planned Use**

The District anticipates acquiring the Property and using it in its existing, improved condition in the same manner as it is currently used. In particular, the District would take an assignment of the existing leases and be bound by the terms of those existing agreements. The District would leaseback a portion of the office space to the owner for a three-year period. The District anticipates using the remaining, currently vacant office space for management and administration of the operations.

No significant improvements are anticipated to be required at the site; planned improvements to enhance the property's functionality, safety, and sustainability are modest and include restriping of the pavement, enhanced fencing, improved low voltage lighting, rooftop solar panels, security cameras, and minor office building repairs.

No heavy vehicle repair will be conducted on site; there is no maintenance facility on site.

Operating and maintenance costs identified by the seller will be verified during the due diligence period. District staff will evaluate options for managing the property including hiring a management company, using currently contracted suppliers, or using existing staff.

The District has identified this property as an opportunity to acquire fee interest in parking space for some of its transit fleet. While the Property fulfills much of the Board's evaluation criteria, due to the size and shape of the site, it can't adequately store the District's entire fleet. The District will continue to search for additional suitable property to purchase for vehicle maintenance and additional vehicle parking. However, acquiring 600 Rush Landing is expected to attract new bids for contract operations, and allow for more competition in service procurements making it valuable to the District's operations.

### **Key Terms and Conditions of Acquisition**

Staff has negotiated with the property owner on a voluntary basis to acquire an unencumbered fee simple interest in the Property. The heavily negotiated form of Purchase and Sale Agreement is attached as Attachment C. The owner has executed the agreement. Some of the key terms and conditions of the acquisition include:

*Price:* The purchase price is \$4,900,000. The appraised value of the Property is \$4,880,000. The appraisal prepared by Nannette F. Quigley, a State of California Certified General Real Property Appraiser, is attached as Attachment D. The appraisal was reviewed and approved by an independent appraiser, David Tattersall of David Tattersall & Co. The appraisal and appraisal review were prepared in conformance with federal standards. This purchase price is 0.4% over the appraised value, which the District has determined is a reasonable and appropriate negotiated amount.

*Assignment of Leases:* As described above, the Property is currently leased to MV Transportation and Enterprise Rent-A-Car. Subject to confirmation during the due diligence period, including through tenant estoppel certificates, it appears that: MV Transportation has an existing lease for about 34,000 square feet of the paved parking area for bus storage and about 1,600 square feet of the office building. The total rent is on the order of \$11,900 per month. The lease expires in December 2022. Enterprise Rent-A-Car has an existing lease for about 6,700 square feet in two suites of the building. Enterprise also leases about 25,000 square feet of the paved parking area. MCTD understands that Enterprise uses the leased space for administrative and back office functions, and that the leased premises not used as a public-facing, retail location. The total rent is on the order of \$10,500 per month. The lease expires in December 2020, although the lease provides the company two options to extend the term for five years each. The District would take an assignment of the existing leases and be bound by the terms of those existing agreements. Lease income must be dedicated to eligible transit capital or operating expenses.

*Leaseback to Seller:* The owners occupy upwards of about 900 square feet of office space in the building. The District would leaseback 600 square feet of the office space to the owner for a three-year term at a rent of \$1 (terminable by the occupant on 90 days' notice). The terms of the leaseback would be negotiated during the due diligence period. Staff recommends authorizing the General Manager to enter a leaseback at closing consistent with these key terms and otherwise in a form consistent with the terms and conditions of the existing leases or otherwise commercially reasonable.

*As-Is Purchase; Release of Claims:* The District would acquire the property in its "as-is" condition and generally release seller from any and all claims, whether direct or indirect, known

or unknown, foreseen or unforeseen, that may arise or in any way be connected with the Property, including the physical, environmental, and structural condition of the Property and including third party claims against the District. During the due diligence period, staff intends to, among other things, engage a consultant to perform a "Phase I" environmental assessment and, if warranted, further investigations.

**Due Diligence Period:** The District would have a 55-day period to conduct and complete a due diligence review, including such matters as title condition; lease status; physical, structural, and environmental condition; land use, zoning, and entitlement status; and suitability of the Property for the District's intended purpose. Should the District identify material concerns with the Property, it may terminate the Agreement and receive a refund of its deposit during this due diligence period. Staff recommends authorizing the General Manager to approve/accept information received during due diligence and proceed with the closing of the purchase of the Property in the event that she determines in her reasonable discretion that such information does not materially affect the District's interests, is consistent with the District's expectations under the Purchase and Sale Agreement, and/or is otherwise commercially reasonable to accept.

**Title Matters:** The District has received a preliminary title report for the Property indicating a number of items/exceptions pertaining to the Property. Staff is not aware that any of the items will materially affect the value or use of the Property for the District's intended purpose, but that assessment is subject to confirmation during the due diligence period. Staff intends to retain a surveyor to assist in this process.

**Deposit:** The District would make a \$250,000 deposit, which would be applied toward the purchase price at closing. If the District terminates the agreement during the due diligence period, the full amount of the deposit would be refunded to the District. After the close of the due diligence period, the deposit would only be refunded to the District in limited circumstances (such as breach by the seller).

**Schedule:** If your Board approves a Purchase and Sale Agreement to acquire the Property, escrow would open and the 55-day due diligence period would begin promptly. The closing is scheduled to occur on January 14, 2020.

### **Other Matters for Consideration**

**Novato Report on Conformity with General Plan:** California Government Code Section 65402(c) requires that whenever a governmental entity intends to acquire property within the jurisdiction of another city, the local planning agency of that city must have an opportunity to report on whether the location, purpose, and extent of the proposed acquisition conforms with city's adopted general plan. District staff requested a report from the City of Novato regarding the conformity of the District's proposed acquisition of the Property with the 1996 Novato General Plan. On November 11, 2019 the Novato Planning Commission adopted a resolution reporting to Marin Transit that the location, purpose, and extent of the acquisition is consistent with the Novato General Plan.

**Title VI Equity Analysis:** The District is required to conduct a Title VI equity analysis to ensure the location identified for purchase is selected without regard to race, color, or national origin. The Property has been used for parking transit buses used in Marin Transit's fixed route services since 2012 and for office space. Site improvements will be minimal and consist of striping, improved low voltage lighting, and fencing improvements. After considering all

potential Title VI-related impacts, staff determined that there are no equity impacts associated with acquisition of the Property. Marin Transit's purchase of the Property will not change the use or the intensity of use of the Property. An inspection of the Property disclosed that the site is surrounded by Highway 101 and undeveloped hillsides to the west and railroad tracks and a body of water known as Rush Creek to the east. The proposed purchase continues an existing use, and does not disrupt any community activities or community uses such as community centers, parks, and churches. There are no visual or noise impacts to residential properties. There are no residences located within a half mile from the Property on either side of the highway. No displacement of residential or commercial properties is required.

The Property is accessed via US-101 Exit 463 at Atherton Ave, west on Atherton Avenue, north on Redwood Blvd past the SMART rail station, and merging under the Highway onto Rush Landing Road. There are no businesses or residential properties along this route prior to accessing Rush Landing Road. There appear to be three commercial parcels located to the south of the Property on Rush Landing Road, all located within the Rush Landing Business Center. The nearest is Public Storage, a self-storage facility, located approximately 1/8 mile from the Property. The second is Brayton Purcell LLP, a law firm, located approximately 1/4 mile from the Property. The third commercial parcel appears to be occupied by Ismailia Cultural Center located approximately 1/3 mile from the Property adjacent to Highway 101. The location is completely buffered by the highway system, railroad tracks, undevelopable land, and hillside elevations. Should the District propose a change in use at a future date, Marin Transit will conduct all appropriate public noticing, outreach, and Title VI analysis.

**No Displacement; Relocation Benefits:** Staff has determined that because the District is acquiring the Property through a voluntary purchase and will take an assignment and assumption of the existing leases of the Property, and will continue those existing leases under all of the same terms and conditions of the existing leases and not terminate the existing leases, the seller and tenants will not be displaced persons in connection with the proposed purchase of the Property and, as such, will not be eligible for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act.

**Non-Transit Uses:** As discussed above, the District will assume the leases of the current tenants of the Property upon purchase of the Property (including the existing lease with Enterprise Rent-A-Car), and leaseback a portion of office building to the seller. Also as described above, the District's proposed purchase of the site is funded with FTA funds. FTA guidance explains that FTA encourages non-transit uses of real property that can raise additional revenues for the transit system, subject to certain restrictions, which include ensuring the non-transit uses do not interfere with or compromise the transit uses, and income received from the non-transit use is dedicated to eligible transit capital or operating expenses. The District is in discussions with FTA regarding the planned non-transit uses of the Property, and the District fully-intends to comply with all applicable regulations related to non-transit uses.

### **Environmental Review**

Based on a review of the facts and circumstances of the Property and this transaction, staff determined that the acquisition and continued use of the Property is exempt from CEQA pursuant to 14 Cal. Code Regs. ("CEQA Guidelines") section 15301 (Class 1). Section 15301 exempts projects that "consist[] of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use." Here, as described above, the District has no plans to materially alter the Property, and

the District plans to continue the existing uses of the Property. Under certain circumstances outlined in CEQA Guidelines section 15300.2, a project that otherwise qualifies for an exemption will not be exempt from CEQA. :None of the circumstances outlined in CEQA Guidelines section 15300.2 apply to the actions to acquire the Property and continue its existing use.

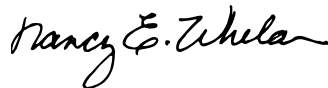
**FISCAL/STAFFING IMPACT:**

These board actions approve the expenditure of \$4.9 million for the purchase of the Property and \$175,000 for expenditures related to the acquisition such as due diligence, closing and related costs (e.g., building inspection, title insurance premium, escrow and recording fees, real estate broker fees). These expenditures are within the FY 2019/20 \$6.6 million capital project budget for Facility ROW Purchase (FR).

The project is funded with a \$4.4 million Federal Discretionary Section 5339 Bus and Bus Facilities Grant. The remaining amount will come from Measure A and capital reserve funds.

Staff will seek Board approval for site minor site improvements after the property is acquired and an assessment of needed improvements and priorities is complete.

Respectfully submitted,



Nancy Whelan  
General Manager

- Attachments: A - Initial Evaluation Criteria for Siting a Marin Transit Bus Maintenance and Operations Facility
- B - Site Map
- C - Purchase and Sale Agreement
- D - Appraisal by Nanette Quigley



























## 600 Rush Landing

### Threshold Criteria

These requirements must be met. If they are not met, the site will be rejected.








A	Minimum size for a single site or combination of two sites shall be at least 3 acres.	✓
B	Land use shall be consistent with the General Plan.	✓
C	Purchase and development of the site shall be financially feasible and cost effective.	✓

### Selection Criteria

1	Minimize deadhead or non-revenue service costs	 Peak period travel time to San Rafael Transit Center (SRTC) less than 12 minutes and within 4 miles	
		 Peak period travel time to SRTC between less than 25 minutes and within 8 miles	
		 Peak period travel time to SRTC less than 40 minutes and within 12 miles	
		 Peak period travel time to SRTC more than 40 minutes or 12 miles	
2	Accessible to US 101	 Within 1 minute from a US 101 on ramp	
		 Within 5 minutes from a US 101 on ramp	
		 Within 10 minutes from a US 101 on ramp	
		 10+ minutes from a US 101 on ramp	
3	Compatible land use / good neighbor potential	 Current zoning and use is same or similar to proposed bus maintenance and storage facility use	
		 Zoning is consistent with a bus maintenance and storage facility, or the site is eligible for a conditional use permit	
4	Sufficient size and accessibility to maneuver and store buses	 Accommodates 75 bus and shuttle vehicles	
		 Accommodates 45 - 75 bus and shuttle vehicles	
		 Accommodates 30-45 bus and shuttle vehicles	
		 Accommodates less than 30 bus and shuttle vehicles	
5	Primary egress and ingress routes to site are compatible with local circulation plan	 Primary access route is adjacent to or on frontage road of highway	
		 Primary access route is on arterial	
		 Primary access route is on local collector	
6	Site Readiness	 Developable within three years	 <b>+1</b>
		 Developable within five years	
		 Developable within ten years	
		<b>+1</b> * <i>Extra point if site is partially available within 2 years</i>	



## 600 Rush Landing

7	Minimal vulnerability in case of a natural disaster	 Multiple bus and shuttle vehicle access opportunities	
		 Single point of vehicle access	
8	Results of Title VI Equity Analysis as specified in FTA guidance C 4702.1B, issued in October 2012	 No Title VI equity impacts	N/A
		 Identified impacts can be reasonably mitigated	
		 Site meets minimum Title VI requirements based on substantial legitimate justification, though identified impacts cannot be reasonably mitigated	
9	Preliminary Analysis of Potential Environmental Impacts on Site Surroundings	 Indicates minimal or no Environmental Justice impacts, consistent with FTA guidance C 4037.1, issued in August 2012	N/A

## Threshold Criteria

These requirements must be met. If they are not met, the site will be rejected.

- A Minimum size for a single site or combination of two sites shall be at least 3 acres.
- B Land use shall be consistent with the General Plan.
- C Purchase and development of the site shall be financially feasible and cost effective.

Selection Criteria		Potential Score
1	Minimize deadhead or non-revenue service costs	Peak period travel time to San Rafael Transit Center (SRTC) less than 12 minutes and within 4 miles
		Peak period travel time to SRTC between less than 25 minutes and within 8 miles
		Peak period travel time to SRTC less than 40 minutes and within 12 miles
		Peak period travel time to SRTC more than 40 minutes or 12 miles
2	Accessible to US 101	Within 1 minute from a US 101 on ramp
		Within 5 minutes from a US 101 on ramp
		Within 10 minutes from a US 101 on ramp
		10+ minutes from a US 101 on ramp
3	Compatible land use / good neighbor potential	Current zoning and use is same or similar to proposed bus maintenance and storage facility use
		Zoning is consistent with a bus maintenance and storage facility, or the site is eligible for a conditional use permit
4	Sufficient size and accessibility to maneuver and store buses	Accommodates 75 bus and shuttle vehicles
		Accommodates 45 - 75 bus and shuttle vehicles
		Accommodates 30-45 bus and shuttle vehicles
		Accommodates less than 30 bus and shuttle vehicles
5	Primary egress and ingress routes to site are compatible with local circulation plan	Primary access route is adjacent to or on frontage road of highway
		Primary access route is on arterial
		Primary access route is on local collector
6	Site Readiness	Developable within three years
		Developable within five years
		Developable within ten years
		<i>*Extra point if site is partially available within 2 years</i>
7	Minimal vulnerability in case of a natural disaster	Multiple bus and shuttle vehicle access opportunities
		Single point of vehicle access
8	Results of Title VI Equity Analysis as specified in FTA guidance C 4702.1B, issued in October 2012	No Title VI equity impacts
		Identified impacts can be reasonably mitigated
		Site meets minimum Title VI requirements based on substantial legitimate justification, though identified impacts cannot be reasonably mitigated
9	Preliminary Analysis of Potential Environmental Impacts on Site Surroundings	Indicates minimal or no Environmental Justice impacts, consistent with FTA guidance C 4037.1, issued in August 2012

Scoring: ● 3 Best    ◐ 2 Adequate    ◑ 1 Less than Adequate    ○ 0 Inadequate



**PURCHASE AND SALE AGREEMENT  
(600 Rush Landing Road, Novato, CA)**

This Purchase and Sale Agreement (the “**Agreement**”), dated as of November \_\_\_\_, 2019 (the “**Effective Date**”), is by and between Roger L. Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991, as to an undivided 50% interest, and Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest, as tenants in common (collectively, the “**Seller**”), and Marin County Transit District, a transit district formed pursuant to California Public Utilities Code Sections 70000 et seq. (the “**Buyer**” or “**MCTD**”). Seller and Buyer may be individually referred to herein as a “**Party**” and collectively referred to herein as the “**Parties**.”

**RECITALS**

A. MCTD is a transit district whose purpose is to develop, finance, organize, and provide local Marin County transit service in a manner consistent with an overall San Francisco Bay Area regional transit system. MCTD currently operates local fixed route, paratransit, and mobility management services under contracts with service providers. MCTD typically provides these contractors with the vehicles needed to operate the service and relies on the contractors to provide their own storage facilities. The existing contractor storage facilities are dispersed throughout the county. MCTD is interested in purchasing its own storage facility and consolidating storage of a portion of the existing fleet at that facility to increase competition for contracted services by expanding future procurement opportunities to include bidders who do not have access to storage facilities within the county, reduce long term risk, improve efficiency, and reduce operating costs.

B. Seller is the owner of certain real property commonly known as 600 Rush Landing Road, Novato, California, consisting of an approximately ten thousand nine hundred fifty (10,950) square foot building on approximately two and 50.5/100 (2.505) acres of land.

NOW, THEREFORE, in consideration of the foregoing, the Parties agree as follows:

**1. Purchase and Sale Terms.**

**a. Property Included in Sale.** Seller agrees to sell and convey to Buyer, and Buyer agrees to purchase from Seller, subject to the terms, covenants and conditions hereinafter set forth, the following: (i) the real property commonly known as 600 Rush Landing Road, Novato, CA, identified as Assessor Parcel Number 125-560-01 (parcel one and parcel two), which comprise approximately two and 50.5/100 (2.505) acres, and is described in detail on Exhibit A attached here and incorporated herein by this reference (“**Real Property**”); (ii) the approximately ten thousand nine hundred fifty (10,950) square foot, two- (2-) story building located on the Real Property; (iii) any and all other improvements, structures, and fixtures to the Real Property, and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the real property and its improvements (subsections (ii) and (iii) collectively, the “**Improvements**”); (iv) any and all rights, privileges, and easements incidental or appurtenant to the Real Property or the Improvements, if any and only to the extent legally transferable, and any and all other

development rights, air rights, water, water rights, riparian rights, and water stock relating to the Real Property and owned by Seller, and any and all easements, rights-of-way, or other appurtenances used in connection with the beneficial use and enjoyment of the Real Property or the Improvements, and any and all of Seller's right, title, and interest in and to all roads and alleys adjoining or servicing the Real Property; and (v) any and all intangible personal property now or hereafter owned by Seller and used exclusively in the ownership, use, and operation of the real property and its improvements, including warranties (including roof warranties) and guaranties, any contracts, utility contracts, or other rights relating to the ownership, use, and operation of the real property and its improvements, to the extent assignable. All of the items referred to in subsections (i) through (v) are collectively referred to herein as the "**Property**."

**b. Purchase Price.** Seller shall sell the Property to Buyer, and Buyer shall buy the Property from Seller, for Four Million Nine Hundred Thousand Dollars and No/100 Dollars (\$4,900,000.00) (the "**Purchase Price**") in cash, which Purchase Price shall be paid in full at Closing (defined below).

**2. Conditions to Closing.** The Parties' respective obligations to close escrow (the "**Closing**") on the sale of the Property shall be conditioned upon all of the following:

**a. Buyer's Conditions.** Buyer's obligation to purchase the Property is conditioned upon the approval or Buyer's written waiver on or prior to the Closing Date (as defined in Section 4.b) (or such earlier date as specified) of the following conditions:

1. Buyer shall have fifty-five (55) calendar days after the Effective Date (the "**Review Period**") with the last day of such period being the "**Review Deadline**") to (a) obtain the final and complete Buyer's Board of Director's approval to this Agreement and (b) conduct any and all inspections, approvals, verifications, or other requirements Buyer deems necessary and appropriate for the completion of Buyer's due diligence review of the transaction covered by this Agreement, all to Buyer's satisfaction in its sole discretion, including, but not limited to, review and approval of the following: (i) the title condition of the Property; (ii) the lease status of the Property; (iii) appraisal of the Property; (iv) the physical, structural, and environmental condition of the Property; (v) the land use, zoning, and entitlement status of the Property; (vi) the Property's compliance with all applicable laws, regulations, permits, and approvals; (vii) compliance with the California Environmental Quality Act; (viii) compliance with California Government Code Sections 7260, et seq.; and (ix) compliance with California Government Code Section 65402. Buyer's written notice of approval of Buyer's inspections of the Property or Buyer's written election to terminate the Agreement, as applicable, is referred to herein as the "**Review Notice**". Buyer's inspections shall be subject to the following terms and conditions:

(A) Prior to making any inspections, Buyer shall provide to Seller a certificate of insurance(s) evidencing Buyer's and Buyer's agents', employees', attorneys', consultants' and/or contractors' (collectively, "**Buyer's Agents**") procurement of a commercial general liability insurance policy as required herein. Buyer shall not disturb the Tenants (as defined in Section 9) of the Property while performing said inspections. In addition, prior to the Review Deadline, Buyer shall not (i) interview, speak with or contact the Tenants with respect to such Tenant's lease

of a portion of the Property or with respect to the sale of the Property to the Buyer, except to provide certain notice and information in the form approved by Buyer and Seller attached hereto as Exhibit F. Buyer shall maintain, and shall ensure that Buyer's Agents entering the Property to perform inspections on Buyer's behalf maintain, commercial general liability and property damage insurance against any liability arising out of such inspections. Such insurance shall be in the amount of One Million Dollars (\$1,000,000) combined single limit for injury to or death of one or more persons per occurrence, and for damage to tangible property (including loss of use) per occurrence. The policy maintained by Buyer shall insure the contractual liability of Buyer covering the indemnities herein and shall name the Seller as additional insured, contain a cross-liability provision, and contain a provision that such insurance shall be primary and non-contributing with any other insurance available to Seller. Buyer shall not be permitted to undertake any intrusive or destructive testing, including without limitation a "Phase II" environmental assessment or air quality/mold testing, without first obtaining Seller's written consent, which may be given or withheld in Seller's reasonable discretion. Prior to entering the Property (and on each and every occasion), Buyer shall (a) deliver to Seller prior written notice, (b) afford Seller a reasonable opportunity to have a representative of Seller present while Buyer performs its inspections, and (c) provide the identity of the party(s) who will perform the inspections and the proposed scope of such inspections. Buyer shall promptly deliver to Seller a true and complete copy of any reports relating to its inspections, except to the extent protected from disclosure by law. Buyer's delivery to Seller of the Review Notice shall be a conclusive presumption that the physical inspection condition is satisfied or that Buyer is electing to terminate the Agreement, as applicable.

- (B) Prior to Closing, Buyer shall keep the Property free from all liens and shall indemnify, defend (with counsel reasonably satisfactory to Seller), protect, and hold Seller harmless from and against any and all Claims (as defined in Section 3.b below) arising from or related to inspections, investigations or tests made by Buyer or Buyer's Agents in connection with the Property; provided, however, this indemnity shall not include Claims (i) arising from or related to Seller's or Seller's employees, agents or representatives gross negligence or willful misconduct, or (ii) resulting from pre-existing conditions to the extent not exacerbated by Buyer or Buyer's Agents. If there is any damage to the Property caused by Buyer's and/or Buyer's Agents' entry in or on the Property under Section 2.a.1.A, Buyer shall immediately restore the Property to the same condition existing prior to such entry. The foregoing indemnity shall survive the Closing (or earlier termination of this Agreement).
- (C) Buyer and Seller agree that, during the Review Period and prior to the Review Deadline (subject to the rights of the Tenants) and subject to the other terms of this Section 2: (1) Buyer shall have the opportunity to study all aspects or circumstances of the Property, and make all inspections and verifications that Buyer deems material or relevant; (2) Seller shall provide, without

representation or warranty of any kind, all documents and materials in Seller's possession that Buyer requests in writing and as Buyer determines are material or relevant with the respect to the Property (the "**Seller's Reports**"); (3) Seller shall use its commercially reasonable efforts to deliver to Buyer fully-executed estoppel certificates from the Tenants currently occupying the Property in the form attached hereto as Exhibit E (the "**Tenant Estoppel Certificate**") (and, to facilitate same, within (3) business days after the Effective Date, Seller shall make a written request that the Tenants execute, acknowledge, and deliver the Tenant Estoppel Certificate) (provided, Seller's failure to do so shall not be a default hereunder); (4) Seller and Buyer shall reach mutual agreement on the form of Leaseback Agreement (as defined in Section 5.a.iv) (and, to facilitate same, Seller shall deliver to Buyer a proposed form of Leaseback Agreement at least ten (10) calendar days prior to the Review Deadline); and (5) Buyer and Buyer's Agents shall have reasonable access to the Property during regular business hours for the purpose of performing due diligence.

2. Seller shall not be in default in the performance of any material covenant or agreement to be performed by Seller under this Agreement, each document required to be delivered by Seller pursuant to this Agreement shall have been timely delivered, and all of Seller's representations and warranties shall be true and correct in all material respects when made and shall be true and correct in all materials respects as of the Closing Date.

3. The condition of the Property shall be substantially the same as on the date of Buyer's execution of this Agreement, except for reasonable wear and tear, and any loss accepted by Buyer in the manner provided in Section 12.

4. There shall be no action, suit, litigation, arbitration, or administrative agency or other governmental proceeding, including without limitation, a taking or other eminent domain proceeding, pending or threatened in writing, which after the Closing Date may materially adversely affect the value of the Property or the ability of Buyer to operate the Property for its intended use, and no proceedings shall be pending or threatened in writing which could or would cause the change, re-designation, or other modification of the zoning classification of, or of any building or environmental code requirements applicable to, the Property.

5. The Title Company (as defined in Section 4.a) shall be committed to issue to Buyer the Title Policy (as defined in Section 8).

The conditions precedent to the close of escrow described in Subsections (1) through (5) above are "**Buyer's Closing Conditions**" and are solely for the benefit of Buyer. If, by the applicable date provided for each condition precedent, any condition precedent is not satisfied, Buyer shall have the right, in its sole discretion, to either (i) waive the condition by written notice to Seller, in which event the Parties shall close on and consummate the transaction contemplated herein, or (ii) terminate this Agreement by written notice to Seller, in which event the Parties shall have no further obligation to each other under this Agreement except for the Early Termination Surviving Obligations (as defined below). In the event of such termination, Buyer shall promptly be refunded the Deposit (as defined in Section 6.a).

b. **Seller's Conditions.** Seller's obligation to sell the Property is conditioned upon the approval or Seller's written waiver on or prior to the Closing Date of the following conditions:

1. On or before the business day prior to the Closing, Buyer shall deliver to Escrow Holder (for payment to Seller), in immediately available funds, the balance of the Purchase Price remaining after deduction for the Deposit plus costs and prorations required to be paid by Buyer hereunder.

2. Buyer shall not be in material default of its obligations under this Agreement.

3. Each document required to be delivered by Buyer pursuant to Section 5.b shall have been timely delivered as provided therein.

4. All of Buyer's representations and warranties shall be true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing Date.

The conditions precedent to the close of escrow described in Subsections (1) through (4) above are "**Seller's Closing Conditions**" and are solely for the benefit of Seller. If any of Seller's Closing Conditions are not satisfied or otherwise waived by Seller prior to the Closing Date, Seller may elect to terminate this Agreement, and the Parties shall have no further liabilities or obligations hereunder except for the Early Termination Surviving Obligations.

c. **Failure of Conditions or Approval of Conditions.** If a Party fails to timely deliver to the other Party any required notice described in this Agreement, including without limitation, a written notice with respect to a Party's closing conditions, within the applicable time periods specified in Section 2 above, then the item, action, consent, or approval that is the subject of such required notice shall be deemed automatically approved. If Buyer elects to terminate this Agreement within the Review Period by delivering written notice to Seller prior to the expiration of the Review Period, or otherwise elects to terminate this Agreement as a result of a failure of a Buyer Closing Condition as provided in Section 2.a, the Deposit shall be returned to Buyer and neither Buyer nor Seller shall have any further liability or obligation to each other, except for the obligation to return the Deposit, the indemnities contained in Sections 2.a.1.B and 16, and Buyer's obligations under this Section 2.c. to deliver to Seller the Due Diligence Materials (defined below) (collectively, the "**Early Termination Surviving Obligations**"). If this Agreement terminates for any reason, within five (5) days after such termination Buyer shall deliver to Seller a copy of all materials, tests, audits, surveys, reports and studies conducted by Buyer (collectively, "**Buyer's Documents**"), except to the extent protected from disclosure by law, and Buyer shall return to Seller any document, agreement, report and other material given to Buyer by or on behalf of Seller (collectively, "**Seller's Documents**") (Buyer's Documents and Seller's Documents are collectively, "**Due Diligence Materials**"); Buyer shall be permitted to retain copies of the Due Diligence Materials in accordance with its internal recordkeeping policies or applicable law or regulation. If Buyer delivers a Review Notice approving Buyer's inspections of the Property to Seller prior to 5:00 p.m. (Pacific Time) by the Review Deadline or if Buyer fails to deliver any Review Notice to



Seller by such date and time, the Deposit shall become non-refundable to Buyer subject to the satisfaction or waiver of Buyer's Closing Conditions.

### **3. Condition of the Property.**

a. By purchasing the Property, except as otherwise expressly set forth in this Section 3 and except for any express representations made by Seller in Section 9 hereof, (i) Buyer waives any and all right or ability to make a Claim of any kind or nature against any of the Releasees for any and all deficiencies or defects in the physical characteristics and condition of the Property which would be disclosed by such inspection and expressly agrees to acquire the Property with any and all of such deficiencies and defects and subject to all matters disclosed by Seller, (ii) neither Seller nor any of Seller's employees, agents or representatives have made any representations, warranties or agreements by or on behalf of Seller of any kind whatsoever, whether verbal or written, express or implied, statutory or otherwise, as to any matters concerning the Property, the condition of the Property, the size of the Real Property, the size of the Improvements, the present use of the Property or the suitability of Buyer's intended use of the Property, (iii) the Property is to be purchased, conveyed and accepted by Buyer in its present condition, **"AS IS", "WHERE IS" AND WITH ALL FAULTS**, and that no patent or latent defect or deficiency in the condition of the Property whether or not known or discovered, shall affect the rights of either Seller or Buyer hereunder nor shall the Purchase Price be reduced as a consequence thereof, and (iv) any and all information and documents furnished to Buyer by or on behalf of Seller relating to the Property shall be furnished as a courtesy to Buyer without any warranty of any kind from or on behalf of Seller.

b. Buyer hereby represents and warrants to Seller that prior to Closing (i) Buyer will have performed an independent inspection and investigation of the Property and will have also investigated and will have knowledge of operative or proposed governmental laws and regulations to which the Property may be subject, and (ii) Buyer shall acquire the Property solely upon the basis of its independent inspection and investigation, including without limitation, (a) the quality, nature, habitability, merchantability, use, operation, value, fitness for a particular purpose, marketability, adequacy or physical condition of the Property or any aspect or portion thereof, including, without limitation, structural elements, foundation, roof, appurtenances, access, landscaping, parking facilities, electrical, mechanical, HVAC, plumbing, sewage, and utility systems, facilities and appliances, soils, geology and groundwater, or whether the Property lies within a special flood hazard area, an area of potential flooding, a very high fire hazard severity zone, a wildland fire area, an earthquake fault zone or a seismic hazard zone, (b) the dimensions or lot size of the Property or the square footage of the Improvements, (c) the development or income potential, or rights of or relating to, the Property, (d) the zoning or other legal status of the Property or any other public or private restrictions on the use of the Property, (e) the compliance of the Property or its operation with any applicable codes, laws, regulations, statutes, ordinances, covenants, conditions and restrictions (including, without limitation, the American with Disabilities Act), (f) the ability of Buyer to obtain any necessary governmental approvals, licenses or permits for Buyer's intended use or development of the Property, (g) the presence or absence of Hazardous Materials on, in, under, above or about the Property or any adjoining or neighboring property, (h) the condition of title to the real property, or (i) the economics of, or the income and expenses, revenue or expense projections or other financial matters, relating to the Property.

Buyer agrees that each of Seller and Seller's partners, members, trustees, directors, officers, employees, representatives, property managers, agents, attorneys, affiliated and related entities, heirs, successors and assigns (collectively, "**Releasees**") are hereby fully and forever released and discharged from any and all liabilities, losses, judgments, claims (including third party claims), demands, damages (of any nature whatsoever), causes of action, costs, penalties, fines, judgments, attorneys' fees, consultants' fees and costs and experts' fees (collectively, the "**Claims**"), whether direct or indirect, known or unknown, foreseen or unforeseen, that may arise or in any way be connected with the Property including, without limitation, the physical, environmental and structural condition of the Property or any law or regulation applicable thereto, including, without limitation, any Claim (regardless of when it first appeared) relating to or arising from (i) the presence of any environmental problems, or the use, presence, storage, release, discharge, or migration of Hazardous Materials on, in, under or around the Property regardless of when such Hazardous Materials were first introduced in, on or about the Property, (ii) any patent or latent defects or deficiencies with respect to the Property and (iii) any and all matters related to the Property or any portion thereof, including without limitation, the condition and/or operation of the Property. The term "Hazardous Materials" as used in this Agreement shall mean (a) any hazardous or toxic wastes, materials or substances, or chemicals, and other pollutants or contaminants, which are or become regulated by applicable local, state, regional and/or federal orders, ordinances, statutes, rules, regulations (as interpreted by judicial and administrative decisions) and all laws related to the regulation, remediation, disposal, treatment and transportation of Hazardous Material ("**Environmental Laws**"); (b) asbestos, asbestos-containing materials or urea formaldehyde; (c) polychlorinated biphenyls; (d) flammables, explosive, corrosive or radioactive materials; (e) medical waste and biochemicals; and (f) gasoline, diesel, petroleum or petroleum by-products. Buyer hereby waives and agrees not to commence any action, legal proceeding, cause of action or suits in law or equity, of whatever kind or nature, including, but not limited to, a private right of action under the federal superfund laws, 42 U.S.C. Sections 9601 et seq. and California Health and Safety Code Sections 25300 et seq. (as such laws and statutes may be amended, supplemented or replaced from time to time), directly or indirectly, against the Releasees or their agents in connection with Claims described above (collectively, the "**Released Claims**") and expressly waives the provisions of California Civil Code Section 1542 which provides:

**A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.**

Seller and Buyer have each initialed this Section 3 to further indicate their awareness and acceptance of each and every provision hereof. The provisions of this Section 3 shall survive the Closing and shall not be deemed merged into any instrument or conveyance delivered at the Closing.

\_\_\_\_\_  
**Seller's Initials**

\_\_\_\_\_  
**Buyer's Initials**

Buyer elects to and does assume all risk for (and Buyer releases and discharges Seller from any) such Released Claims, whether now known or unknown by Buyer. Notwithstanding anything to the contrary herein, the aforementioned release shall neither apply to, and the Released Claims shall not include or be applicable to, any matters arising out of (i) any claim by a third party arising during Seller's period of ownership of the Property which is covered by Seller's commercial general liability policy, such as a slip and fall claim or other similar personal injury claim (but damage or exposure to or from Hazardous Materials and any other claims not covered by Seller's commercial general liability policy shall be included in the Released Claims), (ii) the execution, interpretation or enforcement of this Agreement; (iii) a Seller Default; nor (iv) a breach by Seller of any of the representations made in Section 9 hereof so long as Buyer shall have commenced a legal action against Seller with respect to such breach of Seller within the Survival Period. After the expiration of the Survival Period, the aforementioned release (and the Released Claims) will also include Claims resulting from or relating to any breach by Seller of the representations made in Section 9 hereof.

c. Notwithstanding Sections 3.a and 3.b above, Seller acknowledges that during its ownership of the Property prior to the Closing Date: (i) Seller shall be solely responsible for any and all maintenance and security for the Property, including its improvements; (ii) Seller shall maintain and secure the Property in a responsible manner that preserves the condition and value of the Property; and (iii) Seller shall undertake security of the Property to prevent theft, vandalism, trespass, and squatters from occupying the Property.

d. On or before that date which is seven (7) business days following the Effective Date, Seller shall deliver to Buyer a Natural Hazard Disclosure Statement, as and to the extent prescribed by California law, in substantially the form of Exhibit D attached hereto and made a part hereof ("**NHDS**") and, prior to the Review Deadline Date, Buyer shall execute and deliver to Seller one (1) counterpart original of the NHDS to acknowledge Buyer's receipt and acceptance of such NHDS.

#### **4. Escrow.**

a. No later than three (3) business days after the Effective Date, Buyer shall open escrow (the "**Escrow Opening**") with Old Republic Title Company, located at 1400A Grant Avenue, Novato, CA 94945, Attn: Diana McInnis, Telephone: (415) 897-9632, email: dmcinnis@ortc.com (the "**Escrow Holder**" and "**Title Company**") for the purpose of closing the sale of the Property by depositing with Escrow Holder one (1) original of this Agreement duly executed and dated by the Parties.

b. The Closing shall occur on January 14, 2020 (the "**Closing Date**"), unless the Parties agree otherwise in writing. Escrow Holder shall close escrow by recording a Grant Deed (as defined in Section 7) and any other documents required to be recorded, and by disbursing the funds and documents in accordance with this Agreement.

**5. Documents and Items.**

**a. Seller's Documents and Items.** At least one (1) business day prior to the Closing Date, Seller shall deposit with Escrow Holder the following:

(i) one (1) original, duly executed, acknowledged, and dated Grant Deed in the form hereto attached as Exhibit B;

(ii) one (1) original, duly executed and dated assignment and assumption of contracts, warranties and intangible personal property now or hereafter owned by Seller and used exclusively in the ownership, use, and operation of the property and its improvements (the "**Assignment of Contracts**") in the form hereto attached as Exhibit C-1;

(iii) one (1) original, duly executed and dated assignment and assumption of the leases of the Property (the "**Leases**") with the Tenants (the "**Assignment of Leases**") in the form hereto attached as Exhibit C-2;

(iv) one (1) original, duly executed and dated leaseback agreement containing the terms under which Buyer will lease back to Seller an approximately six hundred (600) square foot suite within the building on the Property as of the Closing Date for a term not to exceed three (3) years (but subject to termination by Seller at any time during the term by providing Buyer six (6) months advance written notice) and a rent of One Dollar and No/100 (\$1.00) per year in a form mutually agreeable to the Parties (the "**Leaseback Agreement**") (which the Parties shall use their commercially reasonable efforts to agree upon prior to the Review Deadline);

(v) one (1) original, duly executed and dated affidavit from Seller which satisfies the requirements of Section 1445 of the Internal Revenue Code, as amended;

(vi) one (1) original, duly executed and dated California Form 593-C;

(vii) one (1) original, duly executed and dated joint escrow instructions (the "**Joint Escrow Instructions**"), which shall instruct Escrow Holder in its closing of this transaction pursuant to the terms herein, the provisions of which shall not conflict with the provisions of this Agreement;

(viii) such other instruments and documents as may be reasonably required by Escrow Holder/Title Company to transfer the Property and issue the Title Policy to Buyer; and

(ix) one working set of keys to all locks on the Property, including mail boxes, gates, alarms, and garage doors, and garage door remote controls, if any.

**b. Buyer's Documents and Items.** At least one (1) business day prior to the Closing Date, Buyer shall deposit with Escrow Holder the following:

(i) one (1) original, duly executed and dated acceptance of the Grant Deed;

- Contracts;
- (ii) one (1) original, duly executed and dated counterpart of the Assignment of
- Leases;
- (iii) one (1) original, duly executed and dated counterpart of the Assignment of
- Agreement;
- (iv) one (1) original, duly executed and dated counterpart of the Leaseback
- Report;
- (v) one (1) original, duly executed and dated Preliminary Change of Ownership
- Instructions; and
- (vi) one (1) original, duly executed and dated counterpart of the Joint Escrow
- (vii) the Purchase Price and any funds in excess of the Purchase Price owed by Buyer as described in Section 6.

## 6. Funds.

a. No later than three (3) business days after the Effective Date, Buyer shall deposit with Escrow Holder the sum of Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) (the “**Deposit**”). At least one (1) business day prior to the Closing Date, Buyer shall deposit with Escrow Holder the sum of Four Million Six Hundred Fifty Thousand and No/100 Dollars (\$4,650,000), which when combined with the Deposit is the amount of the Purchase Price, as well as the amount of the Brokerage Commission specified in Section 16.

b. Escrow Holder shall deposit funds deposited with it by Buyer pursuant to Section 6.a above in a State or Federally chartered bank in an interest bearing account whose term is appropriate and consistent with the timing requirements of this transaction. The interest therefrom shall accrue to the benefit of Buyer, who hereby acknowledges that there may be penalties or interest forfeitures if the applicable instrument is redeemed prior to its specified maturity.

c. At Closing, Buyer shall pay Seller the Purchase Price, plus or minus additional sums as may be credited/debited to Buyer as follows:

- i. Buyer shall receive a credit equal to the amount of the Deposit.
- ii. Buyer shall receive a credit equal to the rent Seller shall owe to Buyer under the terms of the Leaseback Agreement.
- iii. Any amounts payable to or owed by the Tenants, as agreed upon by Seller and Buyer prior to the Review Deadline, shall be apportioned as of 12:01 a.m. on the Closing Date and Buyer shall receive a credit equal to the amount of any security deposit made by the Tenants to Seller.

iv. Amounts payable under any contracts assumed pursuant hereto, annual or periodic permit or inspection fees (calculated on the basis of the period covered), and liability for other normal Property operation and maintenance expenses and other recurring costs with respect to the Property shall be apportioned as of 12:01 a.m. on the Closing Date, so that Seller bears all expenses with respect to the Property and has the benefit of all income with respect to the Property, including, but not limited to, rents and common area maintenance charges, through and including the date immediately preceding the Closing Date. Uncollected income shall not be prorated at Closing.

v. All real and personal property taxes based on the most recent property tax bills available for the Property shall be prorated as of the Closing Date. Any tax bills received by Buyer after the Closing relating to a period prior to the Closing shall be prorated between the Parties as if said tax bills had been available as of the Closing.

vi. Seller shall pay at Closing the cost to reconvey any financing on the Property.

vii. Buyer shall pay the following closing costs: (1) transfer tax, if any; (2) the escrow fee; (3) recording fees for the Grant Deed, if any; (4) premium for the Title Policy and any endorsement thereto, including the cost of any survey which may be required; and (5) the Brokerage Commission (as defined in Section 16 below).

viii. Other fees and charges not expressly addressed herein will be allocated according to custom of the county in which the Property is located.

ix. Each Party shall pay its own attorneys' fees and other expenses incurred by it in connection with the Closing.

d. All payments made by any Party hereto shall be in legal tender of the United States of America paid in cash or be wire transfer of immediately available funds to the Escrow Holder.

**7. Title.** At the closing, Seller shall convey to Buyer by duly executed and acknowledged grant deed (the "**Grant Deed**"), fee simple title to the Property free and clear of all monetary liens and encumbrances created by Seller, except those matters approved by Buyer in writing prior to the expiration of the Review Deadline (or deemed to be approved by Buyer if no objections were made prior to the expiration of the Review Deadline), which Grant Deed shall be recorded in the Official Records of Marin County, California on the Closing Date.

**8. Title Insurance.** Delivery of title shall be evidenced by commitment of Title Company to provide a CLTA or ALTA extended coverage (in the event Buyer obtains a survey prior to the Review Deadline) owner's policy of title insurance, issued by Title Company in the amount of the Purchase Price, insuring that fee simple title to the Property is vested in Buyer upon the close of escrow subject only to those matters approved by Buyer prior to the expiration of the Review Deadline (or deemed to be approved by Buyer if no objections were made prior to the expiration of the Review Deadline) (the "**Title Policy**").

**9. Seller's Representations.** Seller represents and warrants to Buyer that: (a) Seller owns and has the power to convey the Property to Buyer; (b) except with respect to those certain tenants occupying the Property, namely MV Transportation, Inc. and Enterprise Rent-a-Car Co. of San Francisco LLC (collectively, the “**Tenants**”), the Property is unoccupied and no person other than Seller is in possession of the Property; (c) except with respect to the Tenants or Seller's Reports, Seller has no actual knowledge of any unrecorded agreements affecting the Property; (d) Seller has full power and authority to execute and deliver this Agreement and to consummate the transactions provided herein, and the persons signing this Agreement for Seller have full power and authority to sign for Seller and bind it to this Agreement; (e) this Agreement and the other documents to be executed by Seller hereunder, upon execution and delivery thereof by Seller, will have been duly entered into by Seller, and will constitute legal, valid, and binding obligations of Seller, and neither this Agreement nor anything provided to be done under this Agreement violates or shall violate any contract, document, understanding, agreement, judicial order, or instrument to which Seller is a party or to which it is bound; (f) to Seller's actual knowledge, there is no action, suit, litigation, arbitration, or administrative agency or other governmental proceeding, pending or threatened in writing, which affects the Property (including any bankruptcy, insolvency, or probate proceedings involving Seller or Seller's assets) or the ability of Buyer to operate the Property for its intended use; (g) to Seller's actual knowledge, Seller has received no written notice of any violations of any law, order, ordinance, or regulation affecting the Property; (h) Seller has not received written notice and has no actual knowledge of any pending or threatened condemnation of all or part of the Property (except Buyer's letter to Seller dated September 20, 2019, which letter has been rescinded in writing by Buyer); (i) Seller has not received any written notice or any written warning of any violation, administrative complaint, judicial complaint, or other formal or informal written notice alleging that conditions on the Property are or have been in violation of any Environmental Law or informing Seller that the Property is subject to investigation or inquiry regarding Hazardous Materials on the Property or the potential violation of any Environmental Law; (j) Seller has received no written notice that the Property is in violation of any federal, state, or local law, ordinance, or regulation relating to industrial hygiene or to the environmental conditions on, under, or about the Property, including but not limited to soils and groundwater conditions; neither Seller nor, to Seller's actual knowledge without duty of inquiry or investigation, any third party has used or installed any underground tank on, under, or about the Property; (k) Seller is represented by competent counsel; and (l) to Seller's actual knowledge, Seller is not in default under the Leases and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a default by Seller under the Leases, and Seller has no claim of default or offset or defense against the payment of any amounts required to be paid by Seller under the Leases, and has no claim against the Tenants. To the Seller's actual knowledge, there is no default by the Tenants under the Leases and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a default by the Tenants under the Leases. The foregoing representations and warranties of Seller shall survive the Closing for a period of twelve (12) months (“**Survival Period**”).

Buyer shall have no right to rely on and Seller shall have no liability with respect to any representation or warranty (including any future certification or statement, actually or deemed made, as to representations or warranties) which Buyer actually knows to be inaccurate or untrue at the time such representation or warranty is given. The foregoing representations of Seller made hereinabove shall only survive the Closing for the Survival Period; provided, however, that any

Claim made by Buyer against Seller shall be commenced, if at all, within the Survival Period, and, if not so commenced within such time, thereafter Buyer shall be forever barred from making or bringing any such Claim as though said representations are then void and of no further force or effect.

**10. Buyer's Representations.** Buyer represents and warrants to Seller that (i) this Agreement and all documents executed by Buyer that are to be delivered to Seller at Closing are duly authorized, executed and delivered by Buyer, (ii) this Agreement and all documents executed by Buyer that are to be delivered to Seller at Closing do not, and at the time of Closing will not, violate any provision of any judicial order to which Buyer is a party or to which Buyer is subject and constitute (or in the case of closing documents will constitute) a valid and legally binding obligation of Buyer, (iii) Buyer has full and complete power and authority to enter into this Agreement and to perform its obligations hereunder, (iv) Buyer is not presently the subject of a bankruptcy, insolvency or probate proceedings and Buyer neither anticipates nor intends to file or cause to be filed any bankruptcy or insolvency proceeding involving Buyer or Buyer's assets during the pendency of this Agreement, (v) Buyer is a sophisticated investor with substantial experience in investing in assets of the same type as the Property and has such knowledge and experience in financial and business matters that Buyer is capable of evaluating the merits and risks of an investment in the Property, (vi) Buyer is represented by competent counsel, and (vii) Buyer shall furnish all of the funds for the purchase of the Property (other than funds supplied by institutional lenders which will hold valid mortgage liens against the Property) and such funds will not be from sources of funds or properties derived from any unlawful activity. Buyer represents to Seller that no specific site or property needs to be acquired, the property to be acquired is not part of an intended, planned, or designated project area where all or substantially all of the property within the area is to be acquired within specific time limits, and Buyer will not acquire the property if negotiations fail to result in an amicable agreement; Buyer has informed Seller in writing of what Buyer believes to be the market value of the property. The foregoing representations, warranties and acknowledgements of Buyer shall survive the Closing for the Survival Period.

#### **11. Intentionally Omitted**

**12. Risk of Loss.** All risk of loss shall remain with Seller until Close of Escrow. In the event that the Property or any material portion thereof is destroyed or damaged after the Effective Date and prior to the Close of Escrow or in the event of condemnation or taking or threatened condemnation or taking, Buyer or Seller may, at their option, elect to terminate this Agreement by written notice to the other Party, so long as such termination notice is received by the Party not giving such notice within ten (10) calendar days following written notice of such damage or condemnation, taking or threat thereof, in which event the Parties shall have no further obligation to each other under this Agreement except for those provisions that expressly survive termination. In the event of such termination, Buyer shall promptly be refunded the Deposit.

**13. Notices.** All notices pertaining to this Agreement shall be in writing delivered to the Parties either (a) personally by hand, courier service, or overnight delivery, in which case notice shall be deemed given when delivered, or (b) by first class mail, postage prepaid, at the addresses specified below, in which case notice shall be deemed given three (3) days following deposit. Telephone numbers are included for information only. The Parties shall endeavor to provide a



courtesy copy of any such notice by electronic mail, but such delivery shall not constitute notice. The Parties may, by notice as provided above, designate a different address to which notice shall be given.

**SELLER:**

Roger L. Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991  
14705 Carlson Street  
Poway, CA 92064  
Tel: (415) 328-2324  
Email: rogerkaehler@yahoo.com

Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991  
1025 Simmons Lane  
Novato, CA 94947  
Tel: (415)897-7141  
Email: paul\_scheller@comcast.net

**BUYER:**

Marin County Transit District  
711 Grand Ave, Suite 110  
San Rafael, CA 94901  
Attn: Nancy Whelan, General Manager  
Tel: (415) 226-0855  
Email: nwhelan@marintransit.org

Copies of any notice to Seller should also be sent to:

Marin County  
County Counsel Office  
3501 Civic Center Drive  
San Rafael CA 94903  
Attn: Brian Case, Deputy County Counsel  
Tel: (415) 499-6117  
Email: BCase@marincounty.org

**14. Intentionally Omitted**

**15. Default; Remedies.**

a. In the event Buyer defaults in the performance of any of Buyer's obligations under this Agreement (each a "**Buyer Default**"), and Buyer fails to cure such Buyer Default within the time periods set forth in Section 15(c) below, Seller's sole and exclusive remedy shall be as follows: **IF BUYER FAILS TO PURCHASE THE PROPERTY BY REASON OF A DEFAULT OF BUYER, SELLER SHALL BE RELEASED FROM ITS OBLIGATION TO SELL THE PROPERTY TO BUYER. BUYER AND SELLER HEREBY ACKNOWLEDGE AND AGREE THAT IT WOULD BE IMPRACTICAL AND/OR EXTREMELY DIFFICULT TO FIX OR ESTABLISH THE ACTUAL DAMAGE SUSTAINED BY SELLER AS A RESULT OF SUCH DEFAULT BY BUYER AND AGREE THAT THE DEPOSIT (AND ALL INTEREST), BUYER'S PAYMENT OF ALL ESCROW CANCELLATION CHARGES AND THE DELIVERY TO SELLER BY BUYER OF THE DUE DILIGENCE MATERIALS (EXCEPT TO THE EXTENT PROTECTED FROM DISCLOSURE BY LAW) IS A REASONABLE APPROXIMATION THEREOF. ACCORDINGLY, IN THE EVENT BUYER FAILS TO PURCHASE THE PROPERTY AS A RESULT OF BUYER DEFAULT, THE DEPOSIT (AND ALL INTEREST) AND THE DELIVERY**

**TO SELLER BY BUYER OF THE DUE DILIGENCE MATERIALS (EXCEPT TO THE EXTENT PROTECTED FROM DISCLOSURE BY LAW) SHALL CONSTITUTE AND BE DEEMED TO BE THE AGREED AND LIQUIDATED DAMAGES OF SELLER, AND SHALL BE PAID TO SELLER AS SELLER'S SOLE AND EXCLUSIVE REMEDY, PROVIDED, HOWEVER, THE FOREGOING SHALL NOT LIMIT BUYER'S OBLIGATIONS TO PAY ALL ATTORNEYS' FEES AND COSTS OF SELLER IF IT PREVAILS IN EFFORTS TO ENFORCE THIS SECTION 15 AND/OR BUYER'S INDEMNITY OBLIGATIONS UNDER SECTIONS 2 AND 16. EACH OF THE PAYMENT OF THE DEPOSIT (AND ALL INTEREST), THE PAYMENT BY BUYER OF ALL ESCROW CANCELLATION CHARGES, AND DELIVERY TO SELLER BY BUYER OF THE DUE DILIGENCE MATERIALS AS LIQUIDATED DAMAGES IS NOT INTENDED TO BE A FORFEITURE OR PENALTY, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677.**

**SELLER'S INITIALS:** \_\_\_\_\_

**BUYER'S INITIALS:** \_\_\_\_\_

b. In the event Seller defaults in the performance of any of Seller's obligations under this Agreement (each a "**Seller Default**"), and Seller fails to cure such Seller Default within the time periods set forth in Section 15.c below, Buyer shall have the right to bring an action for actual damages and/or specific performance; provided, if Buyer has actual knowledge of (1) a Seller Default and/or (2) any breach or inaccuracy in any representation of Seller made in this Agreement, and Buyer nonetheless elects to proceed to Closing, then, upon Closing, Buyer shall be conclusively deemed to have waived any such Seller Default and/or breach or inaccuracy and shall have no Claim against Seller with respect thereto. If Buyer does not elect one of the foregoing remedies, then Buyer shall either (i) waive the Seller Default by written notice to Seller, in which event the Parties shall close on and consummate the transaction contemplated herein, or (ii) terminate this Agreement by written notice to Seller. In the event of such termination, Buyer shall promptly be refunded the Deposit.

Notwithstanding anything to the contrary contained in this Section 15.b, and subject to the other limitations on Seller's liability set forth in this Agreement, in no event shall Seller's liability for a Claim made under this Agreement exceed in the aggregate \$250,000.00 (the "**Cap Amount**"). In addition, Buyer may only make a Claim if such Claim exceeds \$50,000.00 (the "**Floor Amount**"). Buyer waives any and all Claims it may have to any recovery in excess of the Cap Amount or less than the Floor Amount; provided, however, the foregoing Cap Amount shall not limit Seller's obligation to pay all attorneys' fees and costs of Buyer if it prevails in its efforts to enforce this Section 15 and/or Seller's indemnity obligations under Section 16.

c. Each Party shall give the other party prompt written notice upon learning of any breach or default by the other Party under this Agreement. The term "Cure Period" as used herein means a period commencing on the date Buyer or Seller receives from the other written notice of breach or default hereunder and continuing until (i) five (5) calendar days thereafter if the breach

or default is monetary, or (ii) fifteen (15) calendar days thereafter if the breach or default is non-monetary.

d. In no event shall a Party be liable to the other Party for any punitive, incidental or consequential damages under this Agreement whatsoever, all such damages hereby being expressly and intentionally waived by the Parties.

**16. Broker Commissions.**

a. The following real estate brokers and brokerage relationships exist in this transaction and are consented to by the Parties: Buyer hereby represents and warrants to Seller that Cushman & Wakefield represents the Buyer only (the “**Broker**”). The Parties acknowledge that other than the Broker listed herein, there are no other brokers representing the Parties or due any fees or commissions under this Agreement. Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm, broker, or finder in connection with the negotiation of this Agreement, and/or the consummation of the purchase and sale contemplated herein, other than the Broker listed herein, and no broker or other person, firm, or entity, other than the Broker listed herein is/are entitled to any commission or finder’s fee in connection with this transaction as the result of any dealings or acts of such Party. Buyer and Seller do each hereby agree to indemnify, defend, protect, and hold the other harmless from and against any Claims arising from or related to a claim by any broker, finder, or other similar party, other than the Broker listed herein, by reason of any dealings or acts of the indemnifying Party. The foregoing indemnity shall survive the Closing (or earlier termination of this Agreement).

b. A brokerage commission shall be paid to Broker through Escrow Holder at Closing (and only if Closing actually occurs) by Buyer in an amount equal to One Hundred Thousand Dollars (\$100,000) (“**Brokerage Commission**”).

**17. Time of the Essence; Dates.** Time is of the essence in this Agreement. In the event that any date specified in this Agreement falls on Saturday, Sunday, or a public holiday, such date shall be deemed to be the succeeding day on which public agencies and major banks are open for business.

**18. Binding on Successors.** This Agreement shall be binding not only upon the Parties but also upon their heirs, personal representatives, assigns, and other successors in interest.

**19. Additional Documents.** Seller and Buyer agree to execute such additional documents, including escrow instructions, as may be reasonable and necessary to carry out the provisions of this Agreement.

**20. Assignment.** Neither Party may assign its interests under this Agreement without the written consent of the other Party.

**21. Entire Agreement; Modification; Waiver.** This Agreement constitutes the entire agreement between Buyer and Seller pertaining to the subject matter contained in it and supersedes all prior and contemporaneous agreements, representations, and understandings. No supplement,

modification, or amendment of this Agreement shall be binding unless executed in writing by both Parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver or any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

**22. Counterparts.** The Agreement may be executed in counterparts, each of which shall be deemed an original and which together shall constitute one and the same agreement. Executed counterparts delivered by facsimile or scanned and emailed shall be treated the same as originals.

**23. Survival.** The following provisions shall survive the (i) Closing: Section 2.c. [Failure of Conditions], Section 3 [Condition of the Property], Section 6.c [prorations], Section 9 [Seller's Representations], Section 10 [Buyer's Representations], Section 13 [Notices], Section 15 [Defaults; Remedies], Section 16 [Broker Commissions], Section 24 [Governing Law], and Section 29 [Attorneys' Fees] and (ii) the earlier termination of this Agreement: Section 2.a.1.B [Conditions to Closing: Buyer's Conditions] and Section 2.a.(1)(C) [Conditions to Closing: Buyer's Conditions], Section 2.c. [Failure of Conditions], Section 13 [Notices], Section 15 [Defaults; Remedies], Section 16 [Broker Commissions], Section 24 [Governing Law], and Section 29 [Attorneys' Fees].

**24. Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California. Venue for all litigation relative to this Agreement shall be in Marin County.

**25. Interpretation.** Each party and/or its counsel have reviewed and revised this Agreement and no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation or enforcement of this Agreement or any amendments to this Agreement or any document executed and delivered by either party in connection with this Agreement.

**26. No Third Party Beneficiary.** Except as otherwise expressly set forth herein, Seller and Buyer do not intend and this Agreement shall not be construed to create a third-party beneficiary status or interest in, nor give any third-party beneficiary rights or remedies to, any other person or entity not a party to this Agreement.

**27. Severability.** If for any reason any provision of this Agreement shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this Agreement and to the extent any provision of this Agreement is not determined to be unenforceable, such provision or portion thereof, shall be and remain in full force and effect.

**28. Exhibits.** All exhibits attached hereto are deemed a part of this Agreement. Any and all future modifications of this Agreement will be effective only if in writing and signed by the parties thereto.

**29. Attorneys' Fees.** In the event any dispute between the parties with respect to this Agreement results in litigation or other proceedings, the prevailing party shall be reimbursed by the party not prevailing in such proceeding for all reasonable costs and expenses, including,

without limitation, reasonable attorneys' and experts' fees and costs incurred by the prevailing party in connection with such litigation or other proceeding and any appeal thereof. Such costs, expenses and fees shall be included in and made a part of the judgment recovered by the prevailing party, if any.

**30. Tax Deferred Exchange.** Seller and Buyer acknowledge and agree that the purchase and sale of the Property may be part of a tax-free exchange for either Buyer or Seller pursuant to Section 1031 of the Internal Revenue Code, the regulations promulgated thereunder, revenue procedures, pronouncements and other guidance issued by the Internal Revenue Service. Each party hereby agrees to cooperate with each other and take all reasonable steps on or before the Closing Date to facilitate such exchange if requested by the other party, provided that (a) no party making such accommodation shall be required to acquire any substitute property, (b) such exchange shall not affect the representations, warranties, liabilities and obligations of the parties to each other under this Agreement, (c) no party making such accommodation shall incur any additional cost, expense or liability in connection with such exchange (other than expenses of reviewing and executing documents required in connection with such exchange), and (d) no dates in this Agreement will be extended as a result thereof.

///SIGNATURES ON FOLLOWING PAGE///

IN WITNESS of the foregoing provisions, the Parties hereto have executed this Agreement as of the day and year first above written.

SELLER:

BUYER:

Roger L. Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991, as to an undivided 50% interest

MARIN COUNTY TRANSIT DISTRICT

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Damon Connolly  
President, Board of Directors

Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest

Approved as to Form

By: \_\_\_\_\_

By: \_\_\_\_\_

Brian Case  
Deputy County Counsel

Name: \_\_\_\_\_

## **EXHIBIT A TO PURCHASE AND SALE AGREEMENT**

### **Legal Description of the Property**

The land referred to is situated in the County of Marin, City of Novato, State of California, and is described as follows:

#### **PARCEL ONE**

Parcel Two, as shown upon that certain Parcel Map entitled "Parcel Map Rush Landing-Phase II, a Division of the Lands of Land Rush Partners, City of Novato, County of Marin, California", filed for record September 30, 1998 in Book 1998 of Parcel Maps, at Page 120, Marin County Records.

#### **PARCEL TWO**

An easement for roadway purposes upon, over and across the following described parcel of land: Beginning at a point distant South 15° 26' 46" West 158.58 feet from the Northwesterly corner of that certain parcel of land described as Parcel 3 of Annex "A" in the indenture made by and between the Northwestern Pacific Railroad Company and the State of California, recorded December 22, 1971 in Book 2528 of Official Records at Page 170, Marin County Records; thence along the Westerly line of said Company's Land and along the Southerly prolongation of said line, South 15° 26' 46" West, 602.51 feet; thence along a tangent curve to the right with a radius of 66.00 feet, through an angle of 45° 40' 24", an arc length of 52.61 feet to the 84.70 foot course in Parcel 7 of that Relinquishment No. 40302, as shown upon that certain Map entitled, "Relinquishment in the County of Marin", filed for record July 15, 1975 in State Highway Map Book No. 5, Page 3, Marin County Records; thence along last said course North 49° 55' 09" West, 37.22 feet to a curve concentric of with and distant 32.00 feet radially from the curve described above with a radius of 66.00 feet; thence along said concentric curve and long a line parallel with and distant 32.00 feet Westerly at right angles from the course described above with a length of 602.51 feet from a tangent that bears North 84° 15' 29" East, along a curve to the left with a radius of 34.00 feet, through an angle of 68° 48' 43", an arc length of 40.83 feet and North 15° 26' 46" East, 528.15 feet; thence along a tangent curve to the left with a radius of 1984.00 feet, through an angle of 2° 08' 52" an arc length of 74.37 feet to said 37.40 foot course; thence along last said course South 74° 33' 14" East, 33.39 feet to the point of beginning.

The bearings and distances used in the above descriptions are on the California Coordinate System, Zone 3. Multiply the above distances by 1.0000546 to obtain ground level distances.

**EXHIBIT B TO PURCHASE AND SALE AGREEMENT**

**Recording Requested by, and  
When Recorded Mail to,  
and Mail Tax Statements to:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

---

Space Above This Line for Recorder's Use

The undersigned declares exemption under the following:  
Exempt from fee per GC 27383;

**GRANT DEED**

For valuable consideration, receipt and adequacy of which are hereby acknowledged, \_\_\_\_\_, a \_\_\_\_\_ ("**Grantor**"), hereby grants, sells, conveys and transfers to \_\_\_\_\_, a \_\_\_\_\_ ("**Grantee**"), that certain improved real property located in \_\_\_\_\_, \_\_\_\_\_, as legally described in Exhibit A (the "**Real Property**"), together with all improvements, structures and fixtures (collectively, the "**Improvements**") located thereon, and any and all apparatus, equipment, and appliances used in connection with the operation or occupancy of the Real Property and its Improvements owned by Grantor, and any and all rights, privileges, and easements, incidental or appurtenant to the Real Property or the Improvements, if any and only to the extent legally transferable, and any and all other development rights, air rights, water, water rights, riparian rights, and water stock relating to the Real Property and owned by Grantor, and any and all easements, rights-of-way, or other appurtenances used in connection with the beneficial use and enjoyment of the Real Property or the Improvements, and any and all of Grantor's right, title, and interest in and to all roads and alleys adjoining or servicing the Real Property.

///SIGNATURES ON FOLLOWING PAGE///



**IN WITNESS WHEREOF**, Grantor has caused its duly authorized representative to execute this instrument as of the date hereinafter written.

Dated: \_\_\_\_\_, 20\_\_

**GRANTOR:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California   )  
  )  
County of \_\_\_\_\_ )

On \_\_\_\_\_ before me,  
\_\_\_\_\_, notary public (here insert name and title of the officer),  
personally appeared \_\_\_\_\_, who proved to me on the basis of satisfactory  
evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and  
acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies),  
and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of  
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the  
foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature \_\_\_\_\_ (Seal)

**EXHIBIT A TO GRANT DEED**

**LEGAL DESCRIPTION**

To be attached

**CERTIFICATE OF ACCEPTANCE TO GRANT DEED**

This is to certify that the interest in real property conveyed to the Marin County Transit District by the foregoing GRANT DEED, which is dated \_\_\_\_\_, and executed by \_\_\_\_\_, is hereby accepted by the undersigned pursuant to authority conferred by Resolution No. \_\_\_\_\_, dated \_\_\_\_\_. The Marin County Transit District, as grantee, consents to recordation of said GRANT DEED.

\_\_\_\_\_  
Nancy Whelan  
General Manager  
Marin County Transit District

**EXHIBIT C-1 TO PURCHASE AND SALE AGREEMENT**

**ASSIGNMENT OF CONTRACTS, WARRANTIES AND INTANGIBLES**

This Assignment of Contracts, Warranties and Intangibles (the "Assignment") is made as of \_\_\_\_\_, 2020, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

For valuable consideration, receipt of which is acknowledged, Assignor and Assignee agree as follows:

**1. ASSIGNMENT AND ASSUMPTION.**

(a) Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor in, to and under the contracts, including all amendments or modifications thereto (the original and all amendments or modifications, collectively, the "Contracts") relating to that certain real property with a street addresses of 600 Rush Landing Road, Novato, California (the "Property"), complete copies of which are included in **Schedule A** attached hereto and made a part hereof.

(b) Assignee hereby accepts the foregoing assignment and assumes and agrees to perform all of the covenants and agreements in the Contracts to be performed by Assignor thereunder that arise or accrue from and after the date of this Assignment.

(c) Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor in and to (i) all assignable existing warranties and guaranties issued to Assignor in connection with the Property or any improvements thereon or personal property used in connection therewith, and (ii) to the extent assignable, all entitlements, permits, marks, logos and names related exclusively to the real property and improvements described in preceding clause (i), and all other intangible personal property relating exclusively to the Property.

**2. FURTHER ASSURANCES.** Assignor and Assignee agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effect this Assignment.

**3. SUCCESSORS AND ASSIGNS.** This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective personal representatives, heirs, successors and assigns.

///SIGNATURES ON FOLLOWING PAGE///

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first hereinabove written.

**ASSIGNOR:**

By:  
Name:  
Its:

**ASSIGNEE:**

By:  
Name:  
Its:

**SCHEDULE A TO ASSIGNMENT OF CONTRACTS, WARRANTIES AND INTANGIBLES**

Copies of Contracts

**EXHIBIT C-2 TO PURCHASE AND SALE AGREEMENT**

**ASSIGNMENT OF LEASES**

This Assignment and Assumption of Leases (the "Assignment") is made as of \_\_\_\_\_, 2020, by and between \_\_\_\_\_, a \_\_\_\_\_ ("Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ ("Assignee").

For valuable consideration, receipt of which is acknowledged, Assignor and Assignee agree as follows:

1. ASSIGNMENT AND ASSUMPTION.

(a) Assignor hereby assigns and transfers to Assignee all right, title and interest of Assignor in, to and under the existing leases, including all amendments or modifications thereto (the original and all amendments or modifications, collectively the "Leases") relating to that certain real property with a street addresses of 600 Rush Landing Road, Novato, California (the "Property"), complete copies of which are included in Schedule A attached hereto and made a part hereof.

(b) Assignee hereby accepts the foregoing assignment and assumes and agrees to perform all of the covenants and agreements in the Leases to be performed by Assignor thereunder that arise or accrue from and after the date of this Assignment.

2. FURTHER ASSURANCES. Assignor and Assignee agree to execute such other documents and perform such other acts as may be reasonably necessary or proper and usual to effect this Assignment.

3. SUCCESSORS AND ASSIGNS. This Assignment shall be binding upon and shall inure to the benefit of Assignor and Assignee and their respective personal representatives, heirs, successors and assigns.

///SIGNATURES ON FOLLOWING PAGE///



IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first hereinabove written.

ASSIGNOR:

By:  
Name:  
Its:

ASSIGNEE:

By:  
Name:  
Its:

SCHEDULE A TO ASSIGNMENT OF LEASES

Copies of Leases

**EXHIBIT D TO PURCHASE AND SALE AGREEMENT**

**NATURAL HAZARD DISCLOSURE STATEMENT**

This statement applies to the following described real property: 600 Rush Landing Road, Novato, California.

The undersigned Seller discloses the following information with the knowledge that even though this is not a warranty, the undersigned prospective Buyer may rely on this information in deciding whether and on what terms to purchase the subject real property. The following disclosures are made by the Seller based solely upon the information contained in the report attached hereto and made a part hereof. This information is merely a disclosure and shall not be deemed to be part of any contract between the Buyer and Seller.

THIS REAL PROPERTY LIES WITHIN THE FOLLOWING HAZARDOUS AREA(S):

A VERY HIGH FIRE HAZARD SEVERITY ZONE pursuant to Section 51178 or 51179 of the Government Code. The owner of this property is subject to the maintenance requirements of Section 51182 of the Government Code.

Yes       No

A WILDLAND AREA THAT MAY CONTAIN SUBSTANTIAL FOREST FIRE RISKS AND HAZARDS pursuant to Section 4125 of the Public Resources Code. The owner of this property is subject to the maintenance requirements of Section 4291 of the Public Resources Code. Additionally, it is not the state's responsibility to provide fire protection services to any building or structure located within the wildlands unless the Department of Forestry and Fire Protection has entered into a cooperative agreement with a local agency for those purposes pursuant to Section 4142 of the Public Resources Code.

Yes       No

**THESE HAZARDS MAY LIMIT YOUR ABILITY TO DEVELOP THE REAL PROPERTY, TO OBTAIN INSURANCE, OR TO RECEIVE ASSISTANCE AFTER A DISASTER.**

**THE ATTACHED REPORT ON WHICH THESE DISCLOSURES ARE BASED ESTIMATE WHERE NATURAL HAZARDS EXIST. THEY ARE NOT DEFINITIVE INDICATORS OF WHETHER OR NOT A PROPERTY WILL BE AFFECTED BY A NATURAL DISASTER. BUYER IS HEREBY ADVISED TO OBTAIN INDEPENDENT PROFESSIONAL ADVICE REGARDING THOSE HAZARDS AND OTHER HAZARDS THAT MAY AFFECT THE SUBJECT PROPERTY.**

This statement may be signed in one or more counterparts.

\\\continued on next page\\\

\\\continued from previous page\\

Seller hereby states that the information set forth herein is true and correct to the best of the Seller's knowledge based solely upon the information contained in the attached report, and such knowledge is limited to be as of the date specified below. Seller has not independently verified the information contained in this statement and the attached report, and Seller is not personally aware of any errors or inaccuracies in the information contained in this statement.

**SELLER:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Buyer hereby represents and warrants that it has read and understands the information contained in this disclosure statement and in the attached report and will rely upon the information contained in the report as though the report were addressed directly to Buyer.

**BUYER:**

\_\_\_\_\_,  
a \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E TO PURCHASE AND SALE AGREEMENT**

**TENANT ESTOPPEL CERTIFICATE**

TO: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

RE: 600 Rush Landing Road, Novato, California (the "**Premises**")

The undersigned (the "**Tenant**") hereby certifies to \_\_\_\_\_, a \_\_\_\_\_ (the "**Buyer**"), the Buyer's lender, and to \_\_\_\_\_, a \_\_\_\_\_ ("**Landlord**"), the following information with respect to that certain lease agreement, dated \_\_\_\_\_, \_\_\_\_ (the "**Lease**," including any amendments to or modifications of the same) under which the Tenant is a tenant:

1. Lease. The Lease is in full force and effect and has not been modified or amended except as follows (if none, indicate so by writing "NONE" in the space indicated):

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

A true and correct copy of the Lease (including all amendments to or modifications of the same) is attached hereto as Schedule 1. The Lease contains all of the understandings and agreements between Landlord and Tenant.

2. Premises. The Tenant leases that certain premises as described in the Lease, which includes the portion of the paved parking area illustrated on Schedule 2 attached hereto.

3. Base Rent. Base rental is due on the \_\_\_\_ day of each month. All fixed base rental has been paid to the end of the current calendar month, which is \_\_\_\_\_, and no rent under the Lease had been paid more than one month in advance of its due date except for any security deposit referenced herein. Current monthly fixed base rental for the Premises is \$\_\_\_\_\_. The base rental is subject to the following escalations adjustments (if none, indicate so by writing "NONE" in the space indicated): \_\_\_\_\_.

4. Common Area Maintenance; Other Charges. The Tenant is required to pay the following taxes, utilities, common area maintenance payments, and other charges under the Lease:

a. Operating Expenses: Tenant's share of Operating Expenses is \_\_\_\_\_ percent (\_\_\_%), Tenant's most recent payment for its share of Operating Expenses was in the

amount of \$ \_\_\_\_\_ and was paid for the period \_\_\_\_\_.

b. Water/Sewer and Electric Utilities: Since there is only one water/sewer meter and one electric meter to the Building, Tenant's share of these utilities provided to the Premises is \_\_\_\_\_ percent (\_\_\_%) of the total charge for the Building. Tenant's most recent payment for its share of these utilities was in the amount of \$ \_\_\_\_\_ and was paid for the period \_\_\_\_\_.

c. Other Utilities and Services: Landlord provides the following services at the Premises (if none, indicate so by writing "NONE" in the space indicated):  
\_\_\_\_\_  
\_\_\_\_\_.

5. Term. The Lease term expires \_\_\_\_\_. The Lease provides for an option to renew the Lease term as follows (if none, indicate so by writing "NONE" in the space indicated): \_\_\_\_\_ . The Lease contains no first right of refusal to lease or purchase, option to expand, option to terminate, or option to purchase except as follows (if none, indicate so by writing "NONE" in the space indicated): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

6. Security Deposit. Landlord is presently holding a security deposit of \$ \_\_\_\_\_.

7. No Default; Claims.

a. Tenant is not in default under the Lease and, to the best of Tenant's knowledge, no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a default by Tenant under the Lease.

b. Tenant has no claim of default or offset or defense against the payment of any amounts required to be paid by Tenant, and has no claim against Landlord. To the best of Tenant's knowledge, there is no default by Landlord under the Lease and no event has occurred that, with the passage of time or the giving of notice, or both, would constitute a default by Landlord under the Lease.

8. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises.

9. Tenant recognizes and acknowledges it is making these certifications to you with the intent that the Landlord, the Buyer and Buyer's lenders, successors and assigns may rely hereon and as a material inducement to the Buyer's transaction with the Landlord, as the seller.

10. Tenant has the legal power and authority to make and deliver this certificate, and Tenant will be bound by the statements and certifications made herein.

///SIGNATURES ON FOLLOWING PAGE///

Dated: \_\_\_\_\_, \_\_\_\_\_

Very truly yours,

\_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_



SCHEDULE 1 TO TENANT ESTOPPEL CERTIFICATE  
COPIES OF LEASES AND AMENDMENTS OR MODIFICATIONS

SCHEDULE 2 TO TENANT ESTOPPEL CERTIFICATE  
DIAGRAM OF PAVED PARKING AREA PORTION OF PREMISES

**EXHIBIT F**

**BUYER'S NOTICE TO TENANTS**

[MCTD letterhead]

[tenant name, per address for notice under existing leases]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: 600 Rush Landing Road, Novato (APN 125-560-01)  
Proposed acquisition of property; intention to take assignment of existing leases  
and continue existing leases  
General Information Notice

Dear [tenant name]:

Marin County Transit District (“MCTD”) is considering purchasing the property located at 600 Rush Landing Road, Novato, CA (APN 125-560-01) (the “Property”). We understand that you are currently leasing a portion of the Property as a business tenant. MCTD is a public entity and is required by law to deliver this notice upon the voluntary acquisition of real property.

The purpose of this notice is to inform you that when the current owner and MCTD close on the purchase of the Property, MCTD intends to take an assignment and assumption of the existing leases of the Property, including [tenant]’s lease, and to continue those existing leases under all of the same terms and conditions of the existing leases. MCTD’s acquisition of the Property would not terminate [tenant]’s existing lease, and [tenant] would be expected to continue adhering to all of its rights and obligations under its existing lease.

Accordingly, MCTD has determined that when the current owner and MCTD close on the purchase of the Property, [tenant] will not be a displaced person in connection with the proposed purchase of the Property, as defined under 49 CFR §24.2(a)(9)(ii)(D), and, as such, will not be eligible for relocation assistance under the Uniform Relocation Assistance and Real Property Acquisition Policies Act (“URA”).

VTY,

Nancy Whelan  
General Manager  
tel: 415-226-0855  
nwhelan@marintransit.org

**APPRAISAL OF**  
**AN OFFICE BUILDING**  
**600 RUSH LANDING ROAD**  
**NOVATO, CA 94945**



**PREPARED FOR**  
**MS. NANCY WHELAN, GENERAL MANAGER**  
**MARIN COUNTY TRANSIT DISTRICT**  
**711 GRAND AVENUE, STE. 110**  
**SAN RAFAEL, CA 94901**

**AS OF**  
**AUGUST 7, 2019**

**PREPARED BY**  
**NANNETTE F. QUIGLEY**  
**REAL ESTATE APPRAISER**  
**19 PINE HILL COURT**  
**SAN RAFAEL, CA 94903**

**NANNETTE F. QUIGLEY**  
**REAL ESTATE APPRAISER**

19 Pine Hill Ct.  
San Rafael, California 94903  
(415) 299-1812; FAX: (415) 472-2463; Email: nan.quigley@sbcglobal.net

October 7, 2019

Ms. Nancy Whelan, General Manager  
Marin County Transit District  
711 Grand Avenue, Ste. 110  
San Rafael, CA 94901

Re: 600 Rush Landing Road  
Novato, CA 94945  
APN: 125-560-01

Dear Ms. Whelan:

As authorized, the above noted property has been inspected and appraised. The subject is improved with a 10,950 gross sf office building on a 2.50 acre site. The building is leased to two tenants, one space is owner occupied and the remaining space is vacant. Leases and rental rates were not provided. Due to the lack of lease information, a fee simple rather than leased fee valuation will be provided. This appraisal is made with the following hypothetical condition:

*“A leased fee value could not be determined since leases were not provided. Therefore, a fee simple value will be used for the purposes of this report. If leases are provided, this opinion of value could change.”*

There is some excess land, estimated at 65,340 sf or 1.50 acres that is not needed for the existing building on site. The excess land will be valued separately and then added to the fee simple value of the subject property. This appraisal is made with the following extraordinary assumption:

*“The excess land estimated as 65,340 sf has not been surveyed. If the area is different in size, this opinion of value will most likely change.”*

The purpose of this appraisal is to form an opinion of the current market value of the fee simple As Is value of the subject property. The intended use is for a potential purchase of the property for a federally assisted program. The intended user of this report is Marin County Transit District. The appraisal may not be used or relied upon by anyone other than the client for any purpose whatsoever, without the express written consent of the appraiser. This report is not intended for any other use. This letter must remain attached to the report, in order for the value opinion set forth to be considered valid.

Ms. Nancy Whelan  
October 7, 2019  
Page 2 of 2

I visited the property on August 7, 2019, and made all necessary investigation and analyses, to prepare the enclosed appraisal report. Research, analysis, and this report have been prepared according to the provisions of the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), 49CFR24.104 and FTA5010.1E.

Based on inspection, investigation, and analysis undertaken, the opinion has been formed, subject to the definition of value, assumptions and limiting conditions, and certification herein, that the improved property has a fee simple value, as of **August 7, 2019**, as follows:

**FOUR MILLION EIGHT HUNDRED EIGHTY THOUSAND DOLLARS**  
**\$4,880,000.00**

Respectfully submitted,



Nannette F. Quigley  
CA Certified General Real Property Appraiser  
BREA License No. AG025795  
Expiration: September 29, 2020

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## **ADDENDA**



**SUBJECT PHOTOGRAPHS**



**Front View**



**Front Entry**



**Side View (southern elevation) and  
Entrance to Parking**



**Side View (northern elevation)**



**Rear View (eastern elevation)**



**Monument Signage**



**Typical Parking at the Front**



**Excess Land - Fenced Parking Area used by MV Transportation**



**Excess Land - Fenced Parking Area used by Enterprise Rent-A-Car**



**Excess Land – Unusable Unpaved Area at Northern Tip of Site**



**Street Scene Looking South**



**MV Transportation Private Office**

**SUBJECT PHOTOGRAPHS**



**MV Transportation Break Room**



**MV Transportation Conference Room**



**Vacant 1<sup>st</sup> Floor Space**



**1<sup>st</sup> Floor Common Area Restroom**

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

---

Property Address:	600 Rush Landing Road Novato, CA 94945
Assessor's Parcel Number:	125-560-01
Owner:	Roger L Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991, as to an undivided 50% interest, and Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest, as tenants in common
Building Area:	10,950 SF (gross)
Site Size:	108,900 SF or 2.50 acres (gross)
Zoning Land Use:	LI-O (Light Industrial/Office)
Flood Hazard Zone:	Zone AE
Census Tract Number:	1011.01
Thomas Bros. Map Number:	1A-F6
Present Use:	Office
Highest and best use:	Present Use
Ownership Valued:	Fee Simple
Purpose of the Appraisal:	As Is Market Value
Estimated Exposure Time:	Three to six months
Effective Date of the Appraisal:	<b>August 7, 2019</b>
Date of Inspection:	August 7, 2019
Date of Appraisal Report:	October 7, 2019
<b>Market Value As Is</b>	
Cost Approach:	Not Applied
Sales Comparison Approach:	\$3,285,000 (10,950 sf x 300/sf)
Income Approach:	\$3,194,646 (\$143,759 NOI/4.50% OAR)
<b>Market Value Fee Simple:</b>	<b>\$3,250,000</b>
<b>Market Value Excess Land:</b>	<b><u>\$1,630,000</u></b>
<b>Final Opinion of Value:</b>	<b>\$4,880,000</b>

## **IDENTIFICATION OF THE PROPERTY**

---

The subject property is comprised of a 10,950 square foot, two story office building. It is a concrete block/wood frame building, constructed in 1998. It is commonly known as 600 Rush Landing Road, Novato, CA. It is also identified by Marin County parcel number 125-560-01.

## **LEGAL DESCRIPTION**

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A Preliminary Title Report was provided for review. For a complete legal description of the subject property, please refer to a copy of the Preliminary Title Report in the Addenda.

## **OWNERSHIP AND PROPERTY HISTORY**

---

The property is currently vested in Roger L. Kaehler, Trustee of The Kaehler Living Trust dated February 21, 1991, as to an undivided 50% interest, and Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest, as tenants in common. The last time the property was listed for sale was in 2015. It was originally listed at \$4,400,000 and then reduced to \$4,000,000. It was taken off the market after 6 – 9 months. The listing broker (Brian Foster, Cushman & Wakefield) stated that it did not sell since the capitalization rate was not attractive. There have been no other sales or listings of the subject within the last five years.

## **DATES OF VALUATION**

---

The effective date of the appraisal and the date of interior and exterior inspection is August 7, 2019 and the date of the appraisal report is August 29, 2019.

## **INTENDED USE AND USER OF THE APPRAISAL**

---

The purpose of this appraisal is to form an opinion of the As Is current market value of the fee simple interest in the subject property. The intended use of this appraisal is for a potential purchase of the property for a federally assisted program. Marin County Transit District is the intended user of this report.

## **DEFINITIONS**

---

**Fee Simple** is defined by the American Institute of Real Estate Appraisers as absolute ownership unencumbered by other interest or estate subject only to limitation of eminent domain, escheat, police power, and taxation.

**Leased Fee** is an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

**Leasehold Estate** is the interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a sated term under certain conditions.

**Going Concern** is defined as the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate. Going-concern value includes an intangible enhancement of the value of the operating business enterprise, which is produced by an assemblage of the land, buildings, labor, equipment, and the marketing operation. This assemblage creates an economically viable business that is expected to continue. Going-concern value refers to the total value for the property, including both real property and intangible personal property attributed to business value.

**Market Value** 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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in the definition is the consummation of a sale as of a specific 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 acting in what they consider their best interests;
- 3) a reasonable time is allowed for exposure in the open market;
- 4) payment is made in terms of cash in U.S.dollars or in terms of financial arrangements comparable thereto; and
- 5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(FIRREA, effective date August 24, 1990)

## **NON-REALTY ITEMS AND PERSONAL PROPERTY (FF&E)**

---

This appraisal does not include any non-realty items including personal property, such as furniture, fixtures, and equipment.

## **UNAVAILABLE INFORMATION**

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- Environmental Reports, if any, were not made available to the appraiser. It is assumed that the subject property is not adversely affected by environmental conditions.
- Leases and income/expense information was not made available to the appraiser.

## **ESTIMATE OF EXPOSURE TIME**

---

Standard 1-2(c) iv “When developing an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.”

“Reasonable exposure time is one of a series of conditions in most market value definitions. Exposure time is always presumed to precede the effective date of the appraisal.

Exposure time may be defined as follows: The estimated length of time the property interest being appraised 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; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal.”<sup>1</sup>

The subject is a two story office building with a good quality and condition. The primary appeal would typically be to either an owner user or an investor. After a review of marketing periods for the sales, the subject, and the market overall, an exposure period for the property at \$4,880,000 is estimated as **three to six months**.

## **SCOPE OF THE APPRAISAL**

---

Pursuant to USPAP and Standards Rule 2.2, this is considered a:

<b>APPRAISAL REPORTING</b>	
<b>X</b>	<b>APPRAISAL REPORT</b>
	<b>RESTRICTED USE REPORT</b>

The appraisal process required researching the area for appropriate market information applicable to the subject property. In preparing this appraisal, I

- Inspected the subject site and interior/exterior of the improvements;
- Had conversations with real estate brokers, appraisers, and city officials. References to published market data were made;
- Gathered, confirmed, and analyzed comparable improved sales, rentals, and other pertinent data;

---

<sup>1</sup>Standards of Professional Appraisal Practice of The Appraisal Institute, The Appraisal Institute, Page 71.

- An exterior observation from the street was performed on the comparable improved sales and land sales;
- Operating expenses were abstracted from sales when possible, and published data sources were used as support.

The building is leased to two tenants, one space is owner occupied and the remaining space is vacant. Leases and rental rates were not provided. Due to the lack of lease information, a fee simple rather than leased fee valuation will be provided. This appraisal is made with the following hypothetical condition:

- A leased fee value could not be determined since leases were not provided. Therefore, a fee simple value will be used for the purposes of this report. If leases are provided, this opinion of value could change.

There is some excess land, estimated at 65,340 sf or 1.50 acres that is not needed for the existing building on site. The excess land will be valued separately and then added to the fee simple value of the subject property. This appraisal is made with the following extraordinary assumption:

- The excess land estimated as 65,340 sf has not been surveyed. If the area is different in size, this opinion of value will most likely change.

This report has been prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), 49CFR24.104, FTA5010.1E and any special instructions provided by the client. The scope of the work includes the research and analysis that is necessary to develop credible assignment results. This includes meeting the expectations of the parties who are regularly intended users for similar assignments as well as what an appraisers' peers' actions would be for the same or similar assignments.

\*Observation of the subject by the appraisers does not constitute a complete building inspection. The appraisers only performed a visual inspection of accessible areas and cannot be relied upon to disclose conditions and/or defects in the property.

## **Methodology**

There are three widely accepted approaches utilized when estimating the market value in a given property. They include the cost approach, the sales comparison approach and the income capitalization approach. Each approach is conducted independently of the other to arrive at an opinion of the subject property's estimated value. Upon completion of the three approaches, a final value conclusion is reached based on a weighted consideration and the overall reliability of each of the approaches utilized. The reliability of each approach is judged generally on the quantity and quality of the data generated and included in each of the individual approaches.

***The three applicable approaches are discussed briefly as follows:***

### **Cost Approach**

In the cost approach, an estimated reproduction or replacement cost of the building and land, as of the date of the appraisal, is developed with an estimate of value (depreciation) that has taken place due to wear and tear, design and plan, or neighborhood influences. This approach is a reliable



indicator for newer properties and properties that are developed to their highest and best use. The age of the improvements make depreciation very subjective. The cost approach is not applicable to the solution of the appraisal problem but the sales comparison approach for the land is applicable since the subject property has excess land and there are a sufficient number of proximate, commercially zoned, suitably vacant land sales from which to make a credible and estimate. A cost approach was not developed as the conclusion may be misleading as noted in the comments above.

### **Sales Comparison Approach**

In the sales comparison approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. Data for generally comparable properties are used and comparisons are made to demonstrate a probable price at which the subject property would sell if offered on the market. This is a good indication of value assuming the market data considered is recent and reliable. There was adequate market data from which to form an opinion of market value for the subject. Buyers who intend to occupy the property most commonly use this approach. Since the subject property would typically appeal to an investor, this approach is given less weight than the income capitalization approach.

### **Income Capitalization Approach**

In the income capitalization approach, the current or estimated rental income for the subject is assigned. Deductions are then made for vacancy and collection loss and operating expenses. A conclusion about the prospective net operating income of the property is developed from these estimates. In most cases, the income capitalization approach is considered to be the best method of estimating value for an income producing property. Capitalization rates are typically a consideration with the purchase of this type of property. In most cases, the income capitalization approach is considered to be a good method of forming an opinion of value for income producing property as the individual expense, net income and cap rates are taken into account. This property would typically be purchased by an investor. Since the subject property would typically appeal to an investor, this approach is given more weight than the sales comparison approach.

### **Methods Utilized**

For the reasons discussed above, only the sales comparison and income approaches to value have been developed in this analysis.

## **CITY DESCRIPTION – Novato**

---

The City of Novato is located along the US 101 Highway corridor approximately 28 miles north of San Francisco and about equidistant (11 miles) from its nearest two neighboring cities: San Rafael to the south and Petaluma (in Sonoma County) to the north. State Highway 37 exits Highway 101 in southern Novato and links it with Sacramento and other inland cities of the North Bay area. Highway 580, a major east-west corridor exits Highway 101 in San Rafael and provides access to the East Bay area.

Incorporated in 1960, Novato is the largest city in Marin County both in population and in area. The city encompasses an area of 27 square miles. The city is surrounded by large tracts of unincorporated land. Most studies of Novato are based on its "sphere of influence" which includes not only the corporate limits but areas adjacent to the city exhibiting annexation potential as well. Novato's sphere of influence contains an area of 43 square miles and had a 1990 population of 54,000, and 70,400 in 2010.

A significant portion of the growth of Marin County is occurring in Novato. Between 1980 and 1990, Marin County's population was increasing at a rate of 0.4% per year while Novato's population was growing more than three times as fast at 1.3% per year. ABAG's population growth for Novato is compared with growth for the county as a whole:

YEAR	CITY POPULATION	PER CENT INCREASE	% OF COUNTY POPULATION
1990	53,827	----	23.39
1995	57,800	7.38	23.80
2000	61,700	6.75	24.28
2005	65,700	6.48	25.00
2010	70,400	7.15	26.07

As suggested by the historical trends and population projections, the City of Novato has been a major source of new housing in Marin County in recent years. Novato has accomplished significant growth primarily due to three reasons: 1.) the availability of large vacant tracts suitable for residential development, 2.) the limited land available in other Marin cities, and 3.) the relatively lower cost of housing when compared with other Marin cities.

The lower cost of Novato housing as compared to the county in general will continue to attract buyers to the northern end of the county. The mean sales price for a single-family residence in Marin County for 2018 was \$1,647,096 with a total of 1,990 sales and an average listing period of 44 days. Novato had 407 sales with a mean sales price of \$1,061,476 and 43 days on the market while San Rafael had 479 sales with a mean sales price of \$1,318,554 and an average of 39 days on the market for 2018. The demand for homes in Marin remains strong with San Rafael leading in volume, followed by Novato.

The business areas in Novato are in a widely dispersed pattern. Retail, office and industrial uses extend from San Marin in the north to Bel Marin Keys and Ignacio on the south, along Redwood Boulevard, South Novato Boulevard, Rowland Boulevard and in the Downtown/Old Town area.

As to current development, Novato is compared with Marin County by commercial sector in the following table.

<b>BASE COMMERCIAL SQUARE FOOTAGE 4th Quarter 2018</b>			
	<b>Marin County</b>	<b>Novato</b>	<b>% of County</b>
Office	7,596,011	2,597,381	34.2
Retail	6,444,522	1,615,760	25.1
Industrial	6,444,347	1,778,659	27.6
Total	20,484,880	6,207,377	30.3

Source: Keegan & Coppin.

One measure of the strength of a particular sector is its vacancy rate. In the following table vacancy is looked at on a square foot basis.

<b>VACANCY RATE COMMERCIAL SECTOR 4th Quarter 2018</b>		
	<b>Marin County</b>	<b>Novato</b>
Office	24.4%*	43.0%*
Retail	6.3%	7.1%
Industrial	2.0%	3.0%

Source: Keegan & Coppin.

\*574,071 s.f. vacant former Fireman's Fund buildings in Novato.

The foregoing table compares vacancy rates expressed as a percentage. Although the office vacancy for Marin County is 24.4%, nearly one half of the vacant office space is located on the former Fireman's Fund campus in Novato. By removing this single vacant property from the overall vacancy survey, the county wide vacancy rate adjusts to 16.8% and the Novato vacancy adjusts to 20.9%, which is a much better indicator of the overall strength and condition of the market. As the table clearly shows, office vacancy is considered very high and it may take years before this segment recovers. The industrial segment is strong as the vacancy rate is below the healthy benchmark of 5%. The retail segment is also considered strong since the vacancy rate is slightly above 5%.

The county as a whole has a slightly lower vacancy rate compared to Novato in both the retail and industrial segments. About one third of Novato's office vacancy is sublease vacancy created by downsized and out firms. Novato has the highest vacancy rate in the county for the office, industrial and retail segments.

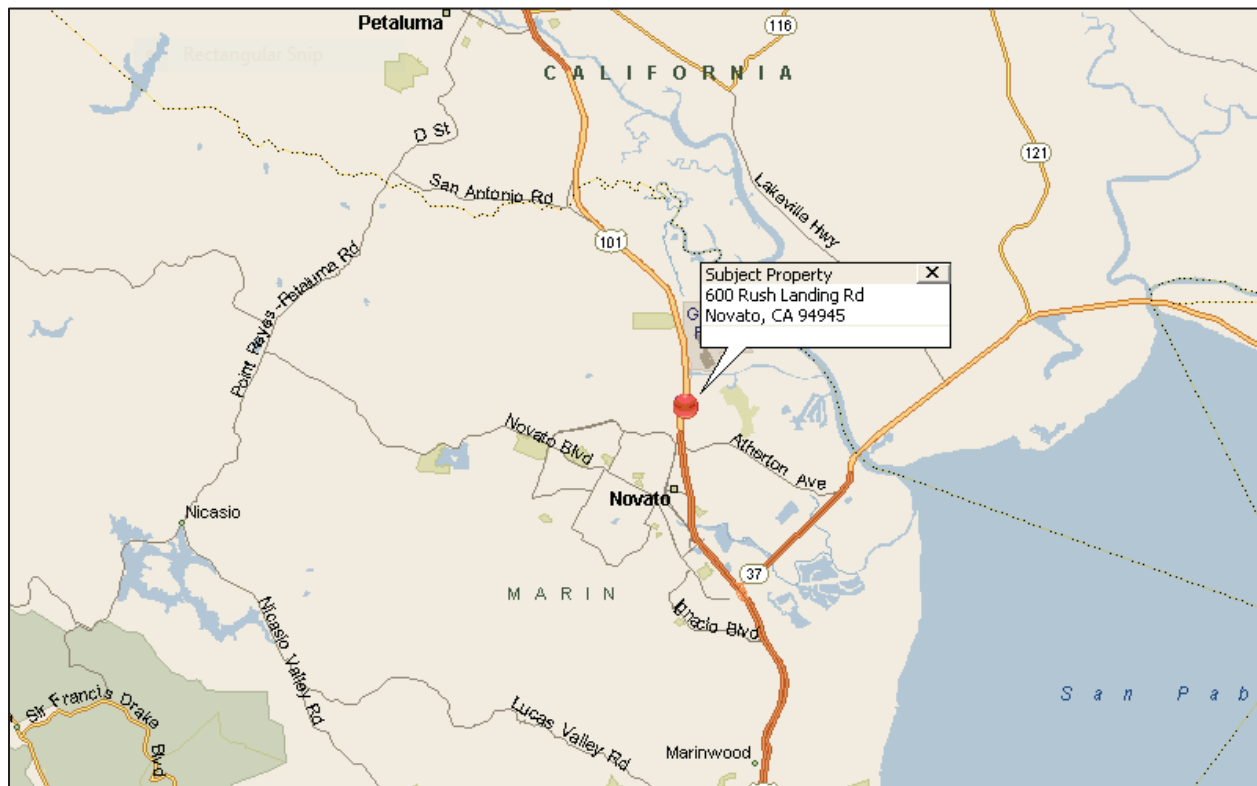
Mean household incomes in Novato fell well below the Marin county mean and the difference is expected to continue throughout the ABAG study period as the following chart indicates:

MEAN HOUSEHOLD INCOMES			
Year	Marin (\$)	Novato (\$)	% Novato
1990	83,155	72,344	87%
1995	86,800	76,384	88%
2000	96,600	86,974	90%
2005	108,600	98,826	91%
2010	118,600	109,112	92%

When one adjusts the above figures to include consideration of typical current housing costs, remaining household income for Novato is very similar to the rest of Marin County. The lowered housing costs in Novato lead to much lower mortgage payments and greater residual income for Novato residents.

In conclusion, much of Marin's future growth will occur in the Novato area. This holds true for both residential and commercial construction. Novato's image as a bedroom community is changing but there is still an imbalance with regard to jobs and housing. As a result, Novato has an extremely low per capita tax base. Novato's lower land and home prices make it attractive as a place to live and the business climate forecasts continue to be steady.

### CITY LOCATION MAP



## **NEIGHBORHOOD DESCRIPTION**

---

The subject property is located at the north end of the city limits of Novato. The subject neighborhood is a level, low-lying area bounded on the east by Rush Creek, on the south by Atherton Avenue, on the north by the Redwood Landfill and County Airport and on the west by Highway 101. The area thus described contains about 3,100 total acres. Areas to the south and east of the neighborhood are more densely populated urban and suburban areas of Novato. The area to the west of the neighborhood can be characterized as sparsely populated, larger tracts of rolling hills around Mount Burdell. The area to the north of the neighborhood can be characterized as sparsely populated larger tracts of low lying marsh and agricultural land.

The neighborhood contains varied land uses. There are 43 separate assessment parcels within the neighborhood and only seven of those parcels, or about 16%, have assessed improvement values. Four of the improved properties are commercially oriented and three are agriculturally oriented. The former Northwest Pacific Railroad right of way, now the SMART railroad track, run behind the building. The railroad track generally takes a path through the neighborhood that lies very near the path of Highway 101. About 33% of all neighborhood parcels are either in that right of way or are owned by governmental agencies. Neighborhood lot sizes range from 0.10 acres to 582 acres, with a median lot size of 25.83 acres and a mean lot size of 75.44 acres. The smaller properties tend to be located near Binford Road and the larger tracts of land are mostly to the north and west of Gness Field. Gness Field is a Marin County Airport located in the central southern section of the neighborhood. The field occupies about 120 acres and is operated by the county's Department of Public Works. It has one runway of 3,300 feet and one helipad, houses about 300 aircraft and businesses and is used for general aviation. Located just north of the airport is the Redwood Landfill, a solid waste dump facility controlled by Waste Management Inc. The facility is a 420 acre site of which 222.5 acres are dedicated to waste disposal and the balance supports composting, recycling, and operations facilities as well as open space and a fresh water lagoon.

Land ownership in the neighborhood is consolidated. About 65% of the private ownership parcels (19 total parcels) are held by four different landowners. The Silveira family controls 520 acres of ranch land and the J Cashew Corporation/JHW Family Limited Partners control about 57 acres of commercial/industrial land, including the site of Novato Self Storage, a two building, 140,000 square facility located across Binford Road.

Circulation in the neighborhood is accomplished along Binford Road or Rush Landing Road. Binford Road provides for a single lane of travel in each direction and it generally runs just east of the railroad right of way from Atherton Drive to the south to Airport Road to the north. Binford Road is accessed from Atherton Drive just adjacent to the Highway 101/San Marin exit. Properties lying to the north and west of Airport Road are accessed directly from Highway 101. Rush Landing Road is accessed via San Marin Drive to Redwood Blvd. to Rush Landing Road, a dead-end street terminating at the subject property.

Due to the subject's Highway 101 frontage, the subject benefits from good freeway visibility and good freeway accessibility, with an interchange less than one mile south at the San Marin Drive/Atherton Avenue exit. However, access to the neighborhood is somewhat convoluted as it requires passing beneath the freeway after turning off of Redwood Boulevard. The location is isolated from other commercial services such as shops and restaurants.

The following are the proximate land uses surrounding the subject:

<b>PROXIMATE USES</b>	
North	Agricultural, Rush Creek Preserve, Redwood Landfill, Marin RV & Boat Storage, Gness Field
South	Self-storage, office, light industrial
East	SMART railroad tracks, Binford Road, Rush Creek, Basalt Creek, slough area, agricultural
West	Highway 101, agricultural

The following is a general neighborhood rating for the subject's area:

<b>NEIGHBORHOOD RATINGS</b>	
Predominant Land Use	Vacant land, commercial, agricultural
Maintenance/Condition	Average to Good
Property Compatibility	Good
Appeal/Appearance	Average to Good
Adverse Influence	None
Development Potential	Fair
Rental Demand	Average
Transportation/Access	Average to Good
Redevelopment Area	No

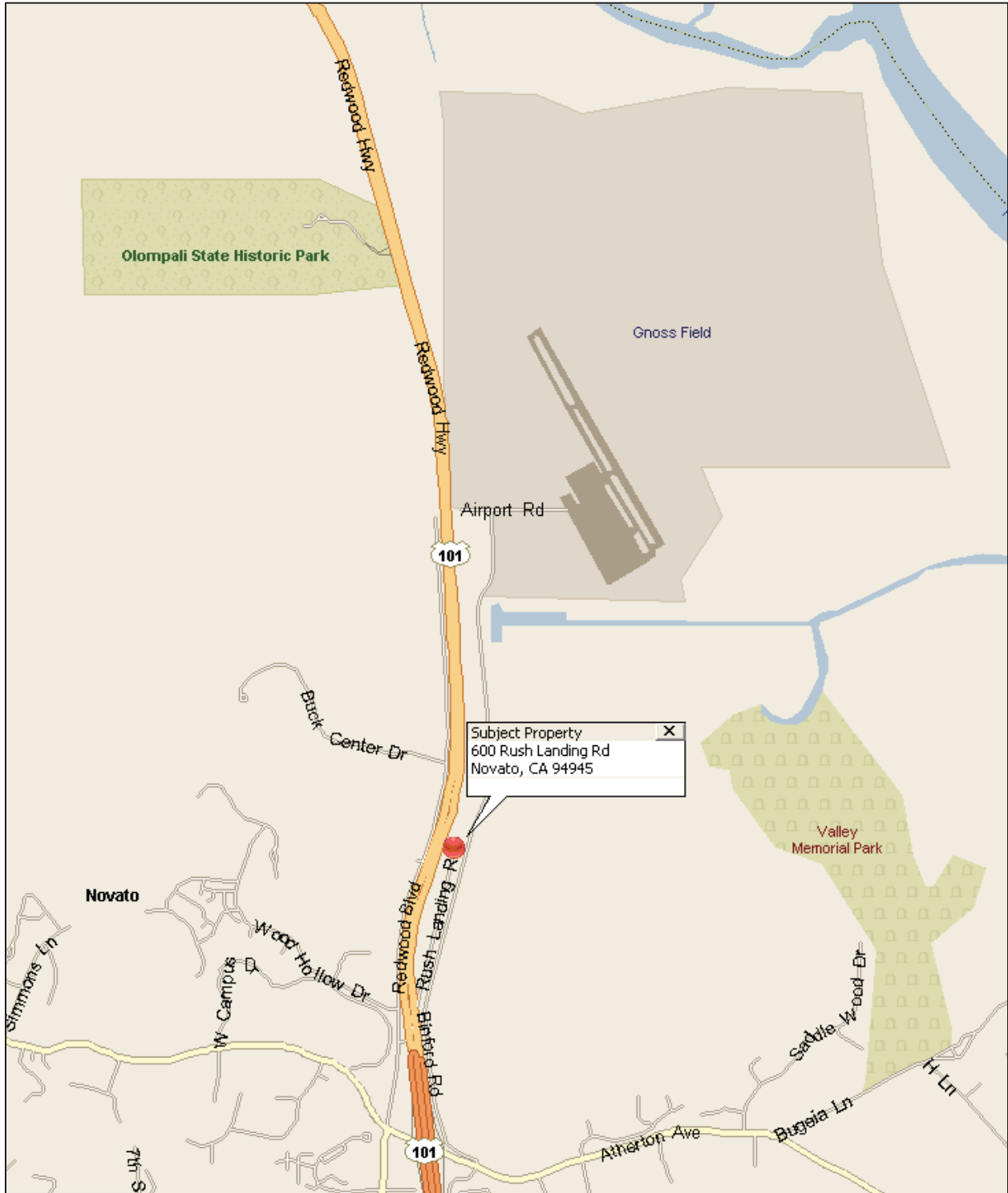
The subject neighborhood life cycle is marked and defined below. They are defined by the Dictionary of Real Estate Appraisal, 12<sup>th</sup> Edition:

**SUBJECT PROPERTY LIFE CYCLE**

	Growth	A stage in a neighborhood's life cycle in which the neighborhood gains public favor and acceptance.
x	Stable	A stage in a neighborhood life cycle in which the neighborhood experiences equilibrium without market gains.
	Decline	A stage of diminishing demand in a neighborhood's life cycle.
	Revitalization	A stage in a neighborhood life cycle characterized by renewal, modernization, and increasing demand.

The overall neighborhood rating is average with good access to Highway 101.

# NEIGHBORHOOD MAP





## MARKET OVERVIEW

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According to Cushman & Wakefield's *North Bay Office Q1 2019* research market report, the North Bay (Marin & Sonoma Counties) continued to record very low unemployment.

### Economy

- The North Bay total employment in the region was 325,000 as of Q1 2019. The unemployment rate in the region declined -30 basis points (BPS) over the past year to 2.5%.
- **Outlook:** The 12 month forecast is that U.S. unemployment will decrease from 3.8%, North Bay unemployment will remain flat at 2.5% and North Bay employment will remain flat at 325,000.

### Vacancy

- Vacancy in Marin County closed Q1 2019 at 10.6%, down -60 bps from Q4 2018. Historically driven by professional service users, the market for smaller spaces continued to tighten, decreasing vacancy in both the central and southern Marin submarkets. Marin County suffers from a lack of developable land and increasing construction costs which have created a relatively flat inventory. With little new space on the way, tenants are consistently looking to high quality, existing product and well-appointed spec-suites. The highest quality spaces are regularly transacting at full service rates above \$5.50 psf. As these spaces are absorbed, overall asking rates decline with older, Class B spaces making up an increasing share of available inventory.
- In Novato, the vacancy rate of 11.4% in Q1 was the third highest in the county after San Rafael at 12.2% and Sausalito/Tiburon at 11.8%. Keegan & Coppin reported a substantially higher vacancy rate of 38.9% in Novato in Q1. Approximately 574,071 sf is attributed to the former Fireman's Fund campus in Novato. By removing this single vacant property from Novato, the vacancy rate adjusts to 16.8%, which is still considered high.
- **Outlook:** Vacancy is expected to decrease slightly over the course of 2019 as larger tenants absorb space leased in Q1.

### Rents

- The average asking rate for Marin County office space was \$3.14 psf for all classes and \$3.20 psf for Class A space (full service). Quality central and southern Marin spaces serve as a relief valve for smaller tenants, in particular, attempting to escape the higher costs of San Francisco. As the rates increase in those southern North Bay markets, price sensitive tenants are likely to move further north for the right space. It is anticipated that this effect will continue driving larger tenant leasing activity in northern Marin and Sonoma County.
- The average asking rent in Novato was \$2.63 psf for all classes and \$2.66 psf for Class A space (full service). This represents the lowest average asking rent in the county.
- **Outlook:** Rents should increase modestly.

## SITE DESCRIPTION

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Location: 600 Rush Landing Road  
Novato, CA 94945

APN	125-560-01
Thomas Bros. Map No.	1A/F6
Census tract	1011.01
Site Size	2.50 acres or 108,900 sf
Zoning	PD: Planned Development
Shape	Irregular - narrow and triangular
Site Frontage:	Interior parcel, end of cul-de-sac
Rush Landing Road:	183 feet
Topography	Level
Landscaping	Perimeter

Soil Conditions: Soil conditions are assumed to be stable. No adverse conditions are known that would preclude most types of development. The subject site is a portion of the old abandoned two lane alignment of Highway 101. This old highway was several feet below the grade level of the current highway. The site has been filled over the years. A large amount of old abandoned road bed was dumped on the site during the construction of Highway 101. The current owners have filled, graded and compacted the site. A wick system was used to remove moisture from the soil. This was an engineered procedure to make the site adaptable for construction of commercial buildings. The original parcel had an area of 6.874 acres. It was subdivided into two parcels and included the subject property and a public storage facility located south which was built at the same time as the subject property.

Off-site Improvements: All off-site improvements are in place. Street improvements include an asphalt paved, 2-lane street.

Utilities: All typical public utilities are available to the site including water, sewer, electrical, gas, and telephone.

Street Maintenance: County of Marin

Parking: 65 spaces plus 125 space parking lot

**Comments on the site:** The subject consists of an interior, irregular shaped lot. The assessor's plat map indicates a site size of 2.50 acres or 108,900 sf. It is narrow and triangular in shape. The widest portion is at the cul-de-sac frontage and tapers to a point of no dimension at its northern

intersection. The net area of the site is estimated at 2.25 acres or 98,010 sf taking into account approximately 0.25 acres or 10,890 sf at the northern tip of the site since it is not paved, fenced or used by the current tenant due to its narrow shape and utility. In addition, it appears that there are two high voltage PG&E power poles located in this unusable, narrow portion of the site. The site is approximately 1,280 feet long and is located on the northern end of the cul-de-sac on Rush Landing Road between Highway 101 to the west and the SMART railroad track to the east. A drainage swale is located between the subject and the railroad tracks. Just beyond the SMART tracks is Binford Road. The subject property has excellent visibility from Highway 101. It is a level site and slightly above Rush Landing Road level. Additional, limited street parking is available on Rush Landing Road. Fencing is installed along Highway 101 on the western side and along the eastern side adjacent to the SMART railroad tracks. A fenced secure storage yard is provided at the northern end of the site. The subject site is not located in a wetlands, agricultural preserve, or Alquist-Priolo Special Studies zone; however, it is in a flood zone.

The subject has an interior location with excellent freeway visibility; however, this is offset by its somewhat difficult access. The shape restricts development of the site as compared with a more typical rectangular parcel. Nonetheless, the current development utilizes the site in an efficient manner. It is possible to further develop the site in the future. Overall, the subject is considered an average site compared with other competing Novato commercial sites.

**Seismic Information:** The property is not located in a seismic special studies zone as noted by the Alquist-Priolo Special Studies Zones Act as identified on the map for the State of California Special Studies Zone.

**Toxic Information:** This appraisal assumes that there are no hazardous materials that would adversely affect the value of the subject.

**Wetlands:** The subject is not located in a designated wetlands area.

**Agricultural Preserve:** The subject property is not located in an agricultural preserve.

**Environmental Observations:** An environmental report was not provided for review. It should be noted that the appraiser did not conduct an environmental inspection of the subject property, and that the appraiser is not qualified to detect or evaluate environmental or geotechnical problems. Consequently, no responsibility is assumed for the analysis and/or impact of any environmental or geotechnical issues. It is recommended that lending institutions review all environmental issues concerning any property for which they are providing a mortgage loan. Reference should be made to the Assumption and Limiting Conditions in the Addenda section of this report, in which it is stated that this appraisal is based on the assumption that the subject property is free and clear of any toxic ground or building contamination.

**Flood Zone:** According to FEMA Community Panel Number 060173-06041C0164E, dated March 16, 2016, the subject property is located in flood zone AE. This is a designated flood hazard zone that typically requires flood insurance for loan underwriting purposes.

**Preliminary Title Report:** An Old Republic Preliminary Title Report dated August 7, 2019 was provided for review. It is located in the Addenda with a legal description and some exceptions summarized as:

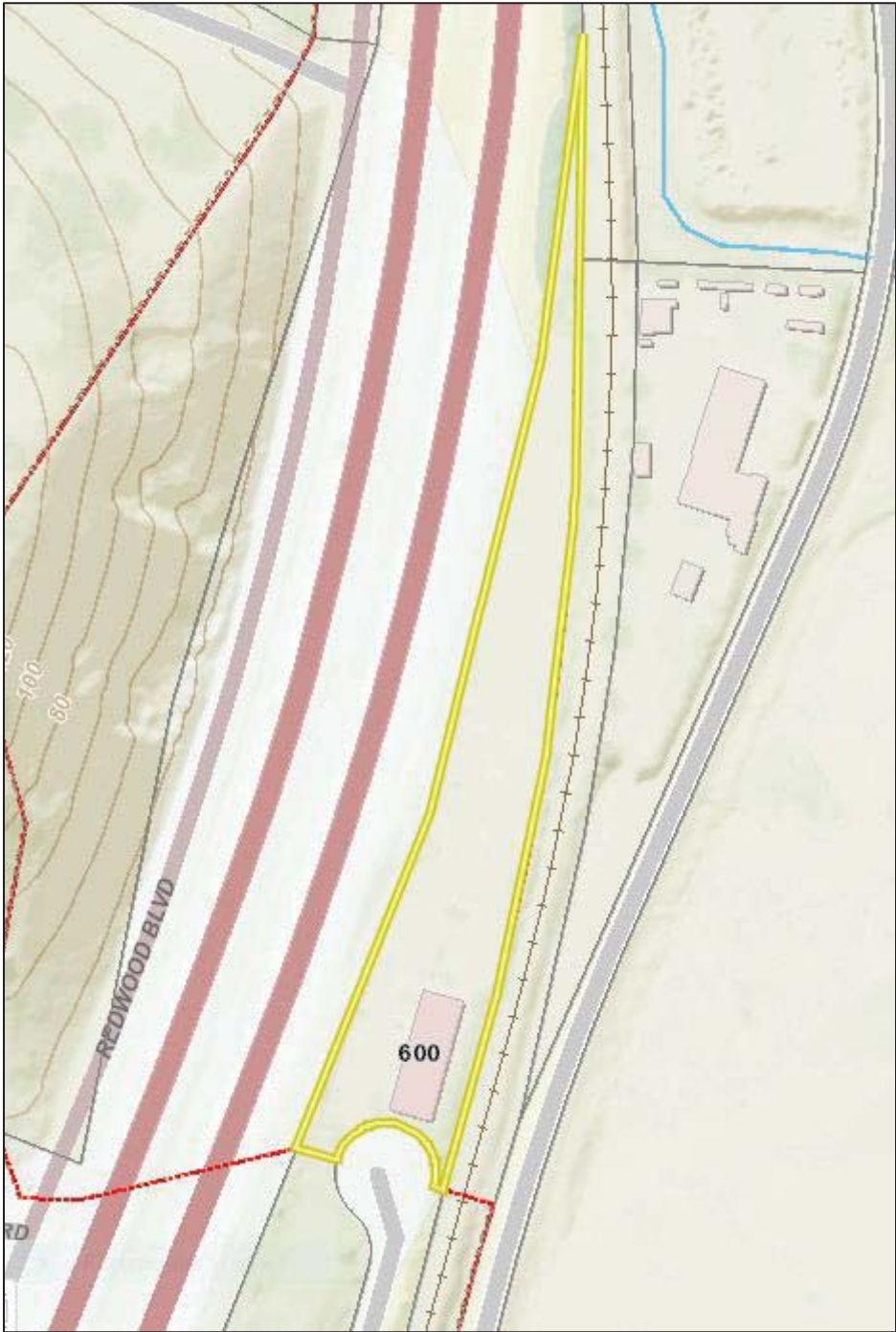
-Joint Maintenance Agreement executed by North Marin County Water District and the State of California - 1974

- Easement granted to William F. Raymond for construction and maintenance of poles, wires and cables, etc. – 1978
- Release and relinquishment of abutter's or access rights to and from the adjoining State highway (or Freeway), upon which premises abuts, to the State of California - 1978
- Easement granted to PG&E for construction and maintenance of poles, wires, and cables, etc. – 1979
- The Effect of that certain easement for the construction and maintenance of guy wires and cables together with appurtenances and rights incidental thereto as conveyed to PG&E – 1985
- Landscape Maintenance Agreement, executed by The City of Novato, a municipal corporation, and Redwood Park Ltd., a California limited partnership – 1987
- Terms and provisions as contained in an instrument, which, among other things, provides high pressure service, executed by North Marin Water District and Rush Landing, a California Partnership – 1988
- Easement granted to Novato Sanitary District, a public corporation, for sanitary sewer purposes – 1990
- Easement granted for public utilities and storm drainage
- Easement, affecting a one foot strip along the southern boundary, granted to Alan R. Brayton for the right to erect and maintain light poles and associated structures – 1997
- Consent to Common Use Agreement executed by North Main Water District and The City of Novato - 1998
- Consent to Common Use Agreement executed by PG&E and The City of Novato – 1998
- Landscape Maintenance Agreement, executed by Land Rush Partners, a general partnership, which, among other things, provides cost of common area landscape maintenance to be shared by present and/or future Owners of the subdivided 8.28 acre site comprising the Rush Landing Subdivision – 1998
- Easement Deed by Court Order in Settlement of Landowner Action, executed by The United States District Court for the Northern District of California San Francisco Division - 2013
- Easement for permanent telecommunication easement affecting the land
- Easement Deed granted to PG&E for a line of poles for the transmission and distribution of electric energy, and for communication purposes 2015

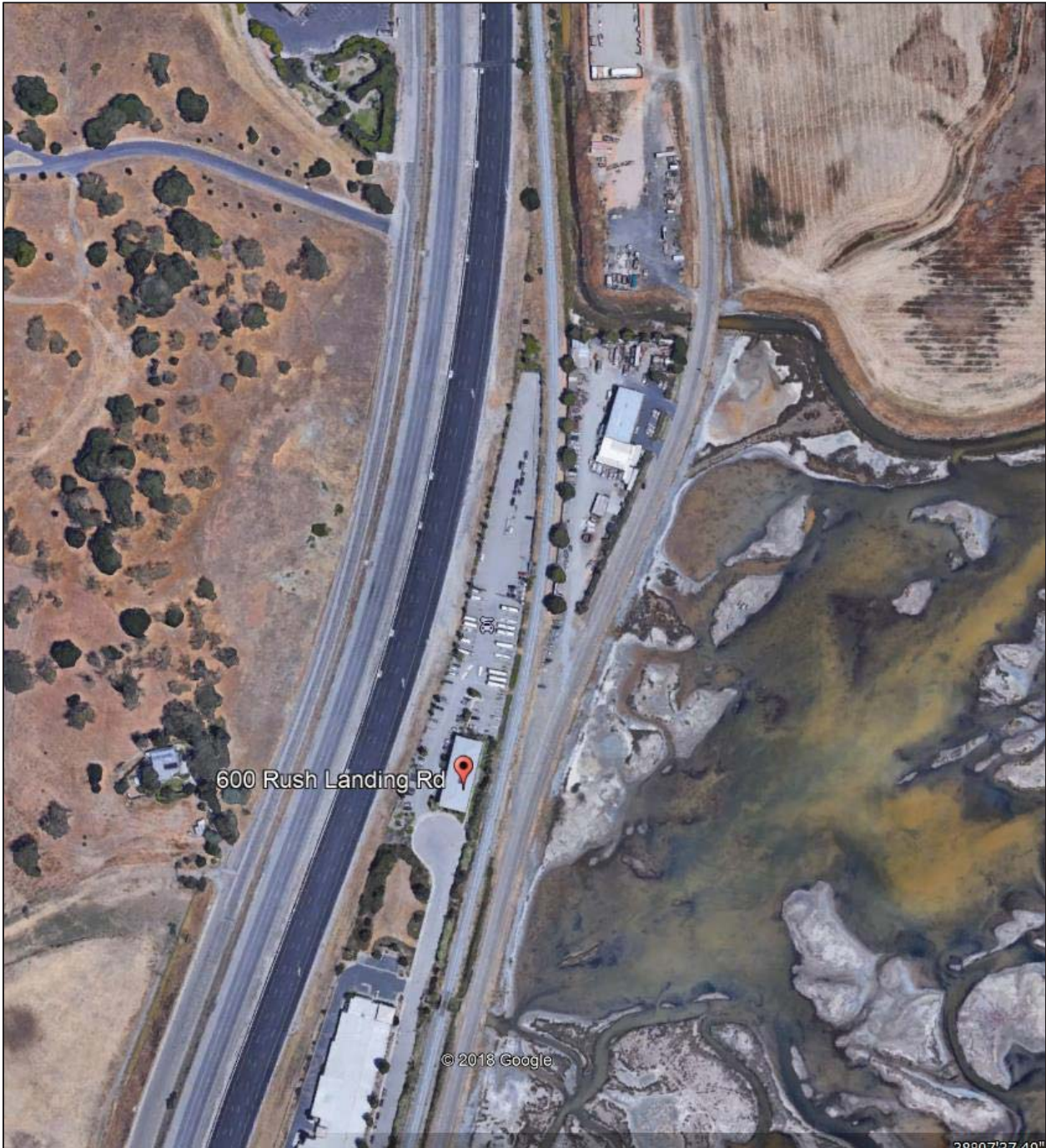
In the appraiser's opinion the above noted easements and exceptions do not appear to adversely affect the parcel. The final value assumes no adverse easements or conditions exist.



**MARIN MAP PARCEL MAP**



**GOOGLE EARTH AERIAL VIEW**



## ZONING

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### Planned Development, (PD)

The subject is zoned PD, Planned Development, by the city of Novato. The General Plan has a land use designation of LIO (Light Industrial Office)

**Permitted Uses:** Light industrial, manufacturing, retail sales and office development.

**Development Standards:** The LIO General Plan designation has a .40 FAR. Development is subject to the Zoning Ordinance and General Plan.

**Conclusion:** A permit was issued 8/27/1998 for the development of the Enterprise Rent-a-Car facility. The subject is a legal, conforming use.

## TAXES AND ASSESSMENTS

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Since the passage of Proposition 13, in 1978, real property in California has been assessed at its 1976 value, increased at a maximum of 2% annually, unless there is a transfer of ownership or new construction. When either of these occur, the property is reassessed at full market value. Annual taxes are limited to 1% of the assessed value, plus any bonds.

Since the definition of market value assumes a sale, real estate taxes estimated in the income approach, if applicable, will be estimated by applying the current tax rate, to the estimated market value for the property.

The current property taxes and assessed values for the subject property are:

	<b><u>Assessed Value 2018</u></b>	<b><u>Property Tax 2018</u></b>
AP# 125-560-01	Land: \$ 701,280	
	Imps: <u>\$1,761,018</u>	
	\$2,462,298	\$34,750

The taxes are 1.1553% of the assessed value, which is \$28,447 in base tax, and \$6,303 in assessments. Taxes are current.



## **IMPROVEMENT DESCRIPTION**

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The property is improved with a two-story, multi-tenant office building built in 1998. There is also on-site parking, perimeter landscaping and excess land that is used for parking. The building is 10,950 gross sf per appraiser measurements and the Assessor's records of 10,927 gross sf are nearly identical. The appraiser measurements were obtained from the previous appraisal in 2015. The appraiser figures of 10,950 gross sf and 10,020 net rentable sf (based on the sketch) will be used for the purposes of this report.

### **Property Characteristics:**

Building Type:	Two story office
Construction:	Concrete block/wood frame
Year Built/Age:	1998/21 years
Gross Building Area:	10,950 sf
Exterior:	Reinforced concrete foundation Split face concrete block building with abundant window lines on each level Standing seam metal panel with central well for placement of HVAC systems, fixed dual pane windows in metal frames, double glass main door front entrance
Interior:	<p>1<sup>st</sup> floor is 5,090 gross sf and is demised into four tenant spaces and two common areas. This floor includes open office area, small private offices, two single stall restrooms (tile wainscotting, ceramic sink, toilet), and a conference room/large break room (formica cabinets/counter top, sink) in the MV Transportation suite. The first common area is at the front (western elevation) of the building and includes a lobby area, storage area, two common single stall restrooms and a central stairway to the upper level. The second common area is at the side (northern elevation) of the building and includes a lobby area, storage area and another stairway to the upper level.</p> <p>The upper floor is demised into one tenant space and also contains numerous small office, several large, open work areas, conference room, lunch room, computer room and electrical room. This floor also has two single stall restrooms. The appraiser was not able to access the upper floor and this information is based upon the 2015 appraisal.</p> <p>Finishes include carpet/vinyl/tile/concrete flooring, drywall walls and dropped acoustical panel ceiling with recessed fluorescent/tract lighting. Ceiling height is nine feet.</p>
Plumbing:	Assumed to be adequate
Systems:	Roof top HVAC with 4 split system. It was reported that the AC was replaced in early 2019

Fire sprinklers/alarms/extinguishers

Pkg. Ratio: A total of approximately 190 parking spaces comprised of a 65 car parking lot (including 4 ADA spaces) servicing the building plus two fenced, paved parking lots for approximately 125 cars/small, medium and large buses. The two parking lots are located at the northern end of the site. One curb cut provides access to the parking. Ample parking ratio is 17.24/1,000 sf of gross building area.

Excess Land: The floor area ratio of .40 would allow up to 43,560 sf of building area based on a site size of 108,900 sf if adequate setbacks, parking and circulation were provided. The existing development is below this ratio at .10 with a building size of 10,950 sf. Due to the irregular and narrow shape of the site, full floor area ratio cannot be achieved. It does however have some excess land, not required for a typical office building. The existing building and necessary parking require approximately one acre or 43,560 sf of the parcel. The remaining 1.5 acres or 65,340 sf narrows to a point of no dimension at its northern boundary. The additional fenced storage lots are located at the northern portion of the site. The northern most triangular shaped portion, approximately 0.25 acres or 10,890 sf is not paved, fenced or used by the current tenant due to shape and utility. The remainder, approximately 1.25 acres or 54,450 sf, is considered excess land although impacted by the narrow shape. The potential excess land is estimated as:

Entire site:	108,900 sf
Building site:	<u>43,560 sf</u>
Gross excess land:	65,340 sf
Unusable excess land:	<u>10,890 sf</u>
Net excess land:	54,450 sf

This excess land may not be needed for the existing on site building and will be valued separately. The land needed to support the subject building is estimated at 43,560 sf indicating an FAR of 0.25 (10,950 sf building/43,560 sf site size) and parking ratio of 5.95 (based upon fenced parking lot with 65 parking spaces surrounding the building).

Landscaping: Perimeter landscaping

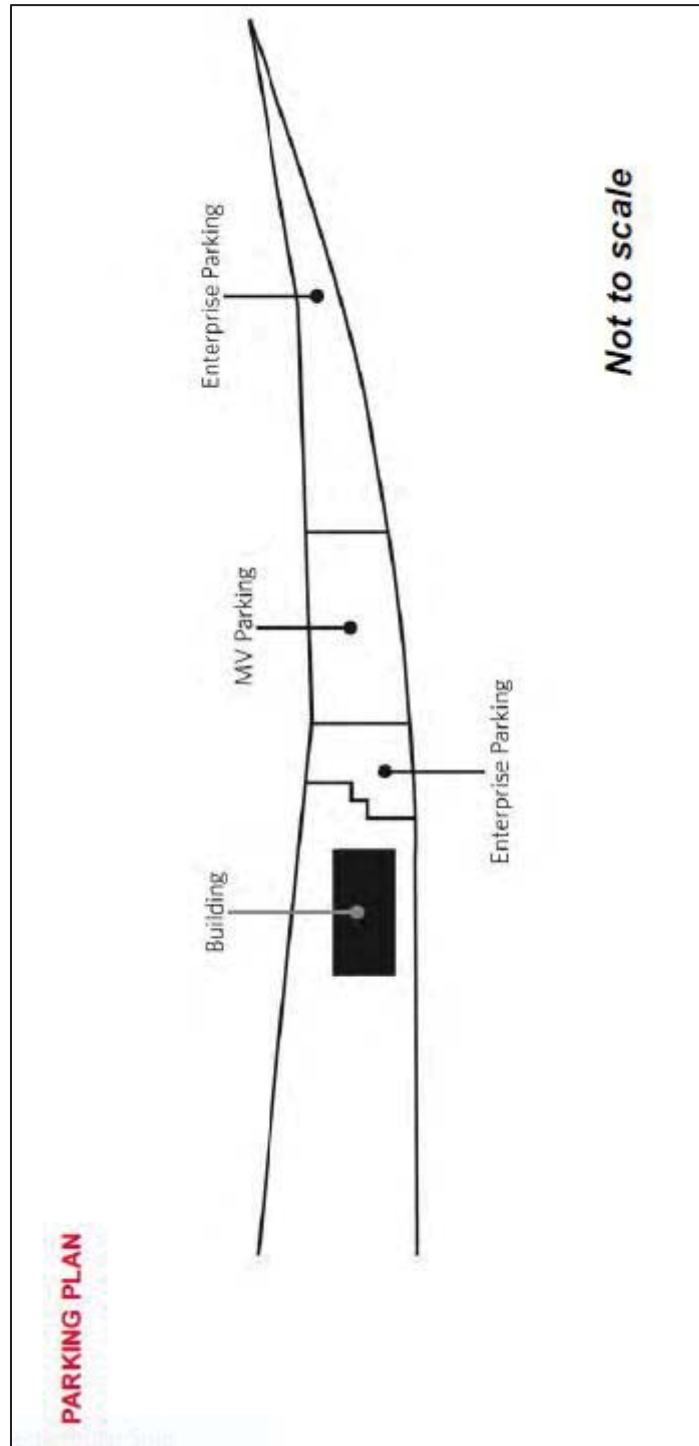
Other: Monument signage, parking lot lighting. It appears two high voltage PG&E power poles are located at the northern tip of the site on the unusable, narrow portion of the site.

ADA: The appraiser is not qualified to determine ADA compliance. ADA compliance is typically not required unless the property involves remodeling or renovation. Access to the ground floor and the employee restrooms appear to be ADA compliant.

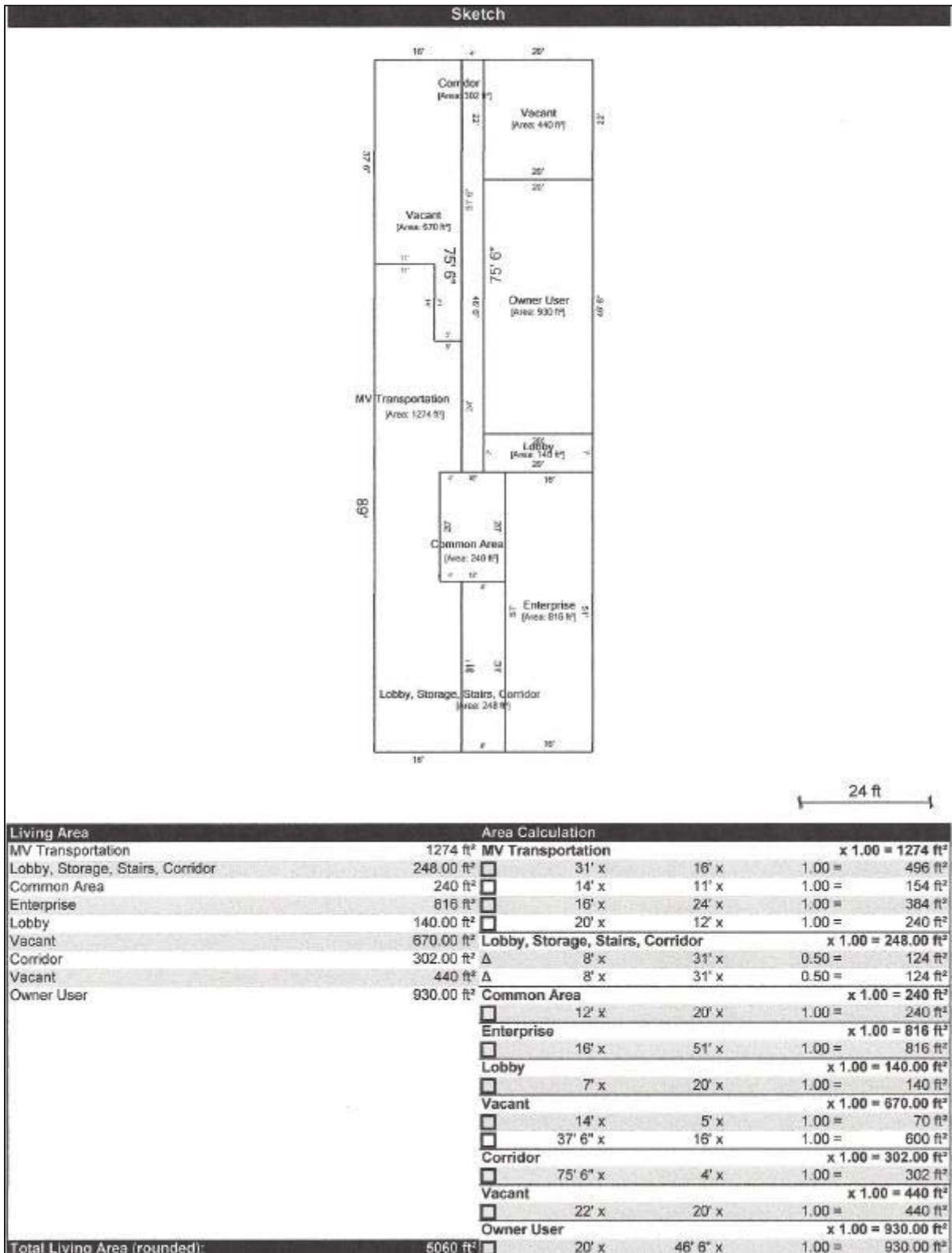
Overall the subject improvements exhibit a good quality and condition. No items of deferred maintenance noted.

Site and floor plans follow.

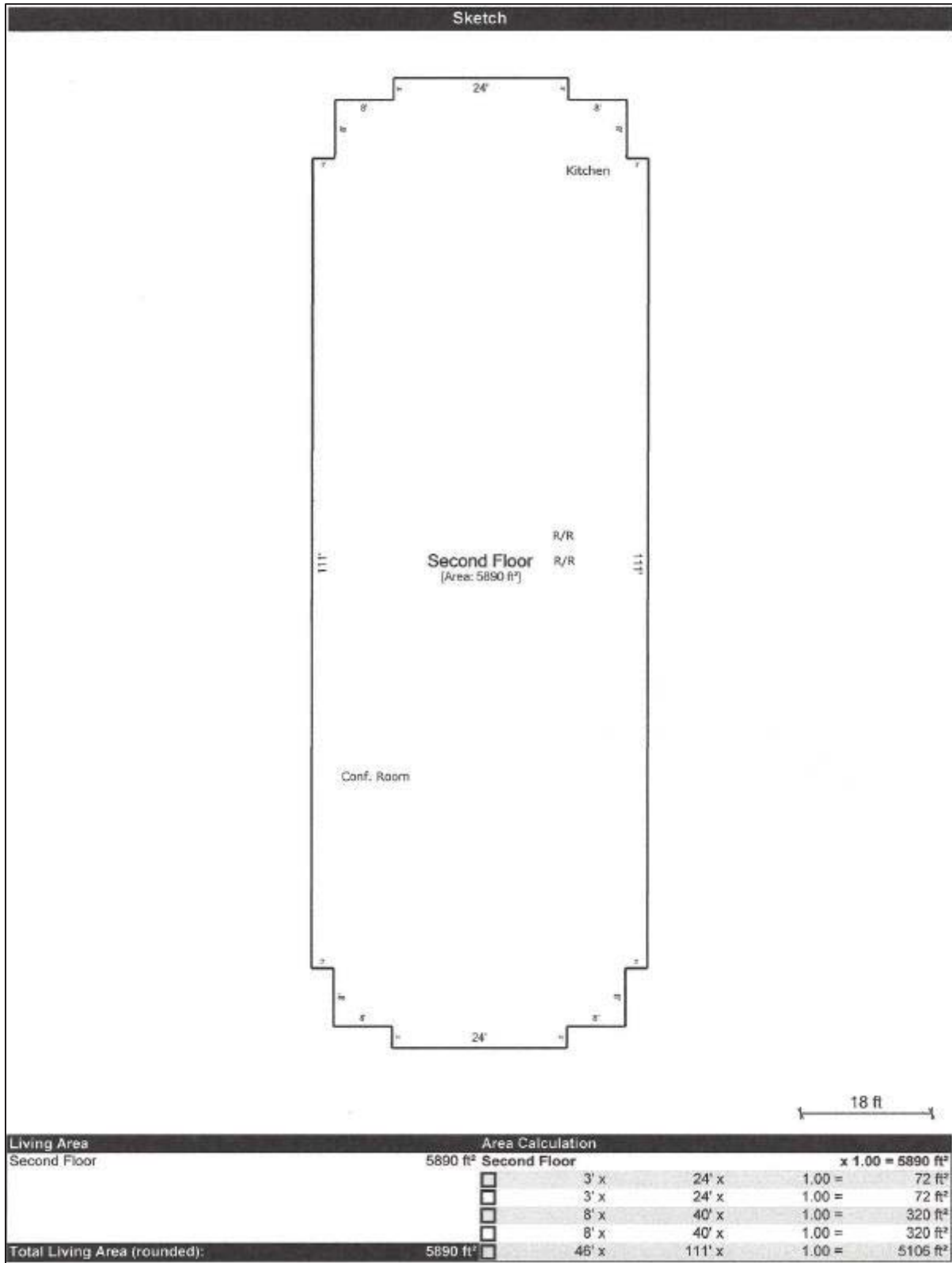
# SITE PLAN



## FLOOR PLAN – 1ST FLOOR



## FLOOR PLAN – 2ND FLOOR



## **HIGHEST & BEST USE**

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### **Definition**

*"Highest and best use of vacant land may be defined as:*

*the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."<sup>2</sup>*

### **Discussion**

The highest and best use of a specific parcel of land is not determined through subjective analysis by the property owner, the developer, or the appraiser; rather, highest and best use is shaped by the competitive forces within the market where the property is located. Therefore, the analysis and interpretation of highest and best use is an economic study of market forces focused on the subject property. The use that maximizes the value represents the highest and best use.

Traditionally highest and best use analysis has been associated with land residual analysis, which is derived from classical economics. In a classic land residual analysis, value is attributed to the income that remains after improvement costs are compensated. Highest and best use of the land as though vacant indicates only how the land should be used if it were vacant. Although it is primarily a tool for land valuation, it is also used by appraisers to measure a building's value contribution on the rationale that property value minus land value under highest and best use equals improvement value.

### **Highest and best use of land as though vacant**

Highest and best use of land or a site as though vacant assumes that a parcel of land is vacant or can be made vacant by demolishing any improvements. With this assumption uses that create value can be identified, and the appraiser can begin to select comparable properties and estimate land value. Land as though vacant is a fundamental concept of valuation theory and the basis for the cost approach. Because many appraisals include an allocation of value between the land and the buildings associated with it, a highest and best use analysis of the land as though vacant is frequently performed.

### **Highest and best use of property as improved**

Highest and best use of a property as improved pertains to the use that should be made of an improved property in light of its improvements. The use that maximizes an investment property's value, consistent with the long-term rate of return and associated risk, is its highest and best use as improved.

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<sup>2</sup>The Appraisal of Real Estate, Eleventh Edition, The Appraisal Institute, 1996, Page 297.

## **Criteria in highest and best use analysis**

Market value of any property could vary greatly with different conclusions of highest and best use. The following factors have been considered in analyzing the subject property's highest and best use:

- a. legally permissible;
- b. physically possible;
- c. financially feasible;
- d. maximally productive;

## **Highest and Best Use as Vacant**

If vacant, the property is a level site located in a mixed use neighborhood. The narrow shape of the site could limit potential construction. There are no other particular restrictions or site constraints with respect to size, topography and the like which would constrain the current proposed use or any alternative uses that are legally permissible. It is zoned for Planned Development use and the general plan land use designation is Light Industrial/Office. Light industrial, manufacturing, retail sales and office development uses are permitted. As a commercial building site, the restriction on size and the necessity to meet current parking requirements would be weighed as factors. As less development is allowed, builders want to construct buildings with higher rental rates, office or retail uses. This is offset by higher required parking ratios for these types of uses. The highest and best use of the property if vacant is as a commercial/industrial building site to be developed as allowed in the zoning. The highest and best use as if vacant would likely be a larger size project.

## **Highest and Best Use as Existing**

The existing improvements are at a .10 FAR with a building size of 10,980 sf, lower than the .40 FAR that would be allowed under current zoning. The FAR of .40 would allow up to 43,560 sf of building area based on a site size of 108,900 sf if adequate setbacks, parking and circulation were provided. Due to the irregular and narrow shape of the site, full floor area ratio cannot be achieved. It does however have some excess land, not required for a typical office building. The existing building and necessary parking require approximately one acre of the parcel. The remaining 1.5 acres is more difficult to develop because it narrows to a point of no dimension at its northern boundary. The additional fenced parking lots are located at the northern portion of the site. The northern most triangular shaped portion, approximately 0.25 acres is not paved, fenced or used by the current tenants due to shape and utility. The remainder, approximately 1.25 acres, is capable of some further development although impacted by the narrow shape. Based upon the current FAR for the existing building, an additional building from 5,000 to 11,000 square feet could possibly be approved. In conclusion, the highest and best use would be development to the maximum build out, possibly an additional building described above.

The improvements add value to the site as if vacant and demolition would not be financially feasible. If the existing improvements are to be retained, the property's highest and best use is based on how the property should be used to maximize its benefits. The question arises as to whether or not the existing use could be improved upon, and the conclusion is that it could be expanded until it reaches the maximum floor area ratio requirement taking into consideration parking, circulation and the narrow shape of the site. The office development has been well maintained over the years. The improvements have remaining economic life and add value to the underlying land. The current use is a conforming use.



This property benefits from on-site parking, excess land and highway visibility, with ready access to Highway 101. The subject was built in 1998, has been well maintained, and exhibits a good condition. There were no physical deficiencies noted at the time of inspection and the improvements have a long remaining economic or useful life. The existing improvements add value to the property and are the highest and best use as improved. An additional building could also possibly be constructed on the site.

## **SALES COMPARISON APPROACH - LAND**

In the sales comparison approach the property is compared to sales of similar properties using a unit of comparison from the market. The typical unit of comparison for vacant commercial land is a price per square foot of land area, with a comparison made considering the location, zoning, size, access, development and approval level for each property.

Sales of vacant commercial and industrial land were researched in Marin County over the past three years, and those found comparable are summarized as:

### **Comparable Land Sale Summary**

	<u>Address</u>	<u>Sale Date</u> <u>Sale Price</u>	<u>Land Area</u>	<u>Price/sf</u>	<u>Use</u>
1	7546 Redwood Blvd. Novato	12/18 \$2,850,000	137,214 .sf 2.15 acres	<b>\$22</b>	Zoned C-I Sale price includes approvals for hotel development The price/sf is \$21 and adjusted price/sf is \$22 taking into consideration \$225,000 for demolition costs
2	2 Shoreline Pkwy. San Rafael	1/17 \$4,500,000	177,289 sf 4.07 acres	<b>\$25</b>	Zoned PD Gen Plan – LI/O Used for parking
3	399 Entrada Dr. Novato	5/16 \$700,000	19,860 sf 0.46 acres	<b>\$35</b>	Zoned CG Automotive planned use
4	1075 E. Francisco Blvd., San Rafael	11/18 \$6,700,000	152,710 sf 3.51 acres	<b>\$44</b>	Zoned CG Hotel planned use
5	7586-D Redwood Blvd., Novato	7/19 \$900,000	18,077 sf 0.42 acres	<b>\$50</b>	Zoned CI Dog boarding planned use
6	1530 4 <sup>th</sup> St. San Rafael	3/16 \$700,000	10,500 sf 0.24 acres	<b>\$67</b>	Zoned WEV Purchased to provide additional parking

# Comparable Land Sale Map



## Comparable Land Sale Data Pages

### Land Sale No. 1



#### Property Identification

**Property Type** Commercial acreage  
**Address** 7546 Redwood Boulevard, Novato, Marin County  
**Tax ID** 143-011-06

#### Sale Data

**Grantor** Dairymen's Milling Company  
**Grantee** RI Heritage Inn of Novato LLC  
**Sale Date** December 19, 2018  
**Deed Book/Page** 43198  
**Financing** All cash  
**Verification** Steve Leonard, listing broker, Cushman & Wakefield;  
10/6/17 email

**Sale Price** \$2,850,000  
**Adjusted Sale Price** \$3,075,000 (includes \$225,000 demolition cost)  
**Cash Equivalent** \$3,075,000

#### Land Size Information

**Gross Land Size** 3.150 Acres or 137,214 SF

## Land Sale No. 1 (Cont.)

### Indicators

<b>Sale Price/Gross Acre</b>	\$976,190
<b>Sale Price/Gross SF</b>	\$22.41

### Remarks

Level, corner site located in North Novato Gateway  
SMART right-a-way is located adjacent and north of the property  
Site is improved with a 45,210 sf structure that was a former feed store known as the Dairymen's Milling site which will need to be demolished. An upward adjustment is warranted for demolition of \$225,000 ( $\$5/\text{sf} \times 45,210 \text{ sf} = \$226,050$ ) indicating an adjusted sales price of \$3,075,000 ( $\$2,850,000 + \$225,000$ ). The sales price represents land value only  
There is a rail spur at the site

This site has been a pending sale since 2016 or 2017 due to the lengthy process of obtaining approvals for hotel development. Close of escrow was contingent upon approvals in place for hotel development

Zoned C-I (Commercial Industrial)

All utilities are available

On the market nearly six years with an original asking price of \$3,000,000

**Land Sale No. 2**



**Property Identification**

**Property Type** Commercial acreage  
**Address** 2 Shoreline Parkway, San Rafael, Marin County  
**Tax ID** 009-320-49

**Sale Data**

**Grantor** Cal Pox, Inc.  
**Grantee** Sojitz Automotive Real Estate  
**Sale Date** January 31, 2017  
**Deed Book/Page** 4298  
**Verification** Vicki (from Stephanie Plante's office), seller, CPI Developers; 1/29/19 phone message  
**Financing** All cash

**Sale Price** \$4,500,000  
**Cash Equivalent** \$4,500,000

**Land Size Information**

**Gross Land Size** 4.070 Acres or 177,289 SF

**Land Sale No. 2 (Cont.)**

**Indicators**

<b>Sale Price/Gross Acre</b>	\$1,105,651
<b>Sale Price/Gross SF</b>	\$25.38

**Remarks**

Level site has a rectangular shape  
Paved lot is currently leased out to tenants to park vehicles  
Located in East San Rafael with convenient access to Highway 101 and Interstate 580  
Zoning is PD 1895 (Planned Development) and the General Plan is LI/O (Light Industrial/Office)  
  
Purchased for investment purposes  
No approvals at the time of sale

**Land Sale No. 3**



**Property Identification**

**Record ID** 627  
**Property Type** Commercial lot  
**Address** 399 Entrada Drive, Novato, Marin County  
**Tax ID** 160-202-04

**Sale Data**

**Grantor** Madison Trust  
**Grantee** Dagovitz 2005 Trust  
**Sale Date** May 12, 2016  
**Deed Book/Page** 20807  
**Verification** Angela Barker, listing broker, Meridian Commercial;  
1/28/19 email  
January 28, 2019

**Financing** All cash

**Sale Price** \$700,000  
**Cash Equivalent** \$700,000

**Land Size Information**

**Gross Land Size** 0.456 Acres or 19,860 SF

**Indicators**

**Sale Price/Gross Acre** \$1,535,347



### Land Sale No. 3 (Cont.)

Sale Price/Gross SF            \$35.25

#### Remarks

Vacant, corner parcel in the Ignacio area of south Novato, adjacent to the freeway, Highway 101

Improved with an older 1,200 sf nursery building

Former service station site visible from the freeway

Level, paved lot

Zoned CG, General Commercial

Offered for sale on Loopnet starting 3/15 for \$799,000, changed to \$850,000

Plans to construct an auto repair facility

Sold for \$700,000 after 300+ days on the market

After the sale, it appears it was put on the market in 2017 and taken off in 2018

## Land Sale No. 4



### Property Identification

**Property Type** Commercial acreage  
**Address** 1075 East Francisco Boulevard, San Rafael, Marin County  
**Tax ID** 009-191-02, 03, 04, 09, 10

### Sale Data

**Grantor** Chrysler Group Realty Co LLC  
**Grantee** Marin Hospitality LLC  
**Sale Date** November 28, 2018  
**Deed Book/Page** 40640  
**Financing** All cash  
**Verification** Mia Stewart, Executive Administrative Assistant to Tom Price (seller), Bay Automotive Properties LLC; 415-464-8800; 1/16/19 phone conversation

**Sale Price** \$6,700,000  
**Cash Equivalent** \$6,700,000

### Land Size Information

**Gross Land Size** 3.506 Acres or 152,710 SF

## Land Sale No. 4 (Cont.)

### Indicators

<b>Sale Price/Gross Acre</b>	\$1,911,010
<b>Sale Price/Gross SF</b>	\$43.87

### Remarks

5 parcels on corner of East Francisco Blvd. and Castro Ave. in East San Rafael  
Level site has a triangular shape and total 3.51 acres  
Immediate access to Highway 101 and Interstate 580

Visible from Highway 580 - former Dodge/Chrysler Auto Dealership  
Property is zoned CG - General Commercial - vacant land at the time of sale  
Located in a flood zone AE- 100 year flood  
Former dealership buildings demolished 2005. Plans for a new dealership were approved in 2008, but expired by 2012

The executive administrative assistant to the seller confirmed the current sales price and double checked by looking at the Settlement Agreement

No approvals at the time of current sale. The buyer submitted a conceptual review plan and a pre-application for a proposed hotel project, a four and five story, approximate 107,487 sf dual-branded hotel featuring Home2 Suites and Hampton Inn & Suites by Hilton. The city board believes the proposed project is a good project for the area, but parking, landscaping and design need improvement. The plans were sent back to the buyer for more detail and revisions

Previous sale in 3/14 was \$3,500,000 or \$23/sf indicating an increase of 91% over approximately 4.5 years. The listing agent for the 2014 sale, Don LeBuhn of CBRE, stated that he "could have sold it 100 times" that there was a lot of interest but the sellers didn't want to negotiate, and they couldn't find another dealership space in San Rafael. The listing agent had been working with the buyers for 3 years, and they finally made a deal. The planned use was automotive use at that time

**Land Sale No. 5**



**Property Identification**

**Property Type** Industrial lot  
**Address** 7586 Redwood Boulevard, Novato, Marin County  
**Tax ID** 143-061-11

**Sale Data**

**Grantor** Park-A-Pup LLC  
**Grantee** Dana Family Trust  
**Sale Date** July 3, 2019  
**Deed Book/Page** 23196  
**Verification** Don Dana, seller; 8/13/19 phone conversation  
**Financing** \$6,900,000 conv 1<sup>st</sup> from Community Bank

**Sale Price** \$900,000  
**Cash Equivalent** \$900,000

**Land Size Information**

**Gross Land Size** 0.415 Acres or 18,077 SF

## Land Sale No. 5 (Cont.)

### Indicators

<b>Sale Price/Gross Acre</b>	\$2,168,675
<b>Sale Price/Gross SF</b>	\$49.79

### Remarks

Vacant industrial lot in North Novato Gateway. Land Sale #1 is located four parcels south and the SMART railroad track is located adjacent and east of this site. The previously developed lot previously housed a 7,032 sf owner user industrial building that was demolished April 2019.

Level rectangular site

All utilities are available

The site sold as an owner user opportunity for the local business, Park-A-Pup Kennels, to build a dog boarding facility and will be their second location. The proposed two story building will total 12,132 sf and will include a 1,000 sf retail storefront. Completion date is May 2020. The building was under construction at the site visit.

The sellers, Don and Jeanne Dana, sold the site to Paul Dana, their son; however, this is considered an arms length transaction since the purchase price was based on an SBA appraisal for the unentitled land after the building was demolished and sold at the evaluated market value.

Zoning is CI, Commercial/Industrial District

Previously sold 7/16 at \$674,000 or \$37.28 psf for land value only. The buyer stated that the site was purchased at a discount due to the complexity of the title and utilities issues. Formerly, this lot and the 20,495 sf lot to the north, APN 143-061-10, were one lot before the lot split many years ago. Although there was a lot split, the utilities were not separated since the buildings on each lot shared a common wall. At the time of the 2016 sale, the utilities were not separated.

**Land Sale No. 6**



**Property Identification**

<b>Property Type</b>	Commercial lot
<b>Address</b>	1530 4th Street, San Rafael, Marin County
<b>Tax ID</b>	011-202-13

**Sale Data**

<b>Grantor</b>	McInnis, Susan E
<b>Grantee</b>	MJ Smith Family Properties LLC
<b>Sale Date</b>	March 24, 2016
<b>Deed Book/Page</b>	16-00012329
<b>Verification</b>	Paula Saling, appraiser
<b>Financing</b>	All cash

<b>Sale Price</b>	\$700,000
<b>Cash Equivalent</b>	\$700,000

**Land Size Information**

<b>Gross Land Size</b>	0.241 Acres or 10,500 SF
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### Land Sale No. 6 (Cont.)

#### Indicators

Sale Price/Gross Acre	\$1,563,692
Sale Price/Gross SF	\$66.67

#### Remarks

Vacant commercial lot on 4th Street in central San Rafael  
Level rectangular site  
All utilities are available  
Paved and fenced - used for vehicle storage  
The lot was purchased by a nearby owner, to provide additional parking for their tenant,  
Bordenave's bakery.  
Zoning is WEV, West End Village

The sales can be directly compared to the subject as:

	<b>SUBJECT</b>	<b>#1</b>	<b>#2</b>	<b>#3</b>
<b>Price per sf</b>		<b>\$22</b>	<b>\$25</b>	<b>\$35</b>
<b>Sale Date</b>	8/19	12/18; however, a pending sale since 2016 or 2017 <b>Inferior</b>	1/17 <b>Inferior</b>	5/16 <b>Inferior</b>
<b>Location</b>	Novato Hwy visibility	Novato <b>Inferior</b>	San Rafael <b>Superior</b>	Novato Hwy visibility
<b>Land Area</b>	108,900 sf	137,214 sf	177,289 sf <b>Inferior</b>	19,860 sf <b>Superior</b>
<b>Topography/ Access</b>	Level/ Average	Level/ Average	Level/ Average	Level/ Average
<b>Zoning FAR Planned Use</b>	PD FAR 0.40 Office	CI FAR 1.00 Hotel – entitlements in place <b>Superior</b>	PD FAR 0.26-0.38 Unknown	CG FAR 0.40 Auto repair
<b>Restrictions Shape</b>	Flood zone Narrow, triangular shape	None <b>Superior</b>	Flood zone <b>Superior</b>	None <b>Superior</b>
<b>Overall</b>		<b>Inferior</b>	<b>Inferior</b>	<b>Superior</b>

	<b>SUBJECT</b>	<b>#4</b>	<b>#5</b>	<b>#6</b>
<b>Price per sf</b>		<b>\$44</b>	<b>\$50</b>	<b>\$67</b>
<b>Sale Date</b>	8/19	11/18	7/19	3/16 <b>Inferior</b>
<b>Location</b>	Novato Hwy visibility	San Rafael Hwy visibility <b>Superior</b>	Novato <b>Inferior</b>	San Rafael Downtown <b>Superior</b>
<b>Land Area</b>	108,900 sf	152,710 sf	18,077 sf <b>Superior</b>	10,500 sf <b>Superior</b>
<b>Topography/ Access</b>	Level/ Average	Level/ Very good <b>Superior</b>	Level/ Average	Level/ Very good <b>Superior</b>
<b>Zoning FAR Planned Use</b>	PD FAR 0.40 Office	CG FAR 0.21-0.32 Hotel	CI FAR 1.00 Dog boarding <b>Superior</b>	WEV FAR 0.70 Vehicle storage <b>Superior</b>
<b>Restrictions</b>	Flood zone Narrow, triangular shape	Flood zone <b>Superior</b>	None <b>Superior</b>	None <b>Superior</b>
<b>Overall</b>		<b>Superior</b>	<b>Superior</b>	<b>Superior</b>



Sale Date: These are somewhat recent sales of commercial and industrial land that occurred within the past three years. Sales #2, #3 and #6 sold over 2.5 years ago and are considered inferior. Sale #1 sold 12/18; however, this site has been a pending sale since 2016 or 2017 due to the lengthy process of obtaining approvals for hotel development.

Location: Generally properties in central Marin have a higher market value than northern Marin County. The subject benefits from Highway 101 visibility. Sales #1 and #5 are located in Novato but lack highway visibility and are considered inferior. Sales #2, #4 and #6 are located in San Rafael and are considered superior.

Land Area: The adjustment for land size recognizes the inverse relationship between absolute size and unit pricing. In the market place, all other things being equal, unit prices (sales price/sf) tend to fall as absolute size rises. This results, in part, to an ever decreasing pool of potential buyers as absolute size increases. Sale #2 is larger and is considered inferior while Sales #3, #5 and #6 are significantly smaller and are considered superior.

Topography/Access: The subject property is a level parcel fronting on a paved street with average access. Sales #4 and #6 have superior access and are considered superior.

Zoning/FAR/Planned Use: The sales have similar allowed uses per zoning as the subject. The subject has an allowed FAR of 0.40. Sales #1, #5 and #6 have a superior FAR and are considered superior to the subject. The buyer for Sale #4 is now applying for an FAR of 0.70, but it had no approvals at the time of sale. The buyer for Sale #5 now has approvals for a FAR of 0.66, but it had no approvals at the time of sale.

Restrictions: The subject is located in a flood zone but has improvements in place. The flood zone for the subject does not appear to be an adverse restriction. The flood zone does not appear to have an adverse influence and properties not located in a flood zone are considered similar to the subject.

The subject consists of an interior, irregular shaped lot that is narrow and triangular in shape. The shape restricts development of the site as compared with a more typical rectangular parcel. Nonetheless, the current development utilizes the site in an efficient manner and it is possible to further develop the site in the future. All sales have a shape that do not restrict development and are considered superior to the subject.

Sale #1 and #2 have inferior and superior attributes and are overall considered inferior to the subject. Overall Sales #1 and #2 are inferior to the subject while Sales #3 - #6 are superior indicating a range above \$25/sf and below \$35/sf. A value of \$30 per square foot for the site is applied as:

108,900 sf land area x \$30 per square foot =	\$3,267,000
Rounded to	\$3,270,000

Therefore, a value of \$30 per square foot for the subject excess land is applied as:

54,450 sf excess and area x \$30 per square foot =	\$1,633,500
Rounded to	\$1,630,000

## **SALES COMPARISON APPROACH**

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In the sales comparison approach the property is compared to sales of similar properties in the area around the date of value, using a unit of comparison from the market. The typical unit of comparison for commercial buildings in this area is a price per square foot of gross building area.

Sales of small to medium sized office buildings in Marin County were researched over the past two years. Those found comparable are summarized as:

### **COMPARABLE SALE SUMMARY**

	<u>Address</u>	<u>Sale Date</u> <u>Sale Price</u>	<u>Gross</u> <u>Area</u>	<u>Price/sf</u>	<u>OAR/</u> <u>Type</u>
1	371 Bel Marin Keys Boulevard, Novato	5/19 \$7,400,000	32,000 sf	<b>\$231</b>	3 story office – multi-tenant
2	859 Diablo Avenue, Novato	6/18 \$1,336,000	5,404 sf	<b>\$247</b>	<b>5.15% OAR</b> 2 story office – multi tenant
3	18 Professional Center Parkway, San Rafael	1/19 \$2,300,000	9,190 sf	<b>\$250</b>	3 story office – multi-tenant
4	18 Commercial Boulevard, Novato	9/17 \$1,470,000	5,641 sf	<b>\$261</b>	2 story office – single tenant
5	818 5 <sup>th</sup> Avenue, San Rafael	2/18 \$3,450,000	11,630 sf	<b>\$297</b>	<b>4.48% OAR</b> 3 story office – multi-tenant
6	1111 Andersen Drive, San Rafael	4/19 \$12,800,000	29,000 sf	<b>\$441</b>	<b>4.54% OAR</b> 2 story office – single-tenant

### COMPARABLE SALE LOCATION MAP



**Comparable Sale Data Pages**

**Improved Sale No. 1**



**Property Identification**

**Property Type** Office building  
**Address** Bel Center, 371 Bel Marin Keys Boulevard, Novato, Marin County  
**Tax ID** 157-400-55, 157-400-56

**Sale Data**

**Grantor** Piazza Trading & Co. Ltd.  
**Grantee** Special Select Partners LLC  
**Sale Date** May 24, 2019  
**Deed Book/Page** 16977  
**Financing** \$5,677,000 conv 1<sup>st</sup> from City Bank National  
**Verification** Brian Foster, listing agent, Cushman & Wakefield, 8/8/19 phone conversation

**Sale Price** \$7,400,000  
**Cash Equivalent** \$7,400,000

**Land Data**

**Land Size** 1.65 Acres or 71,940 SF

**General Physical Data**

**Building Type** Multi Tenant  
**SF** 32,000

### Improved Sale No. 1 (Cont.)

**Year Built** 1991

**Indicators**

**Sale Price/ SF** \$231.25

**Remarks**

Multi-tenant office building in Bel Marin Keys Business Park in southern Novato, close to Highways 101 and 37 and within close proximity to amenities

Two story, reinforced concrete building

Elevator served, floor to ceiling glass line

6 tenants occupied the building and there was 40% vacancy at the time of sale. The buyer will occupy the vacant space after the close of escrow

Purchased for investment purposes

125 parking spaces for a parking ratio of 3.91/1,000 sf of building area

Sold below listing price of \$9,000,000 after 231 days on market

## Improved Sale No. 2



### Property Identification

**Property Type**

Office building

**Address**

Diablo Plaza Professional Building, 859 Diablo Avenue,  
Novato, Marin County

**Tax ID**

140-053-06

### Sale Data

**Grantor**

Schmale P C & P M Trust

**Grantee**

Barkhordarian Victor Trust

**Sale Date**

June 6, 2018

**Deed Book/Page**

20231

**Financing**

\$460,000 conv 1<sup>st</sup> from Bank of Marin

**Verification**

John Williams, listing agent, SVN; 8/7/19 email

**Sale Price**

\$1,336,000

**Cash Equivalent**

\$1,336,000

### Land Data

**Land Size**

0.32 Acres or 13,750 SF

### General Physical Data

**Building Type**

Multi Tenant

**Improved Sale No. 2 (Cont.)**

**SF** 5,404

**Year Built** 1986

**Income Analysis**

**Effective Gross Income** \$104,217  
**Expenses** \$ 35,370 (33%)  
**Net Operating Income** \$ 68,847

**Indicators**

**Sale Price/SF** \$247.22  
**Gross Income Multiplier** 12.82  
**Expenses/SF** \$6.55  
**Overall or Cap Rate** 5.15%  
**Net Operating Income/SF** \$12.74

**Remarks**

Multi-tenant office building in Old Town in central Novato, close to Highway 101 and within close proximity to amenities. High identity location near Novato Blvd. and Diablo Ave.

Two story, wood frame building

There are 4 suites, 4 restrooms and a separate free standing storage building

At the time of sale, 2 suites are occupied by the seller, 1 suite is occupied by a tenant and 1 suite is vacant. The seller plans to vacate

18 parking spaces for a parking ratio of 3.33/1,000 sf of building area

Sold below listing price of \$1,400,000 after 65 days on market

### Improved Sale No. 3



#### Property Identification

**Property Type** Office building  
**Address** 18 Professional Center Parkway, San Rafael, Marin County  
**Tax ID** 155-071-23

#### Sale Data

**Grantor** Nelson G D & M L Family Trust  
**Grantee** Lifehouse  
**Sale Date** January 14, 2019  
**Deed Book/Page** 1216  
**Financing** \$1,400,000 conv 1<sup>st</sup> from Bank of Marin  
**Verification** Glen Dowling, listing agent, JLL; 8/8/19 email

**Sale Price** \$2,300,000  
**Cash Equivalent** \$2,300,000

#### Land Data

**Land Size** 0.61 Acres or 26,450 SF

#### General Physical Data

**Building Type** Multi Tenant



**Improved Sale No. 3 (Cont.)**

**SF** 9,190

**Year Built** 1966

**Indicators**

**Sale Price/SF** \$250.27

**Remarks**

Multi-tenant office building in north San Rafael, close to Highway 101 and within close proximity to amenities

Three story, wood frame building

Elevator served, expansive lobby area

The seller occupied the building and there was 1 tenant in place at the time of sale. The seller was willing to sell it as a 100% leased investment or to an owner user

Purchased for owner user purposes. The buyer will occupy the property for their Lifehouse headquarters. The seller will remain in the property for 6 months while the buyer acquires permits for the significant remodel they have planned for the building  
28 parking spaces for a parking ratio of 3.05/1,000 sf of building area

Sold below listing price of \$2,950,000 after 608 days on market

**Improved Sale No. 4**



**Property Identification**

**Property Type** Office building  
**Address** 18 Commercial Boulevard, Novato, Marin County  
**Tax ID** 157-431-18

**Sale Data**

**Grantor** Buck Institute For Education  
**Grantee** North Mountain Investors LLC  
**Sale Date** September 14, 2017  
**Deed Book/Page** 36753  
**Financing** All cash  
**Verification** Brian Foster, listing agent, Cushman & Wakefield; 8/8/19 phone conversation

**Sale Price** \$1,470,000  
**Cash Equivalent** \$1,470,000

**Land Data**

**Land Size** 0.33 Acres or 14,551 SF

**General Physical Data**

**Building Type** Single Tenant  
**SF** 5,641  
**Year Built** 1980

### Improved Sale No. 4 (Cont.)

#### Indicators

**Sale Price/SF**                      \$260.59

#### Remarks

Single-tenant office building in Bel Marin Keys Business Park in southern Novato, close to Highways 101 and 37 and within close proximity to amenities

Two story, wood frame building located on a corner lot

Two story lobby, high-end finishes, 6 offices, conference room with video conferencing, large break room, secure IT room with AC, 2 conference/training rooms

Purchased for owner user purposes by the tenant

Two spaces are currently available for lease. Ste. 100 is a 250 sf space and Ste. 125 is a 1,250 sf space. Both spaces are available for \$2.00 psf, full service. Shared conference and breakroom facilities

11 parking spaces for a parking ratio of 1.95/1,000 sf of building area

Sold below listing price of \$1,699,000 after 184 days on market

## Improved Sale No. 5



### Property Identification

**Property Type** Office building  
**Address** 818 5<sup>th</sup> Avenue, San Rafael, Marin County  
**Tax ID** 011-223-05, 011-224-04

### Sale Data

**Grantor** Shannon Family LP  
**Grantee** 818 Fifth Street LLC  
**Sale Date** February 28, 2018  
**Deed Book/Page** 6790  
**Financing** \$2,805,000 conv 1<sup>st</sup> from JP Morgan Chase Bank  
**Verification** Mark Cooper, listing agent, HL Commercial Real Estate;  
8/7/19 phone conversation

**Sale Price** \$3,300,000  
**Cash Equivalent** \$3,450,000 (includes \$150,000 for deferred maintenance)

### Land Data

**Land Size** 0.27 Acres or 11,939 SF

### General Physical Data

**Building Type** Multi Tenant  
**SF** 11,630  
**Year Built** 1965

### Income Analysis

**Potential Gross Income** \$276,780

### Improved Sale No. 5 (Cont.)

<b>Vacancy</b>	8%
<b>Effective Gross Income</b>	\$254,638
<b>Expenses</b>	\$100,158 (39%)
<b>Net Operating Income</b>	\$154,480

#### Indicators

<b>Sale Price/SF</b>	\$296.65
<b>Gross Income Multiplier</b>	12.46
<b>Eff. Gross Income Multiplier</b>	13.55
<b>Expenses/SF</b>	\$8.61
<b>Overall or Cap Rate</b>	4.48%
<b>Net Operating Income/SF</b>	\$13.28

#### Remarks

Sales price is \$3,300,000 plus \$150,000 for deferred maintenance for water damage and HVAC issues for a revised sales price of \$3,450,000

Sale includes a three story, wood frame/concrete block building on a 7,975 sf parcel and a separate 3,964 sf parking lot parcel located across the street. The parking lot is used by the tenants, but is not deed restricted to the property. The remote lot could be a separate development opportunity

Located in downtown San Rafael, close to Highway 101 and within close proximity to amenities. Located 2 blocks from the SMART train station

The larger, improved parcel is adjacent to Garden Lane, an alley with access from Mission Ave. to 5th Ave.

Approximately 8 tenants at the time of sale. The buyer planned to occupy some of the space after the sale

The penthouse unit has an open floor plan with a small private roof top deck. Come units offer view of Mt. Tam

Since the sale, the buyer is completely renovating the building and some of the building was under renovation at the site visit

There is an elevator and most offices have kitchenettes. All gas/electricity services are sub-metered and charged back to the tenants. Tenants are also responsible for their own janitorial service

Currently there are 3 spaces for lease for renovated spaces on a modified gross basis (tenant is responsible for gas/electricity and janitorial). Ste. 100 is a 1,541 sf space available for \$3.00, Ste. 101 is a 1,137 sf space also available for \$3.00 and Ste. 300 is a 2,698 sf space available for \$3.95/sf. Ste. 300 is a third floor penthouse office suite with Mt. Tam views and brand new build out of space and common areas  
23 total parking spaces for a parking ratio of 7.30/1,000 sf of building area

Sold below asking price of \$3,699,000 after 380 days on market

## Improved Sale No. 6



### Property Identification

**Property Type** Office building  
**Address** 1111 Andersen Drive, San Rafael, Marin County  
**Tax ID** 018-180-63

### Sale Data

**Grantor** Proaps, Ada M. Trust Et Al/Simon, Hilton Trust Et Al  
**Grantee** Ross Valley Sanitation District  
**Sale Date** April 2, 2019  
**Deed Book/Page** 10587  
**Financing** Revenue bonds  
**Verification** Jerry Suyderhoud, listing agent, Newmark Knight Frank;  
4/10/19 email  
Appraisal/Potential purchase

**Sale Price** \$12,800,000  
**Cash Equivalent** \$12,800,000

### Land Data

**Land Size** 3.33 Acres or 145,054 SF

### General Physical Data

**Building Type** Single Tenant  
**SF** 29,000  
**Year Built** 1984

### Income Analysis

**Potential Gross Income** \$581,100

### Improved Sale No. 6 (Cont.)

<b>Vacancy</b>	0%
<b>Effective Gross Income</b>	\$581,100
<b>Expenses</b>	\$ 0 (0%)
<b>Net Operating Income</b>	\$581,100

#### Indicators

<b>Sale Price/SF</b>	\$441.38
<b>Gross Income Multiplier</b>	22.03
<b>Eff. Gross Income Multiplier</b>	22.03
<b>Expenses/SF</b>	\$0.00
<b>Overall or Cap Rate</b>	4.54%
<b>Net Operating Income/SF</b>	\$20.04

#### Remarks

Two story, concrete office/warehouse building with 4,000 sf of warehouse

This site benefits from Interstate 580 visibility

Leased by Comcast as North Bay site for its fulfillment operations

Purchased for owner user purposes by Ross Valley Sanitary District, a government agency

The tenant is current underutilizing the building and the buyer may move in to the second floor

Current rent is \$1.67/sf, NNN (tenant responsible for all operating expenses). Leased to 1/23, with 2, five year options. There are 2% annual rent increases. Lease is guaranteed by Viacom International, Inc.

Tenant has been in place since 1984

The building is demised into open office, perimeter office and warehouse areas

Amenities include fire sprinklers, elevator and three roll-up doors. Roof was replaced in 2013

211 parking spaces for a parking ratio of 7.30/1,000 sf of building area

Two appraisals were conducted at the time of sale and the buyer paid above market value

Sold below asking price of \$12,950,000 after 112 days on market

The sales range from \$1,336,000 to \$12,800,000 for properties that have 5,404 sf to 32,000 sf of gross building area. These sales of office properties, which occurred approximately over the past two years, are all located in Novato and San Rafael.

The subject property can be directly compared to the sales as:

	<b>SUBJECT</b>	<b>#1</b>	<b>#2</b>	<b>#3</b>
<b>Price/sf</b>		<b>\$231</b>	<b>\$247</b>	<b>\$250</b>
<b>Sale Date</b>	8/19	5/19	6/18	1/19
<b>Building Area</b>	10,950 sf	32,000 sf <b>Inferior</b> <b>+20%</b>	5,404 sf <b>Superior</b> <b>-10%</b>	9,190 sf
<b>Location</b>	Novato Hwy visibility	Novato Bel Marin Keys Business Park <b>Inferior</b> <b>+10%</b>	Novato Old Town  <b>Superior</b> <b>-5%</b>	San Rafael North
<b>Quality/ Appeal</b>	Good	Very good <b>Superior</b> <b>-5%</b>	Good	Good
<b>Yr. Built/ Condition</b>	1998/good	1991/good	1986/avg <b>Inferior</b> <b>+5%</b>	1966/avg <b>Inferior</b> <b>+10%</b>
<b>Land Area FAR Pking Ratio</b>	43,560 sf 0.25 FAR 5.95	71,940 sf 0.44 FAR 3.91 <b>Inferior</b> <b>+13%</b>	13,750 sf 0.39 FAR 3.33 <b>Inferior</b> <b>+16%</b>	26,450 sf 0.35 FAR 3.05 <b>Inferior</b> <b>+17%</b>
<b>Overall</b>		<b>Inferior</b> <b>+38%</b> <b>\$319</b>	<b>Inferior</b> <b>+6%</b> <b>\$262</b>	<b>Inferior</b> <b>+27%</b> <b>+\$318</b>



	SUBJECT	#4	#5	#6
<b>Price/sf</b>		<b>\$261</b>	<b>\$297</b>	<b>\$441</b>
<b>Sale Date</b>	8/19	9/17	2/18	4/19
<b>Building Area</b>	10,950 sf	5,641 sf <b>Superior</b> <b>-10%</b>	11,630 sf	29,000 sf <b>Inferior</b> <b>+20%</b>
<b>Location</b>	Novato Hwy visibility	Novato Bel Marin Keys Business Park <b>Inferior</b> <b>+5%</b>	San Rafael Downtown  <b>Superior</b> <b>-20%</b>	San Rafael Hwy visibility  <b>Superior</b> <b>-20%</b>
<b>Quality/ Appeal</b>	Good	Good	Good	Good
<b>Yr. built/ Condition</b>	1998/good	1980/good	1965/avg <b>Inferior</b> <b>+10%</b>	1984/good
<b>Land Area FAR Pkg Ratio</b>	43,560 sf 0.25 FAR 5.95	14,551 sf 0.39 FAR 1.95 <b>Inferior</b> <b>+23%</b>	11,939 sf 0.97 FAR 1.98 <b>Inferior</b> <b>+20%</b>	145,054 sf 0.20 FAR 7.30 <b>Superior</b> <b>-5%</b>
<b>Overall</b>		<b>Inferior</b> <b>+18%</b> <b>\$308</b>	<b>Inferior</b> <b>+10%</b> <b>\$327</b>	<b>Superior</b> <b>-10%</b> <b>\$397</b>

Adjustments are made to the comparables for physical differences and appear in the adjustment chart. Factors considered market significant and requiring adjustment are as follows.

Building Area: Generally a smaller building will sell for a higher price per square foot than a comparable larger building. Sales #1 and #6 have a larger size and are considered inferior while Sale #2 and #4 are smaller and are considered superior.

Location: Location adjustments reflect the overall superiority or inferiority of the local market in which the comparables are located. This is determined by influences such as competition, future/potential activity, price and rent levels, visibility and accessibility. Elements, like linkages and access to thoroughfares and public transportation, other supporting uses, and other development in the immediate area, are also considered. The primary criterion for the adjustments was their proximity to downtown tempered with their location near the freeway.

Also taken into consideration are frontage and visibility. The subject has an interior location with excellent freeway visibility; however, this is offset by its somewhat difficult access. Sale #4 benefits from a corner orientation; however, Sales #1 and #4 have inferior locations in Bel Marin Keys that lack highway visibility and are considered inferior. Sale #2 has a superior location adjacent to downtown Novato. Sale #5 is located in downtown San Rafael while Sale #6 is located in San Rafael with highway visibility and both are considered superior.

Quality/Appeal: General perceptions of quality can impact value substantially. The subject exhibits a good quality/appeal. Sale #1 exhibits a superior quality/appeal and is considered superior.

Year built/Condition: The subject was built in 1998 and exhibits a good condition. Sales #2, #3 and #5 exhibit an inferior condition.

Land Area/FAR/Parking: The Land Area/FAR/Parking adjustment reflects the premium that is typically paid for properties with additional land. The basis for the adjustment is the consideration of the various sale comparable parking ratios as compared with the subject's parking ratio. Also factored into the analysis is the footprint of any improvements, FAR and the utility of any excess land. The subject has a FAR of 0.10, a parking ratio of 17.24/1,000 sf of building area, and is considered to have excess land. Taking into consideration the FAR, required parking and layout of the building, it is estimated that there is approximately 54,450 sf or 1.25 acres of excess land (108,900 sf site size – 43,560 sf land area required for building – 10,890 sf unusable area). The excess land is valued separately. The subject therefore is considered to have a site size of 43,560 sf (108,900 sf site size – 54,450 sf excess land – 10,890 sf unusable area) and FAR of 0.25. On site parking is approximately 65 vehicles indicating a parking ratio of 5.95/1,000 sf of building area. Sales #1 - #5 have a lower parking ratio and are considered inferior while Sale #6 has a superior parking ratio and is considered superior.

The six sales were considered reasonably good indicators of value. The sales indicated adjusted prices of \$319, \$262, \$318, \$308, \$327 and \$397 psf. The average of the sales is \$322 psf. The three Novato sales have a range of \$262 - \$319 psf with an average of \$296 psf while the three San Rafael sales have a range of \$318 to \$397 psf with an average of \$347 psf. Sale #6 at \$397 psf is similar to the subject since it has excess land; however, the buyer paid above market value. Placing most weight on the Novato sales with a range of \$262 - \$319 psf, a value of \$300 psf is chosen and applied as:

$$10,950 \text{ sf Gross Building} \times \$300 \text{ per sf} = \$3,285,000$$

## **INCOME CAPITALIZATION APPROACH**

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In the income approach the property is compared to sales of similar properties using a capitalization or overall rate (OAR). The OAR is a rate derived from the net income and selling price of the comparable properties. This rate is applied to the net income of the subject property for a value estimate.

The subject is demised into four suites: Stes. 101A/ 201 with 6,706 sf, (Ste. 101A with 816 sf on 1<sup>st</sup> fl. & Ste. 201 with 5,890 sf on 2<sup>nd</sup> fl. occupied by Enterprise Rent-A-Car); Ste.101B with 1,274 sf (1<sup>st</sup> fl. space occupied by MV Transportation), Ste. 101C with 930 sf (1<sup>st</sup> fl. space occupied by the owner) and Ste. 101D with 1,110 sf (1<sup>st</sup> fl. vacant space). The vacant space is not marketed for lease as of the date of value.

Only a copy of the First Amendment To Lease for MV Transportation was provided. Copies of the remaining leases and income/expenses were not provided. Since lease terms were not provided, the size of the suites is based upon the net rentable area.

For an estimate of market rent for the property, leases and asking rents were investigated in the area and the following Novato office properties found comparable:

## Comparable Office Lease Summary

	<u>Tenant Address</u>	<u>Lease Start Date</u>	<u>Rentable Area (sf)</u>	<u>Monthly Rent Per sf</u>	<u>Terms</u>
A	Walter Zebrowski Associates 695 De Long Ave. Novato	9/18	2,793	\$1.46= <b>\$1.81</b>	Gross FS Sublease space, As Is Blt. 1985, 2 sty. 11,262 sf bldg. 3.55/1,000 sf parking
B	Forefront Telecare 201 Alameda Del Prado, Ste. 103 Novato	2/18	5,043	<b>\$2.20</b>	FS, 75 mos. 1 <sup>st</sup> fl. space, As Is, 3 mos. free rent, 3% ann. inc. Blt. 1985, 2 sty. 31,400 sf bldg., 3.00/1,000 sf parking
	Ste. 102	Listed	2,842	<b>\$2.25</b>	FS Sublease space, 3% ann. inc.
C	Infor (US), Inc. Woodside Office Ctr. 7250 Redwood Blvd., Ste. 102 Novato	9/17	3,132	<b>\$2.50</b>	FS, 67 mos. 1 <sup>st</sup> fl. space, turn key, 3% ann. inc. Blt. 2002, 3 sty. 87,000 sf bldg.
	Stes. 208, 211, 214, 350, 380	Listed	1,271 – 3,629	<b>\$2.85</b>	FS
D	Winan's International Pell Plaza 504 Redwood Blvd., Ste. 210 Novato	10/19	3,360	<b>\$2.50</b>	FS, 84 mos. 2 <sup>nd</sup> fl. space, \$20 psf TIs, tenant in space since 2016, expanding into more space Blt. 1991, 3 sty. 95,000 sf bldg. 4.00/1,000 sf parking
E	Group 5 San Marin Executive Center 505 San Marin Dr. Bldg A., Ste. 240 Novato	12/18	1,591	<b>\$2.59</b>	FS, 60 mos. 2 <sup>nd</sup> fl. space, As Is, 5 mos. free rent, 4% ann. inc. Blt. 1982, 3 sty. 19,577 sf bldg.
	Stes. 100B, 180B, 220A, 210B, 220B	Listed	817 – 4,234	<b>\$2.25</b>	FS

	<u>Tenant Address</u>	<u>Lease Date</u>	<u>Rentable Area (sf)</u>	<u>Current Price Per sf</u>	<u>Terms</u>
F	Hamilton Landing 6 Hamilton Landing, Ste. 200 Novato	Listed	8,724	<b>\$3.35</b>	FS, 63 mos. 2 <sup>nd</sup> fl. space, can be combined with Stes. 205/220 for 13,730 sf Former Air Force base is fully renovated Blt. 1936, renovated 2000

G = Gross – tenant pays utilities and janitorial

FS = Full Service – landlord pays all operating expenses including utilities, janitorial, repairs/maintenance real estate taxes and insurance

Leases A - E and Listing F are at \$1.81 to \$3.35 per square foot when converted to full service (FS) terms.

Lease A is inferior and below the range as it represents sublease space. Listing F is superior mostly due to quality/appeal and is above the range. The remaining leases, Leases B, C, D and E have a range of \$2.20 - \$2.59 psf. Lease B is considered inferior to the subject mostly due to condition while Leases C, D and E are considered superior to the subject mostly due to quality/appeal.

After a review of comparable rentals and the asking rent, market rent for the property is estimated as above Lease B at \$2.20 psf and below Leases C, D and E at \$2.50 – 2.59 psf. The estimated market rent is \$2.35 psf, full service, for the subject's four spaces. The asking rents for Leases C and E indicate that there is not a difference in asking rent for different sizes in this size category.

### **Potential Gross Income**

The following is the potential gross income based on market rent.

<b>SUBJECT'S POTENTIAL GROSS INCOME</b>			
<b>Tenant</b>	<b>Size (SF)</b>	<b>Market Rent/SF</b>	<b>Monthly Income</b>
<b>Enterprise Stes. 101A/201</b>	6,706	\$2.35	\$15,759.10
<b>MV Transportation Ste. 101B</b>	1,274	\$2.35	\$2,993.90
<b>Owner User Ste. 101C</b>	930	\$2.35	\$2,185.50
<b>Vacant Ste. 101D</b>	1,110	\$2.35	<u>\$2,608.50</u>
			\$23,547.00
<b>POTENTIAL GROSS INCOME:</b>			<b>\$282,564</b>

Market rent will be used for the building, on a full service expense basis. Potential monthly market rent is \$23,547 and potential gross income is \$282,564 (\$23,547 x 12).

### Vacancy and Collection Losses

Actual annual rent collection is normally somewhat less than the gross potential income. This is due to vacancy periods between tenancies and the occasional failure of tenants to pay rent. The two surveys indicate vacancy rates of 11.4% - 16.8%. There was one vacancy at the site visit indicating an 11% vacancy rate. The space is not currently marketed for lease; however, it has been marketed for lease in the past and the space was eventually taken off the market. When the appraiser valued the subject property in 4/15, both Stes. 101C and 101D were vacant and had been on the market over four years. Due to the subject's Highway 101 frontage, the subject benefits from good freeway visibility and good freeway accessibility, with an interchange less than one mile south at the San Marin Drive/Atherton Avenue exit. However, access to the neighborhood is somewhat convoluted as it requires passing beneath the freeway after turning off of Redwood Boulevard. The location is isolated from other commercial services such as shops and restaurants. The overall location of the neighborhood is average. Based upon the history of the subject property as well as considering the current market conditions, a stabilized vacancy rate of 10.0% is estimated. The subject is located in an over-built market and has a competitive weakness of only an average location in Novato that has resulted in a lingering vacancy problem.

### Property Expenses

The appraiser utilized the expense basis, full service, as this is likely for the type of product similar to the subject. With a full service lease the landlord pays for all operating expenses including utilities, janitorial, repairs/maintenance, real estate taxes and insurance.

**Real Estate Taxes** are based on the sale of the property at market value from the sales comparison approach at \$3,285,000. With a tax rate of 1.1553%, the tax is \$37,952, plus \$6,303 in assessments for a total of **\$44,255**.

**Insurance** is estimated at \$0.31 psf or \$3,106 annually, based on the actual expense in 2014 with annual increases. Flood insurance is also included in this amount. The subject insurance amount was compared to two office buildings located in San Rafael and is considered reasonable.

**Property Management** expenses for a property with four tenant spaces is estimated at 3% of EGI. This typically ranges from 2% to 6% of EGI.

**Maintenance & Repairs** is estimated at 3% of EGI.

**Janitorial, Gas/Electricity, Water** is estimated based upon two office buildings located in San Rafael.

**Landscaping and Garbage** is estimated based on the actual expense in 2014 with annual increases.

**Replacement & Reserves** is estimated at 1% of EGI.

**Total Operating Expenses:** Total annual operating expenses are estimated to be **\$11.03** per square foot and as a percentage of EGI the estimated expenses are 43% which is also considered reasonable for a building with full service lease terms.

## OAR

To choose an OAR, the sales report:

	<u>Address</u>	<u>Sale Date</u> <u>Net Income</u>	<u>Expenses</u>	<u>OAR</u>
2	859 Diablo Avenue Novato	6/18 \$79,882	33% exp	<b>5.15%</b>
5	818 5 <sup>th</sup> Avenue, San Rafael	2/18 \$154,480	8% vac 39% exp	<b>4.48%</b>
6	1111 Andersen Drive, San Rafael	2/19 \$581,100	0% vac 0% exp	<b>4.54%</b>

The OARs from the sales have a narrow range from 4.48% to 5.15% with a mean of 4.72%. Reference to the *Bay Area 2nd Quarter 2019 Investment MarketBeat* prepared by Cushman & Wakefield stated an average going-in cap rate for office at 4.90%. Based on the sales in the previous chart it is evident that the overall Bay Area market is performing similar to the subject submarket.

Small one or two occupant buildings are particularly attractive to owner occupants. As such, the sales price per square foot is generally higher and the OAR is lower. Larger single tenant buildings are less attractive for owner occupancy or investment purposes due to the higher vacancy risk. The subject property is suitable for an investor or an owner user.

The sales have higher expense ratios because they have modified gross and NNN expense basis rather than a full service expense basis. The subject is most similar in net operating income per square foot to Sale #5 at 4.48%. Placing most weight on Sale #5, an OAR slightly below the mean is considered appropriate and is estimated at 4.50%.

The following chart summarizes the proforma income/expense information.

<b>INCOME PROFORMA</b>			
Potential Monthly Market Rent		\$23,547	
<b>Potential Gross Annual Income</b>		<b>\$282,564</b>	
Vacancy & Collection Loss	10.0%	\$28,256	
<b>Effective Gross Income</b>		<b>\$254,308</b>	
Property Taxes		\$44,255	
Insurance	\$0.31 psf	\$3,106	
Property Management	3.0% EGI	\$7,629	
Maintenance & Repairs	3.0% EGI	\$7,629	
Janitorial	\$1.00 psf	\$10,020	
Landscaping		\$3,247	
Gas/Electricity	\$2.75 psf	\$27,555	
Water	\$0.20 psf	\$2,004	
Garbage	\$0.26 psf	\$2,560	
Replacement & Reserves	1.0% EGI	\$2,543	
<b>Total Expenses</b>		<b>\$110,549</b>	
Expenses per Rentable SF		\$11.03	
% of Effective Gross Income		43%	
<b>Net Operating Income</b>		<b>\$143,759</b>	
<b>Direct Capitalization Value Conclusion:</b>			
	<u>NOI</u>	<u>Cap Rate</u>	<u>Value</u>
	\$143,759	4.50%	\$3,194,646
<b>INDICATED VALUE (rounded)</b>			<b>\$3,190,000</b>



## **RECONCILIATION AND VALUE CONCLUSION**

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Values have been estimated for the property at 600 Rush Landing Road, Novato, as:

Sales Comparison Approach

Gross Building Area 10,950 sf x \$300 = \$3,285,000

Income Approach

Net Income \$143,759 divided by 4.50% OAR = \$3,194,646

The sales comparison approach and income approach support a range of value from \$3,190,000 to \$3,290,000 for the property. Both methods of valuation are based on market indicators from sales of similar properties in the area.

The sales comparison approach is based on recent sales of similar properties in the area. The income approach is based on rental of the property at market rent and a market derived OAR. Market rent, expenses and the capitalization rate are reasonably well supported. The market data used to develop both the sales comparison and income approaches is recent data of the quality and quantity sufficient to provide confidence in those approaches.

Based on the foregoing and upon the assumption that the typical purchaser of the subject property would be either an owner user or an investor, approximately equal weight is based on both approaches to value. Investor buildings typically place more weight on the Income Capitalization Approach while owner user buildings typically place more weight on the Sales Comparison Approach.

Considering the analysis in the Sales Comparison and Income Approaches, a value of \$3,250,000 is well supported. This is \$297 per square foot of building area, which is within the range of market indicators, and an OAR of 4.42%, that is also within the range indicated by the sales.

In my opinion the market value of the fee simple in the property at 600 Rush Landing Road, Novato, CA, as of August 7, 2019 is \$3,250,000. To this the excess land value is added for a total market value of:

Market Value of Fee Simple Interest	\$3,250,000
Market Value of Excess Land	<u>\$1,630,000</u>
Total Market Value:	\$4,880,000

## CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. 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. It is noted that I previously appraised this property in April 2015.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice, 49CFR24.104 and FTA5010.1E*.
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, religion, sex, handicap, familial status, health, or national origin of the present or prospective owners, occupants or users of the properties in the vicinity of the property appraised.
12. As of the date of this report, I have completed the requirements of the continuing education program of the State of California Certified General Real Property Appraiser.
13. The undersigned appraiser hereby acknowledges that she is fully qualified and competent in her training, knowledge and experience to perform this appraisal. If, after acceptance of the appraisal assignment and during the course of conducting the appraisal, the appraiser discovers that she is not fully competent to perform the appraisal, the appraiser will comply with Competency Provision of USPAP.



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Nannette F. Quigley  
Certified General Real Estate Appraiser  
State of California # AGO25795  
Expiration: September 29, 2020

# **ADDENDA**

## QUALIFICATIONS

### NANNETTE F. QUIGLEY, AG

#### EDUCATION

UC Berkeley, B.A. degree, Political Economics  
Continuing education – State of California

#### AFFILIATIONS

State of California Certified General Real Estate  
Appraiser #AG025795 1995 - present

Real Estate Appraisers Association – North Bay 2013 - present

#### EXPERIENCE

Independent Commercial Property Appraiser 1997 - present

Commercial Property Appraiser/Researcher – Bank of America 1994 - 1996

Financial Institutions –

- Finance Officer - Bank of America Commercial Appraisal Group 1992-1994
- Credit Officer - Security Pacific National Bank, Special Assets Commercial Division 1991-1992
- Credit Analyst - Hong Kong & Shanghai Bank, Corporate Banking Division 1990-1991
- Account Officer - Security Pacific National Bank, Special Assets Real Estate Division 1986-1990
- Administrative Assistant to Operations Officer – Security Pacific National Bank, San Rafael Branch 1985-1986



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Nannette F. Quigley**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

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

BREA APPRAISER IDENTIFICATION NUMBER: AG 025795

Effective Date: September 30, 2018  
Date Expires: September 29, 2020

*Jim Martin*  
Jim Martin, Bureau Chief, BREA

3042138

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE 'CHAIN LINK'

## **ASSUMPTIONS AND LIMITING CONDITIONS**

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This appraisal report has been made with the following general Assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property conforms to all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and 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.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. An UST (underground fuel storage tank) has been removed from the property. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated 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 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.

## **ASSUMPTIONS AND LIMITING CONDITIONS, (Cont.)**

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This appraisal report has been made with the following general Limiting Conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report shall be conveyed to any person or entity, other than the appraiser's or firm's client, through advertising, solicitation materials, public relations, news, sales or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraiser or firm with which the appraiser is connected, or any reference to the Appraisal Institute or MAI designation. Further, the appraiser or firm assumes no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, client shall make such party aware of all the assumptions and limiting conditions of the assignment.
5. The purpose of this report, and the replacement cost estimate if used, is to estimate the market value of the subject property for the use under the section "Use of the Appraisal", and may not be used for other purposes.

This appraisal is made with the following specific limiting conditions:

1. This appraisal report presents only summary discussions of the data, reasoning and analysis that were used in the appraisal process to develop the value estimate. Supporting documentation is retained in my files, and the depth of discussion is specific to your needs and for the intended use. I am not responsible for its unauthorized use.
2. The interior of Stes. 101A, 101B and 101D were visited and reported to be representative of all units in the building. If other units are different than described this opinion of value may change.

This appraisal is made with the following hypothetical condition:

1. A leased fee value could not be determined since leases were not provided. Therefore, a fee simple value will be used for the purposes of this report. If leases are provided, this opinion of value could change.

This appraisal is made with the following extraordinary assumption:

1. The excess land estimated as 65,340 sf has not been surveyed. If the area is different in size, this opinion of value will most likely change.

## EXHIBIT A

The land referred to is situated in the County of Marin, City of Novato, State of California, and is described as follows:

### PARCEL ONE

Parcel Two, as shown upon that certain Parcel Map entitled "Parcel Map Rush Landing-Phase II, a Division of the Lands of Land Rush Partners, City of Novato, County of Marin, California", filed for record September 30, 1998 in Book 1998 of Parcel Maps, at Page 120, Marin County Records.

### PARCEL TWO

An easement for roadway purposes upon, over and across the following described parcel of land:

Beginning at a point distant South 15° 26' 46" West 158.58 feet from the Northwesterly corner of that certain parcel of land described as Parcel 3 of Annex "A" in the indenture made by and between the Northwestern Pacific Railroad Company and the State of California, recorded December 22, 1971 in Book 2528 of Official Records at Page 170, Marin County Records; thence along the Westerly line of said Company's Land and along the Southerly prolongation of said line, South 15° 26' 46" West, 602.51 feet; thence along a tangent curve to the right with a radius of 66.00 feet, through an angle of 45° 40' 24", an arc length of 52.61 feet to the 84.70 foot course in Parcel 7 of that Relinquishment No. 40302, as shown upon that certain Map entitled, "Relinquishment in the County of Marin", filed for record July 15, 1975 in State Highway Map Book No. 5, Page 3, Marin County Records; thence along last said course North 49° 55' 09" West, 37.22 feet to a curve concentric of with and distant 32.00 feet radially from the curve described above with a radius of 66.00 feet; thence along said concentric curve and long a line parallel with and distant 32.00 feet Westerly at right angles from the course described above with a length of 602.51 feet from a tangent that bears North 84° 15' 29" East, along a curve to the left with a radius of 34.00 feet, through an angle of 68° 48' 43", an arc length of 40.83 feet and North 15° 26' 46" East, 528.15 feet; thence along a tangent curve to the left with a radius of 1984.00 feet, through an angle of 2° 08' 52" an arc length of 74.37 feet to said 37.40 foot course; thence along last said course South 74° 33' 14" East, 33.39 feet to the point of beginning.

The bearings and distances used in the above descriptions are on the California Coordinate System, Zone 3. Multiply the above distances by 1.0000546 to obtain ground level distances.

APN: 125-560-01





1400A Grant Avenue  
Novato, CA 94945  
(415) 897-9632 Fax: (415) 892-1137

### PRELIMINARY REPORT

Our Order Number 0436023982-DM

CUSHMAN & WAKEFIELD  
900 Larkspur Landing Circle #295  
Larkspur, CA 94939

Attention: BRIAN FOSTER

When Replying Please Contact:

Diana McInnis  
[dmcinnis@ortc.com](mailto:dmcinnis@ortc.com)  
(415) 897-9632

Buyer:

MARIN TRANSIT DISTRICT

Property Address:

600 Rush Landing Road, Novato, CA 94945

In response to the above referenced application for a policy of title insurance, OLD REPUBLIC TITLE COMPANY, as issuing Agent of Old Republic National Title Insurance Company, hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said Policy or Policies are set forth in Exhibit I attached. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the Homeowner's Policy of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Exhibit I. Copies of the Policy forms should be read. They are available from the office which issued this report.

**Please read the exceptions shown or referred to below and the exceptions and exclusions set forth in Exhibit I of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.**

**It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.**

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated as of August 7, 2019, at 7:30 AM

**OLD REPUBLIC TITLE COMPANY**  
For Exceptions Shown or Referred to, See Attached

Rectangular Snip

Page 1 of 11 Pages

OLD REPUBLIC TITLE COMPANY  
ORDER NO. 0436023982-DM

The form of policy of title insurance contemplated by this report is:

CLTA Standard Coverage Policy -1990; AND ALTA Loan Policy - 2006. A specific request should be made if another form or additional coverage is desired.

The estate or interest in the land hereinafter described or referred or covered by this Report is:

Fee as to Parcel(s) One and an Easement as to Parcel(s) Two

Title to said estate or interest at the date hereof is vested in:

Roger L. Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991, as to an undivided 50% interest, and Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest, as tenants in common

The land referred to in this Report is situated in the County of Marin, City of Novato, State of California, and is described as follows:

PARCEL ONE

Parcel Two, as shown upon that certain Parcel Map entitled "Parcel Map Rush Landing-Phase II, a Division of the Lands of Land Rush Partners, City of Novato, County of Marin, California", filed for record [September 30, 1998 in Book 1998 of Parcel Maps, at Page 120, Marin County Records.](#)

PARCEL TWO

An easement for roadway purposes upon, over and across the following described parcel of land:

Beginning at a point distant South 15° 26' 46" West 158.58 feet from the Northwesterly corner of that certain parcel of land described as Parcel 3 of Annex "A" in the indenture made by and between the Northwestern Pacific Railroad Company and the State of California, recorded December 22, 1971 in Book 2528 of Official Records at Page 170, Marin County Records; thence along the Westerly line of said Company's Land and along the Southerly prolongation of said line, South 15° 26' 46" West, 602.51 feet; thence along a tangent curve to the right with a radius of 66.00 feet, through an angle of 45° 40' 24", an arc length of 52.61 feet to the 84.70 foot course in Parcel 7 of that Relinquishment No. 40302, as shown upon that certain Map entitled, "Relinquishment in the County of Marin", filed for record July 15, 1975 in State Highway Map Book No. 5, Page 3, Marin County Records; thence along last said course North 49° 55' 09" West, 37.22 feet to a curve concentric of with and distant 32.00 feet radially from the curve described above with a radius of 66.00 feet; thence along said concentric curve and long a line parallel with and distant 32.00 feet Westerly at right angles from the course described above with a length of 602.51 feet from a tangent that bears North 84° 15' 29" East, along a curve to the left with a radius of 34.00 feet, through an angle of 68° 48' 43", an arc length of 40.83 feet and North 15° 26' 46" East, 528.15 feet; thence along a tangent curve to the left with a radius of 1984.00 feet, through an angle of 2° 08' 52" an arc length of 74.37 feet to said 37.40 foot course; thence along last said course South 74° 33' 14" East, 33.39 feet to the point of beginning.

The bearings and distances used in the above descriptions are on the California Coordinate System, Zone 3. Multiply the above distances by 1.0000546 to obtain ground level distances.

APN: 125-560-01

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Page 2 of 11 Pages

OLD REPUBLIC TITLE COMPANY  
ORDER NO. 0436023982-DM

At the date hereof exceptions to coverage in addition to the Exceptions and Exclusions in said policy form would be as follows:

1. Taxes and assessments, general and special, for the fiscal year 2019 - 2020, a lien, but not yet due or payable.
  
2. Taxes and assessments, general and special, for the fiscal year 2018 - 2019, as follows:  

Assessor's Parcel No	:	125-560-01	
Bill No.	:	18-1046389	
Code No.	:	010-017	
1st Installment	:	\$17,374.81	Marked Paid
2nd Installment	:	\$17,374.81	Marked Paid
Land Value	:	\$701,280.00	
Imp. Value	:	\$1,761,018.00	
  
3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Section 75, et seq., of the Revenue and Taxation Code of the State of California.
  
4. Terms and provisions as contained in an instrument,  

Entitled	:	Joint Maintenance Agreement
Executed By	:	North Marin County Water District and the State of California
Recorded	:	October 11, 1974 in Book 2837 of Official Records, Page 493

Note: Reference is made to said instrument for full particulars.

5. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following  

Granted To	:	William F. Raymond
For	:	Construction and maintenance of poles, wires and cables, etc.
Recorded	:	October 16, 1978 in Book 3448 of Official Records, Page 363
Affects	:	As described therein

The right to trim trees along the route thereof was also granted.

Said easement was reserved to be granted to Pacific Gas and Electric Company.

6. Release and relinquishment of abutter's or access rights to and from the adjoining State highway (or Freeway), upon which premises abuts, as follows:

Instrument : Deed  
To : State of California  
Recorded : October 16, 1978 in Book 3448 of Official Records, Page 363

7. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Granted To : Pacific Gas and Electric Company  
For : Construction and maintenance of poles, wires and cables, etc.  
Recorded : June 6, 1979 in Book 3556 of Official Records, Page 671  
Affects : As described therein

The right to trim trees along the route thereof was also granted.

8. The Effect of that certain easement for the construction and maintenance of guy wires and cables together with appurtenances and rights incidental thereto as conveyed to Pacific Gas and Electric Company, a California corporation by Instrument recorded August 7, 1985 under Recorder's Serial Number 85-33584, Marin County Records.

At the time of said conveyance of said easement above, the Grantor had no vested interest in the property described herein.

9. Terms and provisions as contained in an instrument,

Entitled : Landscape Maintenance Agreement  
Executed By : The City of Novato, a municipal corporation and Redwood Park Ltd., a California limited partnership  
Recorded : April 3, 1987 in Official Records under Recorder's Serial Number 87-22241

Note: Reference is made to said instrument for full particulars.

10. Terms and provisions as contained in an instrument,

Executed By : North Marin Water District and Rush Landing, a California partnership  
Recorded : October 26, 1988 in Official Records under Recorder's Serial Number 88-61316

Which, among other things, provides: High Pressure Service

Note: Reference is made to said instrument for full particulars.

Affects this and other property.

11. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following
  - Granted To : Novato Sanitary District, a public corporation
  - For : Sanitary sewer purposes
  - Recorded : [April 10, 1990 in Official Records under Recorder's Serial Number 90-20961](#)
  - Affects : As described therein
  
12. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as shown on the filed map.
  - For : Public utilities
  - Affects : As shown on said Map
  
  - For : Storm Drainage
  - Affects : As shown on said Map
  
13. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following
  - Instrument : Grant of Easement
  - Granted To : Alan R. Brayton
  - For : Right to erect and maintain light poles and associated structures
  - Recorded : [May 23, 1997 in Official Records under Recorder's Serial Number 97-027265](#)
  - Affects : A one (1) foot strip along the Southern boundary

The present ownership of said easement and other matters affecting the interests thereto, if any, are not shown herein.

14. Terms and provisions as contained in an instrument,

Entitled : Consent to Common Use Agreement  
Executed By : North Marin Water District and The City of Novato  
Dated : September 22, 1998  
Recorded : September 30, 1998 in Official Records under Recorder's Serial  
Number 1998-0071652

Which, among other things, provides: The City and the District may use the are of common use for the purposes describe din the Rush Landing Phase 2 Subdivision Map's dedication of the right-of-way.

Note: Reference is made to said instrument for full particulars.

15. Terms and provisions as contained in an instrument,

Entitled : Consent to Common Use Agreement  
Executed By : Pacific Gas and Electric Company and The City of Novato  
Dated : September 22, 1998  
Recorded : September 30, 1998 in Official Records under Recorder's Serial  
Number 1998-0071653

Which, among other things, provides: Mutual use of an easement.

Note: Reference is made to said instrument for full particulars.

16. Terms and provisions as contained in an instrument,

Entitled : Landscape Maintenance Agreement  
Executed By : Land Rush Partners, a general partnership  
Recorded : September 30, 1998 in Official Records under Recorder's Serial  
Number 1998-0071654

Which, among other things, provides: Cost of common area landscape maintenance is to be shared by present and/or future Owners of the subdivided 8.28 acre site comprising the Rush Landing Subdivision.

Note: Reference is made to said instrument for full particulars.

17. Terms and provisions as contained in an instrument,

Entitled : Easement Deed by Court Order in Settlement of Landowner Action  
Executed By : The United States District Court for the Northern District of California  
San Francisco Division  
Dated : June 27, 2013  
Recorded : December 27, 2013 in Official Records under Recorder's Serial  
Number 2013-0076346  
Returned to  
Address : Qwest Communications Company, LLC, Sherman & Howard LLC, 633  
Seventeenth Street-Suite 300, Denver, CO 80202-3622

Note: Reference is made to said instrument for full particulars.

18. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the above mentioned instrument,

For : Permanent telecommunication easement  
Affects : The land

19. An easement affecting that portion of said land and for the purposes stated herein and incidental purposes as provided in the following

Instrument : Easement Deed  
Granted To : Pacific Gas and Electric Company  
For : A line of poles for the transmission and distribution of electric energy,  
and for communication purposes  
Dated : June 5, 2015  
Recorded : August 13, 2015 in Official Records under Recorder's Serial Number  
2015-0039475  
Affects : Herein portion of said land as depicted on the map attached therein

20. Deed of Trust to secure an indebtedness of the amount stated below and any other amounts payable under the terms thereof,

Amount : \$1,500,000.00  
Trustor/Borrower : Roger L. Kaehler, Trustee of The Kaehler Living Trust, dated February 21, 1991, as to an undivided 50% interest, and Paul S. Scheller, Trustee of The Scheller Living Trust, dated February 21, 1991, as to an undivided 50% interest, as tenants in common  
Trustee : Bank of Marin  
Beneficiary/Lender : Bank of Marin  
Dated : November 17, 2016  
Recorded : December 1, 2016 in Official Records under Recorder's Serial Number 2016-0056059

21. Terms and conditions contained in the Kaehler Living Trust dated February 21, 1991 as disclosed by Grant Deed.

Dated : November 23, 2016  
Recorded : December 1, 2016 in Official Records under Recorder's Serial Number 2016-0056058

The requirement that:

A Certification of Trust be furnished in accordance with Probate Code Section 18100.5; and

If the acting trustee is a successor trustee the additional requirement the Company is provided a complete copy of the trust, with all amendments and any intervening trustee is no longer acting in that capacity by providing copies of resignation letters, etc.

The Company reserves the right to make additional exceptions and/or requirements upon review of the above.



22. Terms and conditions contained in the Scheller Living Trust dated February 21, 1991 as disclosed by Grant Deed.

Dated : November 23, 2016  
Recorded December 1, 2016 in Official Records under Recorder's Serial Number 2016-0056058

The requirement that:

A Certification of Trust be furnished in accordance with Probate Code Section 18100.5; and

If the acting trustee is a successor trustee the additional requirement the Company is provided a complete copy of the trust, with all amendments and any intervening trustee is no longer acting in that capacity by providing copies of resignation letters, etc.

The Company reserves the right to make additional exceptions and/or requirements upon review of the above.

23. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
24. The requirement that the Company be provided with a copy of the "rent roll" and "tenant estoppel certificates" for its review.
- The Company may have different and/or additional requirements after its review.
25. The requirement that this Company be provided with an opportunity to inspect the land (the Company reserves the right to make additional exceptions and/or requirements upon completion of its inspection).
26. The requirement that this Company be provided with a suitable Owner's Declaration (form ORT 174). The Company reserves the right to make additional exceptions and/or requirements upon review of the Owner's Declaration.
27. Any unrecorded and subsisting leases.

----- **Informational Notes** -----

- A. The applicable rate(s) for the policy(s) being offered by this report or commitment appears to be section(s) 1.1 and 2.1.
- B. The above numbered report (including any supplements or amendments thereto) is hereby modified and/or supplemented to reflect the following additional items relating to the issuance of an American Land Title Association loan form policy:

NONE

NOTE: Our investigation has been completed and there is located on said land a commercial building known as 600 Rush Landing Road, Novato, CA 94945.

The ALTA loan policy, when issued, will contain the CLTA 100 Endorsement and 116 series Endorsement.

Unless shown elsewhere in the body of this report, there appear of record no transfers or agreements to transfer the land described herein within the last three years prior to the date hereof, except as follows:

Grant Deed executed by Land Rush Partners, a California General Partnership to Roger L. Kaehler, Trustee of the Kaehler Living Trust dated February 21, 1991 and restated on May 27, 2011 as to an undivided 5/12ths interest; John G. Stuber, Trustee of the Stuber 2002 Family Trust dated September 9, 2002 as amended and restated in its entirety on April 22, 2013 as to an undivided 4/12ths interest; and Paul S. Scheller, Trustee of the Scheller Living Trust dated February 21, 1991 as amended on January 7, 1994 as to an undivided 3/12ths interest recorded September 14, 2016 in Official Records under Recorder's Serial Number 2016-0041495.

OLD REPUBLIC TITLE COMPANY  
ORDER NO. 0436023982-DM

C. NOTE: The last recorded transfer or agreement to transfer the land described herein is as follows:

Instrument  
Entitled : Grant Deed  
By/From : Roger L. Kaehler, Trustee of the Kaehler Living Trust dated February 21, 1991 and restated on May 27, 2011 and John G. Stuber, Trustee of the Stuber 2002 Family Trust dated September 9, 2002 as amended and restated in its entirety on April 22, 2013 and Paul S. Scheller, Trustee of the Scheller Living Trust dated February 21, 1991  
To : Roger L. Kaehler, Trustee of The Kaehler Living Trust dated February 21, 1991 as to an undivided 50% interest and Paul S. Scheller, Trustee of The Scheller Living Trust dated February 21, 1991 as to an undivided 50% Interest as Tenants in Common  
Dated : November 23, 2016  
Recorded : December 1, 2016 in Official Records under Recorder's Serial Number 2016-0056058

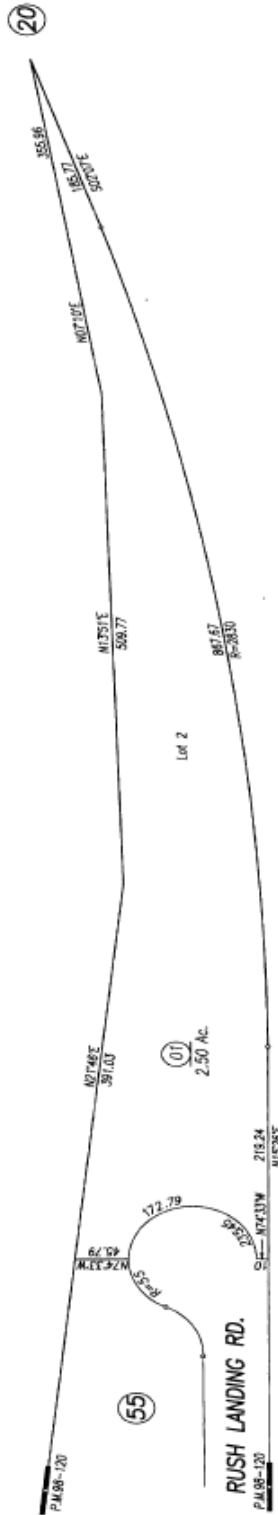
O.N.  
MMV/mm

PTN. RANCHO DE NOVATO  
 Tax Rate Area  
 10-007  
 125-56



(20)

(20)



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CITY OF NOVATO  
 Assessor's Map Bk. 125 Pg. 56  
 County of Marin, Calif.

NOTE: Assessor's Block Numbers Shown in Ellipses  
 Assessor's Parcel Numbers Shown in Circles

ASSessor's CADASTRAL MAP	
1.	THIS MAP WAS PREPARED FOR ASSESSMENT PURPOSES ONLY.
2.	NO LIABILITY IS ASSUMED FOR THE ACCURACY OF THE DATA SHOWN.
3.	ASSessor's PARCELS MAY NOT COMPLY WITH LOCAL LOT-SPLIT OR BUILDING SITE ORDINANCES.
REVISED BY	DATE
12-1-88	MDS