

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING
Date: October 15, 2024, 10:00am
Place: Tehachapi Valley Healthcare District Office
116 W F Street
Tehachapi, CA 93561**

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Meeting ID: 236 729 275 449

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Phone Conference ID: 932 899 372#

AGENDA

I. CALL TO ORDER

II. FLAG SALUTE

III. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

This time is reserved for persons to address the Board of Directors on matters not on the agenda over which the District has jurisdiction. Time is limited to 3 minutes per speaker. The Board of Directors can take no action on your presentation. Any person desiring to speak on an item on the agenda will be given an opportunity to do so prior to the Board of Directors acting on the item.

IV. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

V. CONSENT AGENDA

The following items are considered routine and non-controversial by District Staff and may be approved by one motion. If a member of the Board or audience wishes to comment or ask questions on an item, it will be moved to New Business or Reports.

Approval of Minutes

- | | |
|---|-------|
| 1. BOD Meeting Minutes 09/17/24 | Tab 1 |
| 2. Receive and File, Finance Committee Minutes 09/10/24 | Tab 2 |
| 3. Receive and File, Strategic Committee Minutes 09/11/24 | Tab 3 |

VI. OLD BUSINESS

- | | |
|-----------------------------|-------|
| A. Imaging Walkway Hospital | Tab 4 |
|-----------------------------|-------|

VII. NEW BUSINESS

- | | |
|---|-------|
| A. Appraisal of E and F Street Properties | Tab 5 |
| B. Notice of Intent Adopt a Mitigated Negative Declaration – City | Tab 6 |

VII. REPORTS

- | | |
|--|-------|
| A. Adventist Health Tehachapi Valley Update (Jenny Lavers) | |
| B. TVHD CEO Report | Tab 7 |

VIII. CLOSED SESSION

1. Real Property Negotiations:
 - 116 West E Street, Tehachapi, CA 93561
 - Negotiators: CEO/Legal Counsel
 - Parties: TVHD, Ruiz Trust
 - Under negotiation: Purchase

2. Real Property Negotiations:
 - APN: 223-560-25-00-1; APN: 223-560-13-00-6; Magellan Drive, Tehachapi, CA 93561
 - Negotiators: CEO/Legal Counsel
 - Parties: TVHD/Pierce Prop LP
 - Under negotiation: Purchase

3. Real Property Negotiations:
 - 115 West E Street, Tehachapi, CA 93561
 - Negotiator: CEO/Legal Counsel
 - Parties: TVHD/City of Tehachapi
 - Under negotiation: Purchase

IX. CLOSED SESSION REPORT

X. ADJOURNMENT

| |
|---|
| <u>NOTICE TO THE PUBLIC</u> |
| <u>PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS</u> Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that is within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak. |
| <u>COPIES OF PUBLIC RECORDS</u> All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 116 W E St., Tehachapi, California. |
| <u>COMPLIANCE WITH ADA</u> This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting, should contact the Executive Office during regular business hours by phone at 661-750-4848, or in person at the District's Administrative Office at 116 W E St., Tehachapi, California. |

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
MINUTES OF THE BOARD OF DIRECTORS MEETING
September 17, 2024, 10:00am
116 West F Street, Tehachapi, CA 93561**

I. CALL TO ORDER

President Nixon called the meeting to order at 10:00am.

Directors Present: Lydia Chaney, Carl Gehricke, Mike Nixon, Christine Sherrill

Just Cause Director Patterson Attendance:

Director Patterson asked permission to join via teleconference due to her daughter having emergency dental procedure. Her husband is legally blind and she is the only person that transports. **MSA: Nixon/Chaney; 4-0; roll call**

Directors Absent: None

Others Present: Peggy Mendiburu, CEO; Scott Nave, Legal Counsel (teleconference); Pat Doody, The Loop, Julia Pence, Contractor

II. FLAG SALUTE

President Nixon led the flag salute.

III. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

No comments

IV. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

No comments.

V. CONSENT AGENDA

A. Approval of Minutes

1. Board Meeting Minutes 08/20/24
2. Receive and File Finance Committee Minutes 08/14/24
3. Receive and File Strategic Planning Minutes 08/15/24

Consent agenda items approved. MSA: Sherrill/Chaney; roll call; 5-0

V. OLD BUSINESS

A. None.

VI. NEW BUSINESS

A. Imaging Pavilion Walkway

CEO Mendiburu reported that she has not received the amount from Adventist. Jenny Lavers, Adventist Health, added she is waiting for contractor to give the okay to publicly share the amount it would cost. Approximating, cost is \$800K.

B. Resolution Increasing Restricted Funds for Hospital

Counsel Nave reported the resolution increases reserve account from \$3M to \$5M and authorizes Peggy to perform acts and execute documents necessary. **MSA: Chaney/Gehricke; 5-0; roll call**

C. Resolution Revising 2025 FY Budget

CEO Mendiburu reported the need to revise budget as former business manager's six months severance. **MSA: Sherrill/Chaney; 5-0; Roll call**

D. Bad Debt

CEO Mendiburu reported that bad debt was previously written off but added back in by former business manager. CEO Mendiburu will work with Counsel Nave on language for bad debt forgiveness letter. **MSA: Gehricke/Chaney; 5-0; roll call**

VII. REPORTS

A. Adventist Health Tehachapi Valley Update (Jenny Lavers)

Jenny Lavers thanked Peggy and the Board for the tremendous support TVHD provides; Adventist Health Tehachapi has received two awards in the last thirty days: top 350 of cleanest hospitals in the nation based on patient satisfaction scores and overall patient satisfaction. Adventist is working on residency expansion starting with Internal Medicine. Next will be rural and family medicine, which includes Tehachapi. Received new Imaging and Lab equipment, which prevents the need for travel in analyzing to Bakersfield.

B. TVHD Report (Peggy Mendiburu)

Attached.

VIII. CLOSED SESSION

A. Real Property Negotiations:

- 116 West E Street, Tehachapi, CA 93561
- Negotiators: CEO/Legal Counsel – Parties: TVHD, Ruiz Trust
- Under negotiation: Purchase

B. Real Property Negotiations:

- APN 223-560-25-00-01; APN 223-560-13-00-6; Magellan Drive, Tehachapi, CA 93561
- Negotiators: CEO/Legal Counsel – Parties: TVHD, Pierce Prop LP
- Under negotiations: Purchase

C. Real property Negotiations:

- 20111 West Valley Blvd, Tehachapi, CA 93561
- Negotiators: CEO/Legal Counsel – Parties: TVHD, Adventist Health
- Under negotiation: Purchase

X. CLOSED SESSION REPORT

Counsel Nave reported that item VIII.A Board authorized CEO to negotiate terms; VIII.B – Board gave direction to CEO to negotiate terms; VIII.C – No action was taken.

XI. ADJOURNMENT

President Nixon adjourned the meeting at 11:00am

Lydia Chaney, Secretary
October 22, 2024

TEHACHAPI VALLEY HEALTHCARE DISTRICT
FINANCE COMMITTEE MINUTES SPECIAL
September 12, 2024
116 W F Street
Tehachapi, CA 93561
10:00am

Board Members Present: Mike Nixon, Breanne Patterson

Staff Present: Peggy Mendiburu, CEO; Julia Pence, Contractor

Transcribed by: Peggy Mendiburu

Approval: _____ Date: _____

I. **CALL TO ORDER**

Director Nixon called the Finance Committee Meeting to order at 10:00am

II. **PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA**

None

III. **APPROVAL OF MINUTES**

August 14, 2024 Finance Minutes were approved with no corrections/revisions.

MSA: Mendiburu/Patterson

IV. **REPORTS**

A. Finance Reports

August finance reports reviewed. Per Julia, bad debt was written off in the past but former staff added it back in. **Directors gave Peggy direction to bring to the full Board writing off bad debt.**

B. American Express

Committee reviewed American Express report with no comments.

C. Petty Cash

None.

V. **OLD BUSINESS**

A. None

VI. **NEW BUSINESS**

A. FY2025 Revised Budget

Revised budget to address former staff's payout. **Directors gave direction to bring to full board.**

VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

- Peggy brought forward a request from the Ruiz' regarding property on E Street. **Directors directed Peggy to bring to full board under closed session.**

VIII. **ADJOURNMENT**

Meeting adjourned at 10:31am.

TEHACHAPI VALLEY HEALTHCARE DISTRICT
Strategic Planning Committee - Special
September 12, 2024
116 West F Street
Tehachapi, CA 93561
12:30pm

Board Members Present: Lydia Chaney, Christine Sherrill

Staff Present: Peggy Mendiburu, CEO

Guests: None

Transcribed by: Peggy Mendiburu

Approval: _____ Date: _____

I. CALL TO ORDER

Director Chaney called the meeting to order at 12:31pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None

III. APPROVAL OF MINUTES

Approved August 15, 2024 Strategic minutes: **MSA: Sherrill/Chaney**

IV. NEW BUSINESS

A. Business Plan

- Director Sherrill provided a few examples of business plans to keep us on track with our goals and cost. Peggy provided updates on some of the items listed and will utilize the template.
 - The Guild Building. Peggy to check agreement to see if TVHD is responsible for the electrical.
 - Assisting Adventist with hospital fixes/updates such as showers, parking lot, wall to Imaging Pavilion. Peggy checking with Adventist on cost of wall but believes it is approximately \$800K.
 - Peggy to check into cost of some properties for closed session.

V. OLD BUSINESS

A. Grants

- Director Chaney would like to assist students that are utilizing the nursing program or other medical careers locally with Cerro Coso to promote keeping them in our community. She will reach out to director on information.
- Director Sherrill would like to assist local animal entities such as: Have a Heart, Fixin Feral Felines, and Marley's Mutt.
- Per Peggy, \$15,000 is set aside for grants/community outreach this fiscal year. We could start with three \$5000 grants.

VI. CEO Report (attached)

No update.

VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

None.

VIII. ADJOURNMENT

Meeting adjourned at 1:15pm

09/12/24 Strategic Minutes

P. Mendiburu

APPRAISAL REPORT

OF

Vacant Commercial Land

**125 West E Street
Tehachapi, CA 93561**

**115 West E Street
Tehachapi, CA 93561**

Professional Office Properties

**109 West E Street
Tehachapi, CA 93561**

**116 West F Street
Tehachapi, CA 93561**

General Commercial/Medical Office Property

**101 & 105 West E Street
Tehachapi, CA 93561**

For

**Peggy Mendiburu
TEHACHAPI VALLEY HEALTHCARE DISTRICT
116 West F Street
Tehachapi, CA 93561**

As Of

August 27, 2024

Prepared By

Nicole Atherton, MAI

KERN APPRAISAL COMPANY

**Real Estate Appraisal Services
5401 Business Park South, Suite 226, Bakersfield, CA 93309**

KERN APPRAISAL COMPANY

REAL ESTATE APPRAISAL SERVICES

NICOLE ATHERTON, MAI

APPRAISAL REPORT

TO Peggy Mendiburu
TEHACHAPI VALLEY HEALTHCARE DISTRICT
116 West F Street
Tehachapi, CA 93561

SUBJECT Five (5) Commercial Properties
Tehachapi, CA 93561

FROM Kern Appraisal Company
5401 Business Park South, Suite 226
Bakersfield, CA 93309

REFERENCE Engagement Letter dated August 20, 2024
Our File Number 3847

DATE OF REPORT September 26, 2024

DATE OF VALUES August 27, 2024

| CONCLUDED VALUES | <u>Property Address</u> | <u>Value "As Is"</u> |
|-------------------------|---------------------------------------|-----------------------------|
| | 125 West E Street, Tehachapi CA | \$159,000 |
| | 115 West E Street, Tehachapi CA | \$187,000 |
| | 109 West E Street, Tehachapi CA | \$178,000 |
| | 101 & 105 West E Street, Tehachapi CA | \$670,000 |
| | 116 West F Street, Tehachapi CA | \$400,000 |
| | Bulk Value | \$1,435,000 |

At the request of the client, I have determined and performed the scope of work necessary to develop credible assignment results. The sales comparison and income capitalization are the necessary approaches for the intended use of assisting the client with management of the assets. A brief summary report with fully developed sales comparison and income capitalization approaches is presented.

This Appraisal Report is intended to comply with the reporting requirements of Standards Rule 2-2(a) of the Uniform Standards of Professional Practice (USPAP), and therefore contains a summary presentation of the data, reasoning, and analyses used in the valuation process to develop the appraiser's value conclusion. Additional information pertaining to the appraiser's analyses and conclusions is contained in the appraisal file. It is intended that the use of and reliance upon this Appraisal Report is limited to the client, TEHACHAPI VALLEY HEALTHCARE DISTRICT.

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PURPOSE OF THE ASSIGNMENT

The purpose of the appraisal is to form an opinion of market value of the real properties, in their “as is” condition, subject to assumptions and limiting conditions shown in this report, as of the date of inspection, August 27, 2024.

PROPERTY RIGHTS APPRAISED

Property rights valued are those of the fee simple interest.

INTENDED USE OF THE APPRAISAL

The intended use is to develop an opinion of market value to assist with management of the assets by the client and intended user TEHACHAPI VALLEY HEALTHCARE DISTRICT.

SCOPE OF WORK

This is an appraisal report that in my opinion has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the professional standards and ethics of the Appraisal Institute. The appraisal assignment was not based on a specific valuation or any action or event resulting from the analyses.

Through communication with the client, and with an understanding of the assignment conditions, I have determined the appropriate scope of work for this appraisal report. All applicable approaches to value were considered. Sales comparison is the only applicable approach for vacant land, which is two of the five subject properties. The income and cost approaches are not applicable, therefore were not performed.

The sales comparison is the most applicable approach for professional and medical office and general commercial properties that are owner occupied or are not investment properties. The income approach is most applicable when the property is leased to a tenant or tenants for the purpose of generating income. The three improved subject properties are occupied by the owner, with a portion of one occupied by a non-profit related to the owner. However, the improved properties could be leased to tenants and therefore, the income approach is applicable. The cost approach is applicable when the building improvements are new, as it is most often used as a test of feasibility. The improvements are not new and the market is not giving the cost approach any emphasis. The cost approach is not applicable, therefore not performed.

The scope of the assignment included: (1) an inspection of each of the subject properties and their market area; (2) research and investigation of current market conditions relative to the property type being appraised as well as the market segment within which the subject is identified; (3) interviews with brokers, appraisers, property owners and managers, as well as relevant public agencies or governing bodies; and (4) collection, verification, and analysis of market data and other pertinent information necessary to the valuation process.

DEFINITION OF MARKET VALUE

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; 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.

Source: OCC, 12 CFR, Part 34, Subpart C - Appraisals, 34.42 Definitions [h].

The "As Is" Appraisal Premise

An appraisal of the "as is" condition will estimate the defined value of a property while precisely reflecting its actual physical, legal, economic, and political status on the effective date of valuation. When an "as is" appraisal premise is used, it means that the property is valued based on its precise condition or status as of the effective date of value. This condition must be accurately described in the appraisal report.

EXPOSURE TIME

Considering current market conditions and exposure time for similar types of commercial properties, a twelve-month exposure time was estimated for vacant commercial land and a six-month exposure time is estimated for improved professional/medical office and general commercial properties.

OWNERSHIP HISTORY (3 Years)

According to public records and information provided to the appraiser, the current owner of all five subject properties is Tehachapi Valley Healthcare District. There have been no sales or transfers within the prior three years and the properties are not currently marketed for sale.

ASSESSED VALUE AND TAXES

The properties are assessed by the Kern County Assessor's office. Each are identified as an Assessor's Parcel Number with the 2024-25 assessed value, taxes, and special assessments as shown below:

| <u>ASSESSED VALUE</u> | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| APN | <u>040-130-14</u> | <u>040-130-13</u> | <u>040-130-16</u> | <u>040-130-17</u> | <u>040-130-18</u> |
| LAND | \$103,540 | \$163,845 | \$42,096 | \$101,263 | \$151,330 |
| IMPROVEMENTS | \$28,443 | \$0 | \$79,646 | \$323,141 | \$42,096 |
| PERSONAL PROPERTY | \$0 | \$0 | \$0 | \$0 | \$0 |
| EXEMPTIONS | -\$131,983 | -\$163,845 | -\$121,742 | -\$424,404 | -\$193,426 |
| TOTAL | \$0 | \$0 | \$0 | \$0 | \$0 |
| <u>TAXES & SPECIAL ASSESSMENTS</u> | | | | | |
| TOTAL TAX RATE | 1.16189% | 1.16189% | 1.16189% | 1.16189% | 1.16189% |
| TOTAL TAXES | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SPECIAL ASSESSMENTS | | | | | |
| LAND USE-LANDFILL | \$0.00 | \$359.44 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL SPECIAL ASSESSMENTS | \$0.00 | \$359.44 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL TAXES & SPECIAL ASSESSMENTS | \$0.00 | \$359.44 | \$0.00 | \$0.00 | \$0.00 |

The estimates were provided by the Kern County Treasurer/Tax Collector. There is a secured redemption bill due September 30, 2024 for APN 040-130-13 in the amount of \$436.89. There are no delinquent taxes outstanding against the other properties noted on the tax collector site.

LOCATION AND MARKET CONDITIONS OVERVIEW

Location

The subject is located in the greater Tehachapi area, which is situated in the southeastern portion of Kern County, California. The community is named after the Tehachapi Mountain range in which it is situated. The elevation is approximately 4,000 feet. The San Joaquin Valley lies to the northwest and the Antelope Valley is located to the southeast. Bakersfield, the center of county government, is located 40 miles northwest. Lancaster, the heart of the Antelope Valley, is 30 miles southeast.

Accessibility and Transportation

Access to the Kern County area is rated good. Roadway access is provided by Highway 58, a major east-west traffic route that connects to lateral state highways and county roads. The nearest air passenger services are in Bakersfield and Lancaster. The Tehachapi Municipal Airport is a city owned and operated facility for small aircraft. Orange Belt and Greyhound bus lines operate daily routes to and from the area as do several parcel delivery services. Union Pacific and Burlington Northern Santa Fe use local rail lines for shipping freight.

Economic Base

Government service in the prison and military sectors is the primary economic base for the area. Cement plants, the wind energy industry and commuters with the Antelope Valley aerospace industry help diversify the economy. The California Corrections Institute (CCI) located about 10 miles southwest of the city is a state prison occupying 1,650 acres. The prisoner population ranges from low security to maximum security. It had a design capacity of 2,785 prisoners with a total institution population running over 200% of capacity at 5,700 inmates. However, restructuring and the closure of two units has reduced the capacity to 1,508 inmates with a population of 1,774 or 118% of capacity as of February 2024. CCI had over 2,000 employees which has now been reduced to 725 custody positions and 223 non-custody positions. The closures are expected to save the state over \$23.4 million per year in operations costs for CCI.

Edwards Air Force base is identified as the United States Air Force's premier technological research center and is the second largest base in the Air Force. Located within 40 miles east of Tehachapi, the base is also the site of critical support and complimentary entities, such as Rockwell Industries and the NASA Research Center. Although accommodations are provided for most of the military personnel, civilian employees and some of the higher-ranking military personnel reside in the Tehachapi region. The base employment totals 4,000, ranking as the number four employer in the county, just under the Naval Air Weapons Station China Lake in Ridgecrest which employs 4,100 people.

The Monolith area is recognized for its geological amenities in the manufacturing of cement products and related materials. Tehachapi Cement, LLC, formerly Lehigh Cement Company, is recognized as a major employer in Tehachapi, employing about 115 people. The Monolith area is located approximately 5 miles from Tehachapi. CalPortland operates another cement plant located near Mojave, approximately 15 miles southeast of Tehachapi with around 140 employees.

Another major employment resource in the Tehachapi area is the wind energy industry. Pearce Renewables is listed as the second highest ranked employer in Tehachapi, behind only the California Correctional Institution, with 954 employees. The mountainous terrain has created natural wind tunnel areas that are conducive to the establishment of wind farms. Sparked by the

State of California’s mandate to purchase 33% of its power from renewable sources by 2020, Southern California Edison completed a transmission line that will carry as much as 4,500 megawatts of “green” power from Tehachapi south on 173 miles of new and upgraded equipment to a termination station in Ontario. The line is called the Tehachapi Renewable Transmission Project. It is one of the largest renewable energy transmission line projects in the United States and which began operation in December 2016.

One wind energy project planning to provide electricity to the transmission line is The Alta Wind Energy Center or Mojave Wind Farm. It is the largest wind farm in the United States and third largest in the world. Jennifer Gesslin-Piggott, communications director, told the Tehachapi News in October 2010 that the Center will bring a \$3.5 billion investment to Kern County, increase wind industry jobs in California by 20%, result in over one billion dollars of direct local economic benefit, and create more than 3,000 jobs. Construction of the first phases of the project were completed in 2010 with numerous projects completed over the years through 2019.

Population

The 2010 and 2020 federal census population statistics, estimates for 2023, and 2028 projections for Tehachapi are compared to Kern County and the state as shown below.

| | <u>2010 Census</u> | <u>2020 Census</u> | <u>2023 Estimate</u> | <u>2028 Projection</u> |
|---------------------|--------------------|--------------------|----------------------|------------------------|
| Tehachapi CCD | 36,301 | 36,349 | 36,597 | 38,100 |
| Kern County | 839,631 | 909,235 | 927,179 | 934,763 |
| State of California | 37,253,956 | 39,538,223 | 39,877,642 | 40,140,276 |

Source: www.stdbonline.com

The census figures show a slight increase between 2010 and 2020 of only 0.13% or an average annual increase of 0.0013%. An increased average annual rate of 0.23% is estimated through 2023 and is predicted to grow to an average growth rate of 0.82% through 2028. Figures include the Tehachapi Prison inmate population which are negatively impacting the growth rate for the area. The Tehachapi Prison (CCI) population has decreased from 4,059 in January 2019 to only 1,774 as of February 29, 2024.

Actual population growth is similar to most areas of the county and state, with some outlying Kern County areas expected to have reductions in population by 2028. The county has consistently grown faster than the state but the projections for 2028 show growth to be less than 1% for both county and state.

Income Level

Household income is defined as the total gross income derived from all persons living in a single dwelling. A household income may be comprised of one or more families. It is directly related with employment availability and employment-based industries in the area. In 2023, the median household income was estimated at \$75,531 for the Tehachapi CCD area, \$60,397 for Kern County, and \$89,455 in the State. Tehachapi’s median income is approximately 25.1% higher than that of Kern County, indicating above average purchasing power in the area.

Single-Family Homes

The median single family home price in Tehachapi was \$418,700 as of September 2024. This is an increase of 1.9% from the prior year. Median home prices fluctuated during 2023 starting around \$350,000 in January, increasing to as high as \$440,000 during the summer months, then dropping to around \$411,000 at the end of the year. Construction of single-family homes also increased during

the same time. However, inflation and increasing interest rates are impacting the market with less volume in 2023 compared to 2022. An expected decrease in interest rates during 2024 is anticipated to increase activity in the market.

Construction Activity

A major construction project in Tehachapi, the Wal-Mart Supercenter in the southeast quadrant of Tucker Road and Tehachapi Boulevard, opened in late 2019. In addition to the Wal-Mart Supercenter, the plan includes additional retail and fast-food pad space for a total of 176,800 square feet. A Panda Express and Chipotle restaurants and a local credit union branch were recently completed.

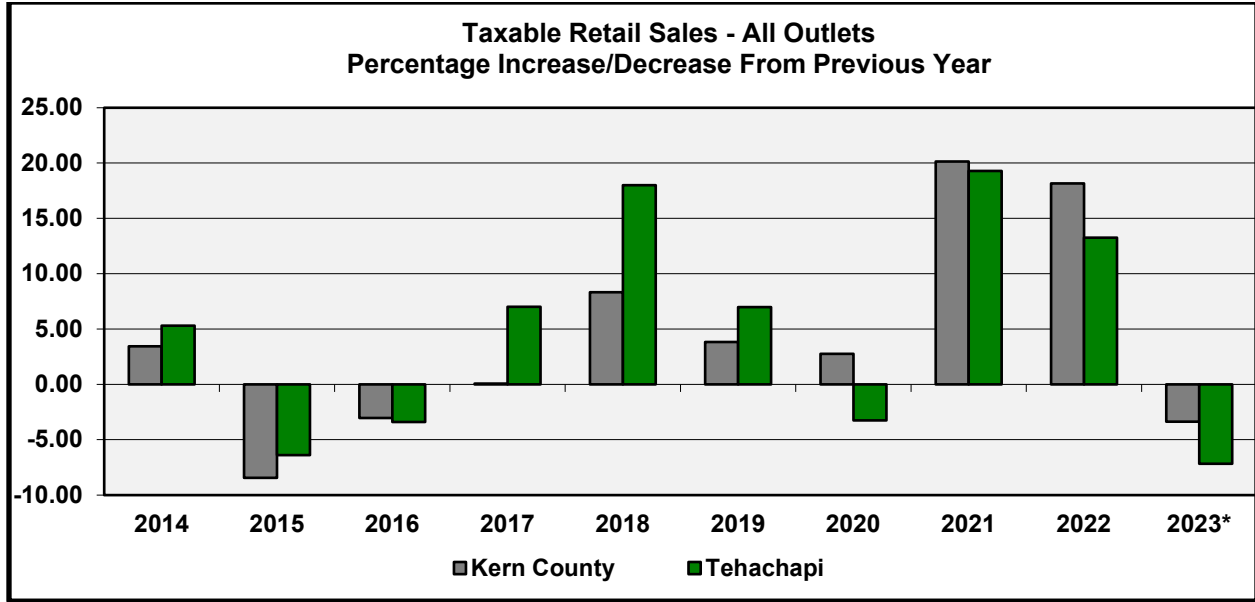
Another large shopping center, the Red Apple Pavilion, is proposed for the area. The city council approved an agreement in March 2014 to produce an Environmental Impact Report for the project. The center would be located on the southwest corner of Tucker Road and Red Apple Avenue across from the Wal-Mart and includes five major stores, shop spaces, a retail pad, and two fast food pads for a total of 119,651 square feet. This center was not expected to start construction until the Walmart center is complete and has not begun construction as of the current date. The site is currently in escrow; however, the listing brokers have not disclosed the asking price or the pending sales price.

There are no current vacancy surveys for the Tehachapi area. There were no industrial spaces available for lease or for sale in the Tehachapi area. Discussions with market participants indicate there are industrial users inquiring about new construction of industrial space either to expand current space or enter the market. Office space in Tehachapi is often mixed with retail users in retail locations. We compiled the major retail centers within the city along with their occupancy rates based on the current space available for lease as of the second quarter 2024 which provided a total occupancy of 89.5%.

| <u>Location</u> | <u>Type</u> | <u>Square Feet</u> | <u>Occupancy</u> |
|------------------------|---------------------|--------------------|------------------|
| SEC Tucker & Tehachapi | Walmart Center | 157,779 | 100% |
| SWC Tucker & Valley | Rite Aid/Save-Mart | 96,800 | 91% |
| SEC Tucker & Tehachapi | Strip | 13,798 | 100% |
| NEC Tucker & Tehachapi | Walgreens + Strip | 36,678 | 62% |
| 655-695 Tucker Rd | Big-5 + Strip | 34,996 | 60% |
| 1121 Valley Blvd | Strip | 13,280 | 74% |
| 775-785 Tucker Rd | Albertsons Anchored | 63,009 | 98% |
| SEC Tucker & Valley | Taco Bell + Strip | 13,716 | 89% |
| 20601 Highway 202 | Great Oaks Plaza | 22,006 | 79% |

Retail Sales

According to the State Board of Equalization, Tehachapi's taxable retail sales for 2022 (the most current full year available) increased 13.25% from 2021. In 2021 the increase was 19.28% over 2020 which experienced a decrease attributed to the global pandemic. The third quarter 2023 figures are available. Annualized the 2023 shows a decrease of 7.18% over 2022 retail sales. The rate of growth in Tehachapi generally fluctuates with that of the County with some years higher and others lower.



*2023 is 3rd Quarter Annualized

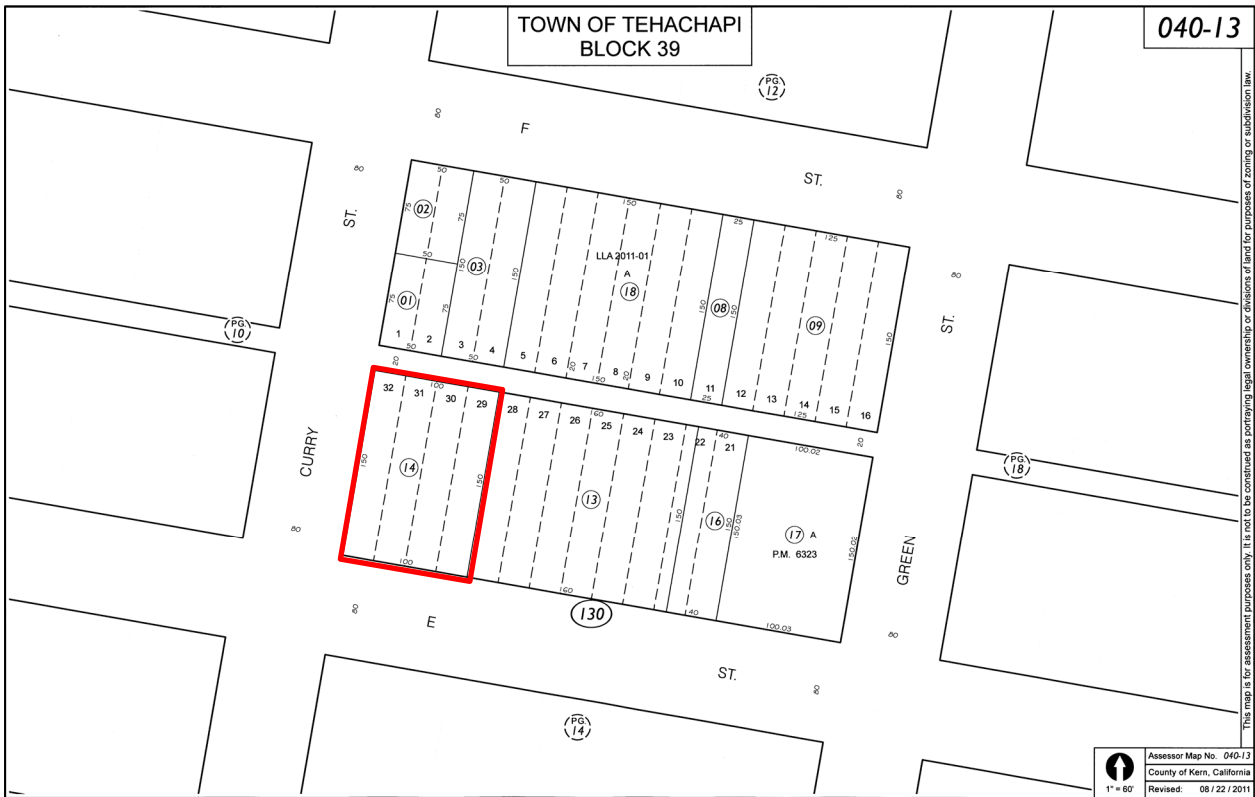
Conclusion

The greater Tehachapi area has experienced population and employment growth. Economic stability in the area is rated good due to the nature of the underlying economic base. The stable economy, increasing population, and high median income provide support for property values in the Tehachapi area.

125 West E Street, Tehachapi

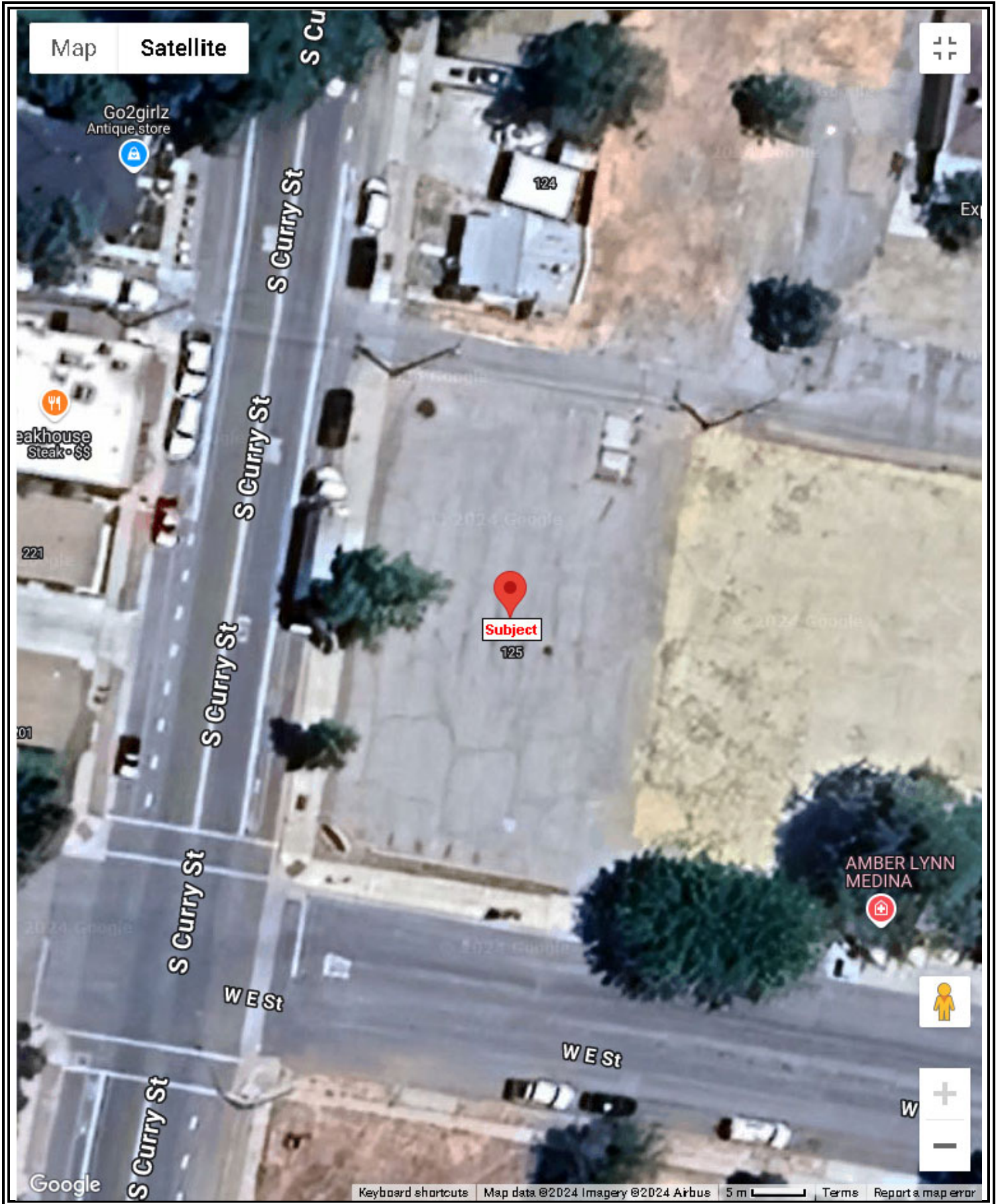


Subject Photo



Plat Map

Aerial View of Subject Property – 125 West E Street



SUBJECT PHOTOGRAPHS



-125 West E Street-



-125 West E Street-



-125 West E Street-



-South Curry Street Facing North-



-West E Street Facing East-



-West E Street Facing West-

IDENTIFICATION OF PROPERTY

The address is 125 West E Street in Tehachapi, California. A legal description was not provided. It is described as Assessor's Parcel Number: 040-130-14. The census tract number is 0061.01.

PROPERTY SUMMARY

Site: The site is a corner parcel located in the downtown area of Tehachapi on West E Street at South Curry Street. West E Street is a local roadway with light traffic and South Curry Street is two-lane roadway with moderate traffic. There is an alley that runs along the north property line. Surrounding uses include a mix of retail, office, general commercial, and residential. The site was used as a parking lot for the area hospital prior to its demolition.

According to the Kern County Assessor's plat map the site contains 15,000 square feet or 0.34 acres. The site is rectangular and fronts 100 feet along the north line of West E Street and 150 feet along the east line of South Curry Street. The site is generally level at street grade. Access is provided by a driveway on West E Street and via the alley.

According to the Federal Emergency Management Agency's flood insurance rate map community-panel number 060084-06029C 2839E dated September 26, 2008, the subject property is situated in zone X500. Zone X500 is defined as being outside the 500-year flood plain and is not considered a flood hazard zone.

The routine inspection of the subject disclosed no unusual conditions affecting the soil. However, no responsibility is accepted for evaluating subsoil or discovery of unapparent or unusual conditions, as I am not an expert in this field. The subject is not located in an Alquist-Priolo seismic special studies zone.

Public utilities available to the site are gas, electricity, telephone, water, and sewer. Off-site improvements include asphalt paved street; concrete curb, gutter, and sidewalk; and streetlights.

A policy of title insurance was not provided. A physical inspection did not reveal any adverse easements, encroachments, or other surface restrictions.

Upon visual inspection, the subject did not have any hazardous material in or around the site. The routine inspection of the subject disclosed no unusual conditions affecting the land. However, the presence of substances or other potentially hazardous materials may affect the value of the property. The value opinion 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 accepted for any environmental conditions, or for any expertise or engineering knowledge required to discover them, as I am not an expert in this field. Descriptions and resulting comments are the result of the routine observations made during the appraisal process.

Zoning - According to the City of Tehachapi Planning Department, the current zoning is T-4.5, Neighborhood Center Zone. This zoning is "is applied to focused areas at the core of Tehachapi's neighborhood general areas and surrounding the Downtown to provide neighborhood oriented retail, services with housing in a small-town setting." Most commercial, retail, office, and residential uses are permitted with some requiring a minor or conditional use permit.

Site Improvements – On the date of inspection the subject site was asphalt paved. Condition of the paving is worn with approximately half of its useful life remaining.

HIGHEST & BEST USE

As Vacant – The subject site is zoned T-4.5, Neighborhood Center Zone. A zone change is not likely because the existing zoning conforms to surrounding development. Public services availability, topography, shape, soil conditions, and size of the site are suitable for allowable development.

The subject property has a corner location in the heart of the downtown Tehachapi area. West E Street is a local roadway with light traffic and moderate visibility and South Curry Street is a thoroughfare with moderate traffic and visibility. Surrounding uses include a mix of retail, office, general commercial, and residential. The site was used as a parking lot for the area hospital prior to its demolition and has good visibility for the downtown area. This indicates a retail or general commercial use as the most probable use of the site. A new building may not be financially feasible on a speculative basis, primarily due to the possibility of a lengthy rent-up period. Development on a build-to-suit basis, for an owner user or tenant, would result in maximum productivity. In my opinion, the highest and best use as vacant is a general or retail commercial use with development on a build to suit basis for an owner user or tenant.

SALES COMPARISON APPROACH

My investigation uncovered four closed sales, one pending sale, and one listing considered similar to the subject. Physical inspections were made, and the closed sale prices were verified. Attempts were made to confirm the sales price of the pending sale; however, calls were not returned, and the list price is used. The units of comparison used in this appraisal are price per square foot. Specific information on the comparable land sales is provided in the adjustment grid below and plat maps are in the addendum. The adjustment grid below is followed by a discussion of the adjustments, resulting in an indication of value.

LAND SALES MARKET DATA GRID

| | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 | Sale 5 | Sale 6 |
|---------------------|-------------------|--------------|---------------|----------------------|-------------------|----------------------------------|-------------------|
| Location | 125 West E Street | 151 H Street | 1020 H Street | 21020 Mission Street | 124 West F Street | SWC North Mill Street & J Street | 111 West D Street |
| | Tehachapi | Bakersfield | Bakersfield | Tehachapi | Tehachapi | Tehachapi | Tehachapi |
| APN | 040-130-14 | 008-333-12 | 009-121-05 | 468-081-12 | 040-130-03 | 415-110-06 | 040-140-12 |
| Recording Date | N/A | May-24 | Nov-23 | Sep-23 | Jun-23 | Pending | Listing |
| Document # | N/A | 57360 | 135340 | 109901 | 73022 | N/A | N/A |
| Sale Price | N/A | \$90,000 | \$60,000 | \$55,000 | \$60,000 | \$225,000 | \$200,000 |
| Net Site Size (AC) | 0.34 | 0.18 | 0.13 | 0.29 | 0.17 | 0.66 | 0.17 |
| Net Site Size (SF) | 15,000 | 7,702 | 5,490 | 12,633 | 7,500 | 28,866 | 7,500 |
| Zoning | T-4.5 | C-O | C-O | C-2 PD SC | T-5 | C-2 | T-4.5 |
| Utilities Nearby | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S |
| Terms of Sale | N/A | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv |
| Price Per SF | N/A | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.79 | \$26.67 |
| Adjustments | | | | | | | |
| Sale Price / SF | - | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.79 | \$26.67 |
| Financing | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Conditions of Sale | - | 0.00 | 0.00 | 0.00 | 0.00 | -0.39 | -16.00 |
| Market Conditions | Aug-24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted Price | - | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.40 | \$10.67 |
| Site Size (SF) | 15,000 | 0.00 | -0.55 | 0.00 | 0.00 | 0.00 | 0.00 |
| Off-Sites/Utilities | Curb/Gut/SW | 0.00 | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 |
| Improvements | Asphalt Paving | 1.75 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Location | Downtown | -2.34 | -1.64 | 2.61 | 0.40 | 0.74 | 0.53 |
| Net Adjustment/SF | - | -0.59 | -0.19 | 5.11 | 2.40 | 2.74 | 2.53 |
| Indicated Value/SF | - | \$11.10 | \$10.74 | \$9.47 | \$10.40 | \$10.15 | \$13.20 |

The sales utilized are considered the most comparable available. Although similar, there are characteristics which differ from the subject and cause the prices paid to vary. These differences are adjusted to reflect the variance in sales price. Items considered significantly similar are site shape and zoning. The adjustments are discussed as follows.

Property Rights Conveyed - Property rights conveyed include all interests, benefits, and rights inherent in the ownership of physical real estate. When property rights are sold, they may be the sole subject or may include other rights, or less than the full bundle of rights. The fee simple interest of the subject property is being appraised and all comparable sales are vacant land that also reflect the transfer of a fee simple interest.

Financing (Terms of Sale) - The sales have terms of all cash or cash equivalent to the seller. No adjustments are required.

Conditions of Sale - All closed sales were arm's-length transactions sold under normal conditions and do not require adjustments. Sale 5 is pending; however, the pending sales price could not be confirmed with the broker. The asking price is listed in the grid with a 5% discount for buyer negotiations. Sale 6 is a listing that has been marketed for approximately one year. Discussions with the listing agent, who is also the owner of the property, indicate the sales price is based upon the agent/owner's expenses to demolish and dispose of a previously existing single-family residence on the property in addition to the commercial zoning. The agent/owner could not provide any other market data or sales to support the \$26.67 per square foot asking price for the property.

Sale 6 is listed significantly above market and is adjusted 60% for buyer negotiations.

Market Conditions (Time of Sale) - The comparable sales closed between June 2023 and May 2024. Over that time period the commercial land market pricing has been relatively stable with a limited number of sales in the Tehachapi area. An adjustment to market conditions is not supported.

Site Size - Parcels with more square footage tend to sell for less on a per acre basis than smaller parcels. An explanation for this is that there are more buyers that can afford smaller properties and therefore there is more demand, which increases the unit price. Sale 2 is less than half the size of the subject property and is adjusted downward 5%.

Off-Site Improvements & Utilities - The subject property has offsite improvements that include a paved street; concrete curbs, gutters, sidewalks; and streetlights. Utilities are in place at the subject site. Sale 3 has a paved road, with no curbs, gutters, sidewalks, or streetlights and is adjusted upward for the difference in off-site improvements. All other sales are similar.

Improvements - The subject property site improvements include asphalt paving over the majority of the site area. None of the comparable sales have asphalt paving or other improvements with the exception of Sale 1 which has some concrete paving that is in poor condition covering approximately 25% of the site area. The depreciated value of the subject improvements provides a contributory value estimated at \$2.00 per square foot of site area. Marshall Valuation Service, as well as market acceptance, was utilized as a guide in making the adjustment.

Location - The subject is located in the heart of downtown Tehachapi. Sales 1 and 2 are located in central Bakersfield which is a larger market area and is superior to the subject's location. Sale 1 is located on the corner, which is similar, and Sale 2 is mid-block which is inferior. Sale 3 is located mid-block in the Golden Hills area of Tehachapi, surrounded by residential properties, which is less desirable for commercial properties than the subject's downtown location. Sale 4 is similarly located in downtown Tehachapi but has a mid-block location which is inferior. Sale 5 is not located downtown but is near the Mill Street interchange of the 58 Freeway. Surrounding uses are mixed including industrial, retail, vacant land, and residential which is less desirable than the subject's location. Sale 6 is also located in the downtown area of Tehachapi, similar to the subject, but is a mid-block location and is surrounded by mostly single-family residential properties which is less desirable for commercial development.

Reconciliation - The comparable sales indicate a range, after adjustments, of \$9.47 to \$13.20 per square foot of site area. Sale 6 is a listing that has been marketed for an extended time with an asking price significantly above market. It is at the top of the range of sales, even after the substantial adjustment downward for conditions of sale. Sale 6 is given the least weight. Sale 3 required the highest gross adjustments of any comparable sale and is given less weight than the other sales, with the exception of Sale 6. Sale 5 is a pending sale; however, the broker could not verify the pending sales price. This sale was adjusted downward for buyer negotiations and is given less weight than all closed sales, with the exception of Sale 3.

Sale 4 is a recent sale in downtown Tehachapi, was marketed for an appropriate time, and verified with the listing broker. It also required less adjustments than any of the other sales and is most comparable to the subject. Sale 4 is given the most weight. Sales 1 and 2 are given generally equal weight. Considering all factors, a unit value of \$10.60 per square foot of site area is assigned to the

subject. This unit value indicates an overall value as follows:

$$15,000 \text{ Square Feet} \times \$10.60/\text{Square Foot} = \$159,000$$

Indicated Value by the Sales Comparison Approach **\$159,000**

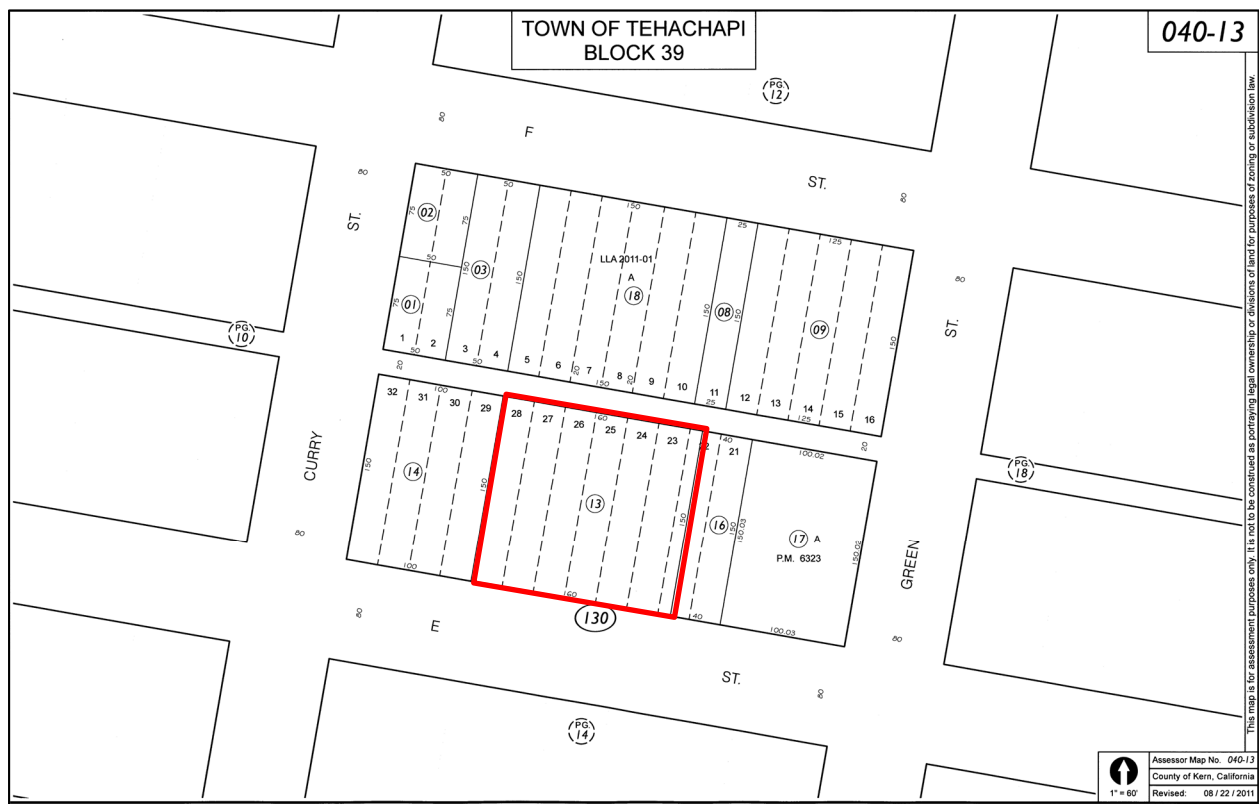
As a result of my investigation and analyses presented in this report, it is my opinion that the market value "as is", fee simple as of August 27, 2024, subject to the assumptions and limiting conditions set forth in the addendum of this report, is the sum of:

ONE HUNDRED FIFTY-NINE THOUSAND DOLLARS
\$159,000

115 West E Street, Tehachapi

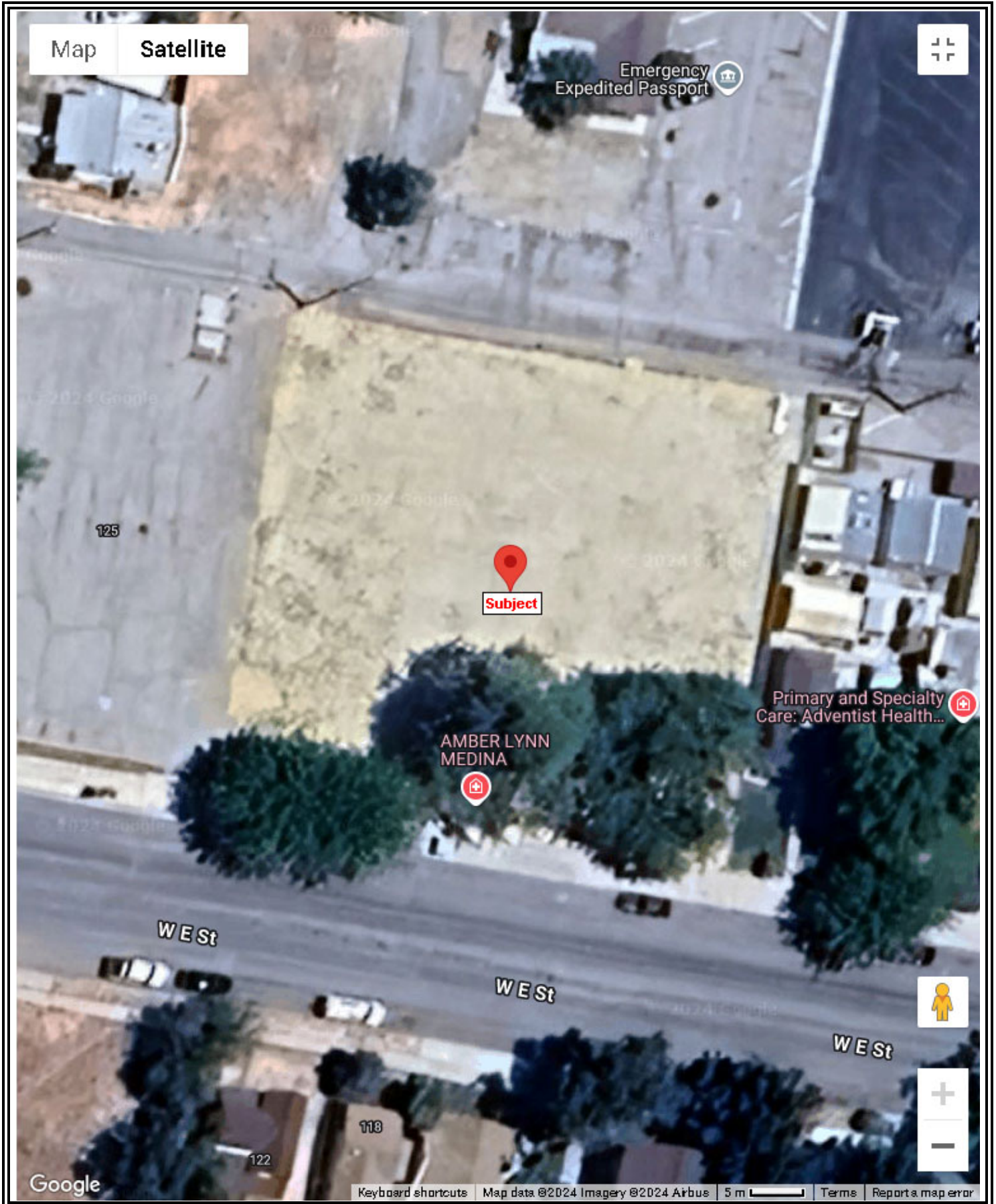


Subject Photo



Plat Map

Aerial View of Subject Property – 115 West E Street



SUBJECT PHOTOGRAPHS



-115 West E Street-



-115 West E Street-



-115 West E Street-



-Alley Facing West-



-West E Street Facing East-



-West E Street Facing West-

IDENTIFICATION OF PROPERTY

The address is 115 West E Street in Tehachapi, California. A legal description was not provided. It is described as Assessor's Parcel Number: 040-130-13. The census tract number is 0061.01.

PROPERTY SUMMARY

Site: The site is an interior parcel located in the downtown area of Tehachapi along West E Street. West E Street is a local roadway with light traffic. There is an alley that runs along the north property line. Surrounding uses include a mix of retail, office, general commercial, and residential. The site was previously improved with the area hospital prior to its demolition.

According to the Kern County Assessor's plat map the site contains 24,000 square feet or 0.55 acres. The site is rectangular and fronts 160 feet along the north line of West E Street. The site is generally level at street grade. Access is provided by a driveway on West E Street and via the alley.

According to the Federal Emergency Management Agency's flood insurance rate map community-panel number 060084-06029C 2839E dated September 26, 2008, the subject property is situated in zone X500. Zone X500 is defined as being outside the 500-year flood plain and is not considered a flood hazard zone.

The routine inspection disclosed no unusual conditions affecting the soil. However, no responsibility is accepted for evaluating subsoil or discovery of unapparent or unusual conditions, as I am not an expert in this field. The subject is not located in an Alquist-Priolo seismic special studies zone.

Public utilities available to the site are gas, electricity, telephone, water, and sewer. Off-site improvements include asphalt paved street; concrete curb, gutter, and sidewalk; and streetlights.

A policy of title insurance was not provided. A physical inspection did not reveal any adverse easements, encroachments, or other surface restrictions.

Upon visual inspection, the subject did not have any hazardous material in or around the site. The routine inspection of the subject disclosed no unusual conditions affecting the land. However, the presence of substances or other potentially hazardous materials may affect the value of the property. The value opinion 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 accepted for any environmental conditions, or for any expertise or engineering knowledge required to discover them, as I am not an expert in this field. Descriptions and resulting comments are the result of the routine observations made during the appraisal process.

Zoning - According to the City of Tehachapi Planning Department, the current zoning is T-4.5, Neighborhood Center Zone. This zoning is "is applied to focused areas at the core of Tehachapi's neighborhood general areas and surrounding the Downtown to provide neighborhood oriented retail, services with housing in a small-town setting." Most commercial, retail, office, and residential uses are permitted with some requiring a minor or conditional use permit.

Site Improvements – There are no site improvements.

HIGHEST & BEST USE

As Vacant – The subject site is zoned T-4.5, Neighborhood Center Zone. A zone change is not likely because the existing zoning conforms to surrounding development. Public services availability,

topography, shape, soil conditions, and size of the site are suitable for allowable development.

The subject property has an interior location in the heart of the downtown Tehachapi area. West E Street is a local roadway with light traffic and moderate visibility. Surrounding uses include a mix of retail, office, general commercial, and residential. The site was improved with the area hospital prior to its demolition and has moderate visibility for the downtown area. This indicates an office or general commercial use as the most probable use of the site. A new building may not be financially feasible on a speculative basis, primarily due to the possibility of a lengthy rent-up period. Development on a build-to-suit basis, for an owner user or tenant, would result in maximum productivity. In my opinion, the highest and best use as vacant is a general commercial or office use with development on a build to suit basis for an owner user or tenant.

SALES COMPARISON APPROACH

My investigation uncovered four closed sales, one pending sale, and one listing considered similar to the subject. Physical inspections were made, and the closed sale prices were verified. Attempts were made to confirm the sales price of the pending sale; however, calls were not returned, and the list price is used. The units of comparison used in this appraisal are price per square foot. Specific information on the comparable land sales is provided in the adjustment grid below and plat maps are in the addendum. The adjustment grid below is followed by a discussion of the adjustments, resulting in an indication of value.

LAND SALES MARKET DATA GRID

| | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 | Sale 5 | Sale 6 |
|---------------------|-------------------------|---------------------------|---------------------------|-------------------------|-------------------------|----------------------------------|-------------------------|
| Location | 115 West E Street | 151 H Street | 1020 H Street | 21020 Mission Street | 124 West F Street | SWC North Mill Street & J Street | 111 West D Street |
| APN | Tehachapi 040-130-14 | Bakersfield 008-333-12 | Bakersfield 009-121-05 | Tehachapi 468-081-12 | Tehachapi 040-130-03 | Tehachapi 415-110-06 | Tehachapi 040-140-12 |
| Recording Date | N/A | May-24 | Nov-23 | Sep-23 | Jun-23 | Pending | Listing |
| Document # | N/A | 57360 | 135340 | 109901 | 73022 | N/A | N/A |
| Sale Price | N/A | \$90,000 | \$60,000 | \$55,000 | \$60,000 | \$225,000 | \$200,000 |
| Net Site Size (AC) | 0.55 | 0.18 | 0.13 | 0.29 | 0.17 | 0.66 | 0.17 |
| Net Site Size (SF) | 24,000 | 7,702 | 5,490 | 12,633 | 7,500 | 28,866 | 7,500 |
| Zoning | T-4.5 | C-O | C-O | C-2 PD SC | T-5 | C-2 | T-4.5 |
| Utilities Nearby | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S | E,G,W,S |
| Terms of Sale | N/A | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv | Cash Equiv |
| Price Per SF | N/A | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.79 | \$26.67 |
| Adjustments | | | | | | | |
| Sale Price / SF | - | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.79 | \$26.67 |
| Financing | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Conditions of Sale | - | 0.00 | 0.00 | 0.00 | 0.00 | -0.39 | -16.00 |
| Market Conditions | Aug-24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted Price | - | \$11.69 | \$10.93 | \$4.35 | \$8.00 | \$7.40 | \$10.67 |
| Site Size (SF) | 24,000 | -0.58 | -1.09 | 0.00 | -0.40 | 0.00 | -0.53 |
| Off-Sites/Utilities | Curb/Gut/SW | 0.00 | 0.00 | 0.50 | 0.00 | 0.00 | 0.00 |
| Improvements | None | -0.25 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Location | Downtown | -2.92 | -2.19 | 2.18 | 0.00 | 0.37 | 0.00 |
| Net Adjustment/SF | - | -3.76 | -3.28 | 2.68 | -0.40 | 0.37 | -0.53 |
| Indicated Value/SF | - | \$7.93 | \$7.65 | \$7.03 | \$7.60 | \$7.78 | \$10.13 |

The sales utilized are considered the most comparable available. Although similar, there are

characteristics which differ from the subject and cause the prices paid to vary. These differences are adjusted to reflect the variance in sales price. Items considered significantly similar are site shape and zoning. The adjustments are discussed as follows.

Property Rights Conveyed - Property rights conveyed include all interests, benefits, and rights inherent in the ownership of physical real estate. When property rights are sold, they may be the sole subject or may include other rights, or less than the full bundle of rights. The fee simple interest of the subject property is being appraised and all comparable sales are vacant land that also reflect the transfer of a fee simple interest.

Financing (Terms of Sale) - The sales have terms of all cash or cash equivalent to the seller. No adjustments are required.

Conditions of Sale - All closed sales were arm's-length transactions sold under normal conditions and do not require adjustments. Sale 5 is pending; however, the pending sales price could not be confirmed with the broker. The asking price is listed in the grid with a 5% discount for buyer negotiations. Sale 6 is a listing that has been marketed for approximately one year. Discussions with the listing agent, who is also the owner of the property, indicate the sales price is based upon the agent/owner's expenses to demolish and dispose of a previously existing single-family residence on the property in addition to the commercial zoning. The agent/owner could not provide any other market data or sales to support the \$26.67 per square foot asking price for the property. Sale 6 is listed significantly above market and is adjusted 60% for buyer negotiations.

Market Conditions (Time of Sale) - The comparable sales closed between June 2023 and May 2024. Over that time period the commercial land market pricing has been relatively stable with a limited number of sales in the Tehachapi area. An adjustment to market conditions is not supported.

Site Size - Parcels with more square footage tend to sell for less on a per acre basis than smaller parcels. An explanation for this is that there are more buyers that can afford smaller properties and therefore there is more demand, which increases the unit price. Sales 1, 2, 4, and 6 are less than half the size of the subject property and are adjusted downward between 5% and 10%.

Off-Site Improvements & Utilities - The subject property has offsite improvements that include a paved street; concrete curbs, gutters, sidewalks; and streetlights. Utilities are in place at the subject site. Sale 3 has a paved road, with no curbs, gutters, sidewalks, or streetlights and is adjusted upward for the difference in off-site improvements. All other sales are similar.

Improvements - The subject property does not have site improvement. Sale 1 which has some concrete paving that is in poor condition covering approximately 25% of the site area with an estimated contributory value of \$0.25 per square foot of site area. Marshall Valuation Service, as well as market acceptance, was utilized as a guide in making the adjustment.

Location - The subject is located in the heart of downtown Tehachapi. Sales 1 and 2 are located in central Bakersfield which is a larger market area and is superior to the subject's location. Sale 2 is located mid-block similar to the subject but Sale 1 is located on a corner which is superior. These two sales are adjusted downward. Sale 3 is located mid-block in the Golden Hills area of Tehachapi, surrounded by residential properties, which is less desirable for commercial properties than the subject's downtown location. Sale 5 is not located downtown but is near the Mill Street

interchange of the 58 Freeway. Surrounding uses are mixed including industrial, retail, vacant land, and residential which is less desirable than the subject's location. Sales 3 and 5 are adjusted upward accordingly. Sales 4 and 6 are similarly located mid-block in downtown Tehachapi.

Reconciliation - The comparable sales indicate a range, after adjustments, of \$7.03 to \$10.13 per square foot of site area. Sale 6 is a listing that has been marketed for an extended time with an asking price significantly above market. It is at the top of the range of sales, even after the substantial adjustment downward for conditions of sale. Sale 6 is given the least weight. Sale 3 required the highest gross adjustments of any comparable sale and is given less weight than the other sales, with the exception of Sale 6. Sale 5 is a pending sale; however, the broker could not verify the pending sales price. This sale was adjusted downward for buyer negotiations and is given less weight than all closed sales, with the exception of Sale 3.

Sale 4 is a recent sale in downtown Tehachapi, was marketed for an appropriate time, and verified with the listing broker. It also required less adjustments than any of the other sales and is most comparable to the subject. Sale 4 is given the most weight. Sales 1 and 2 are given generally equal weight. Considering all factors, a unit value of \$7.80 per square foot of site area is assigned to the subject. This unit value indicates an overall value as follows:

| | |
|---|-----------|
| 24,000 Square Feet x \$7.80/Square Foot = | \$187,200 |
|---|-----------|

| | |
|---|------------------|
| Indicated Value by the Sales Comparison Approach (ROUNDED) | \$187,000 |
|---|------------------|

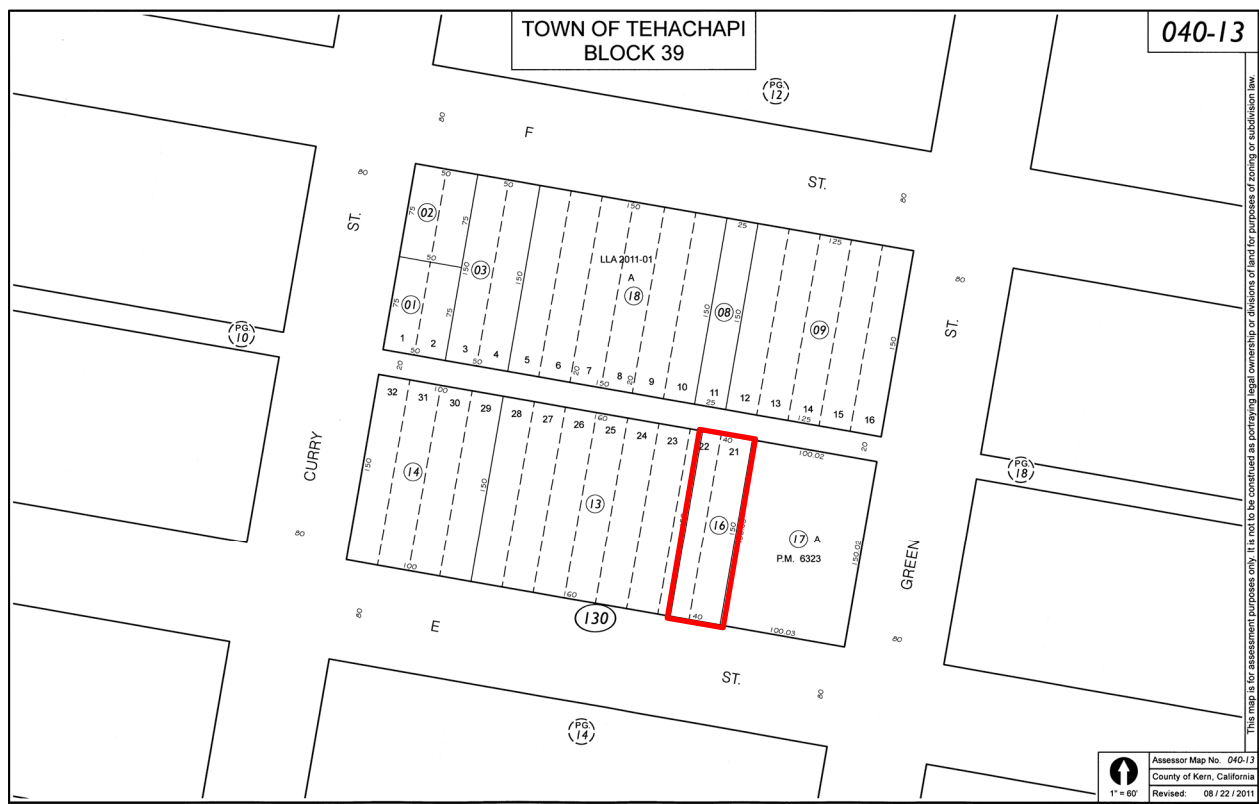
As a result of my investigation and analyses presented in this report, it is my opinion that the market value "as is", fee simple as of August 27, 2024, subject to the assumptions and limiting conditions set forth in the addendum of this report, is the sum of:

ONE HUNDRED EIGHTY-SEVEN THOUSAND DOLLARS
\$187,000

109 West E Street, Tehachapi

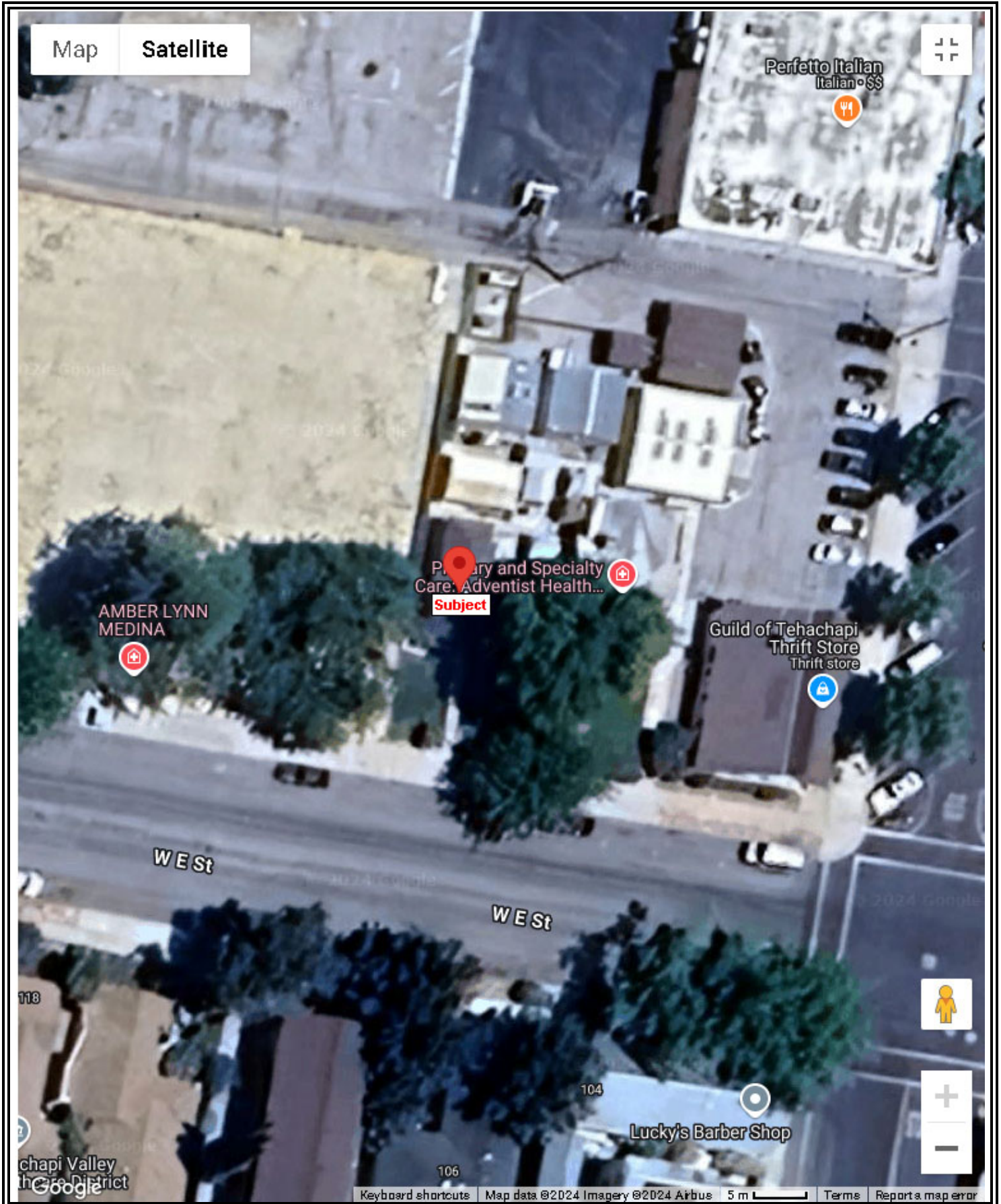


Subject Photo



Plat Map

Aerial View of Subject Property – 109 West E Street



SUBJECT PHOTOGRAPHS



-109 West E Street - Exterior-



-109 West E Street - Exterior-



-109 West E Street - Exterior-



-109 West E Street - Exterior-

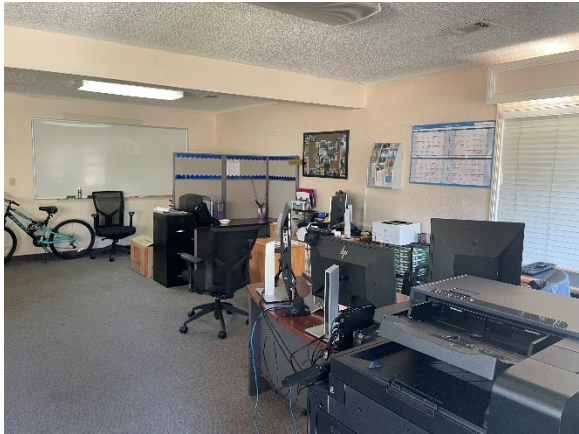


-West E Street Facing East-



-West E Street Facing West-

SUBJECT PHOTOGRAPHS



-109 West E Street – Interior-



-109 West E Street – Interior-



-109 West E Street – Interior-



-109 West E Street – Metal Building-



-109 West E Street – Metal Building-



-109 West E Street – Metal Building-

SUBJECT PHOTOGRAPHS



- Example of Exterior Deferred Maintenance-



- Example of Exterior Deferred Maintenance-



- Example of Exterior Deferred Maintenance-



- Example of Exterior Deferred Maintenance-



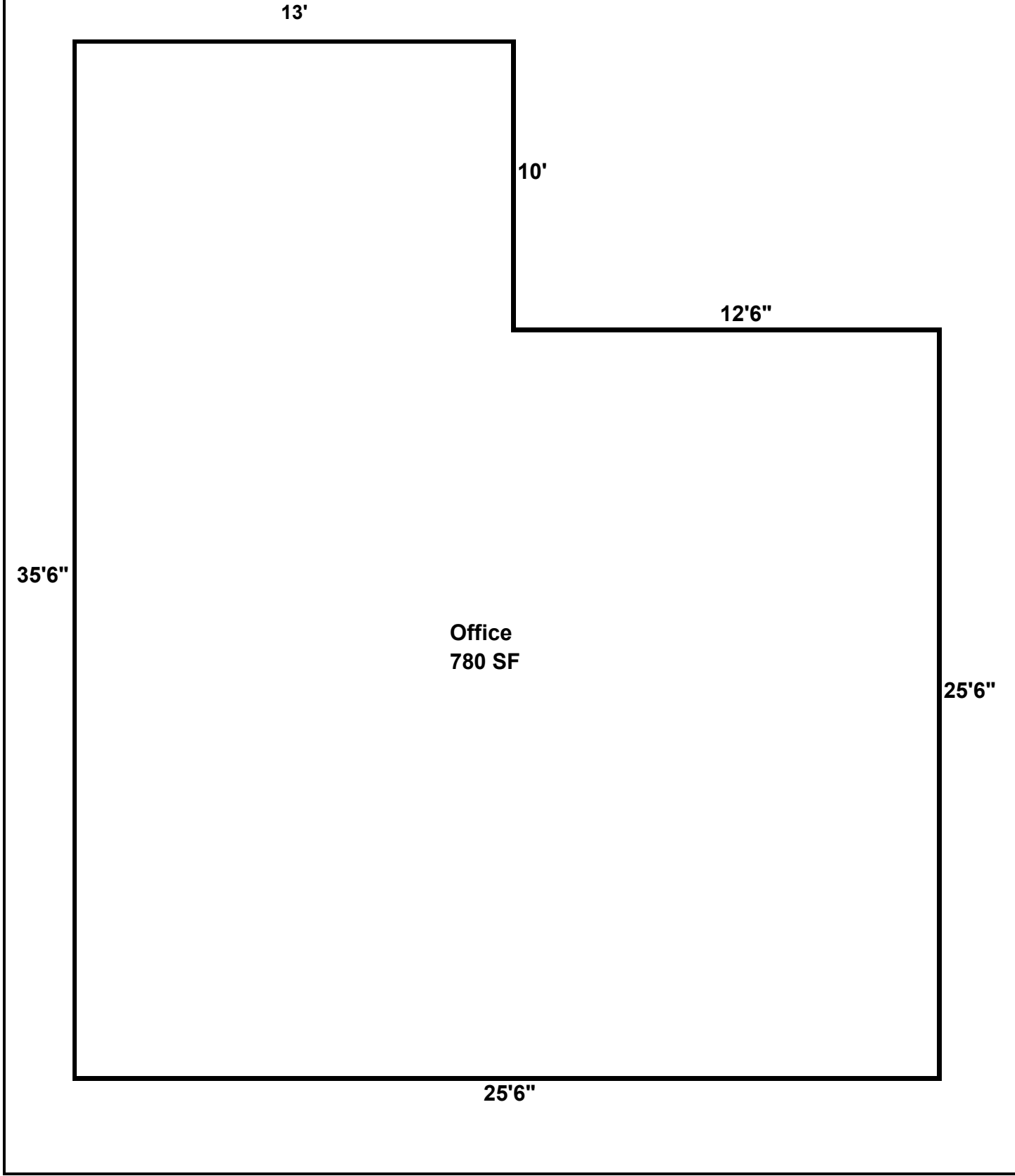
-Example of Exterior Deferred Maintenance-



-Alley Facing East-

Building Sketch

109 West E Street, Tehachapi
780 SF Gross Building Area



IDENTIFICATION OF PROPERTY

The address is 109 West E Street in Tehachapi, California. A legal description was not provided. It is described as Assessor's Parcel Number: 040-130-16. The census tract number is 0061.01.

PROPERTY SUMMARY

Site: The site is an interior parcel located in the downtown area of Tehachapi along West E Street. West E Street is a local roadway with light traffic. There is an alley that runs along the north property line. Surrounding uses include a mix of retail, office, general commercial, and residential.

According to the Kern County Assessor's plat map the site contains 6,000 square feet or 0.14 acres. The site is rectangular and fronts 40 feet along the north line of West E Street. The site is generally level at street grade. Access is provided by the alley.

According to the Federal Emergency Management Agency's flood insurance rate map community-panel number 060084-06029C 2839E dated September 26, 2008, the subject property is situated in zone X500. Zone X500 is defined as being outside the 500-year flood plain and is not considered a flood hazard zone.

The routine inspection of the subject disclosed no unusual conditions affecting the soil. However, no responsibility is accepted for evaluating subsoil or discovery of unapparent or unusual conditions, as I am not an expert in this field. The subject is not located in an Alquist-Priolo seismic special studies zone.

Public utilities available to the site are gas, electricity, telephone, water, and sewer. Off-site improvements include asphalt paved street; concrete curb, gutter, and sidewalk; and streetlights.

A policy of title insurance was not provided. A physical inspection did not reveal any adverse easements, encroachments, or other surface restrictions.

Upon visual inspection, the subject did not have any hazardous material in or around the site. The routine inspection of the subject disclosed no unusual conditions affecting the land. However, the presence of substances or other potentially hazardous materials may affect the value of the property. The value opinion 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 accepted for any environmental conditions, or for any expertise or engineering knowledge required to discover them, as I am not an expert in this field. Descriptions and resulting comments are the result of the routine observations made during the appraisal process.

The improvements were built at a time when materials now known to be hazardous were commonly used in construction. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. I, however, am not qualified to detect such substances or materials. Any comment that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. An environmental assessment report was not provided to the appraiser.

Zoning - According to the City of Tehachapi Planning Department, the current zoning is T-4.5, Neighborhood Center Zone. This zoning is "is applied to focused areas at the core of Tehachapi's

neighborhood general areas and surrounding the Downtown to provide neighborhood oriented retail, services with housing in a small-town setting.” Most commercial, retail, office, and residential uses are permitted with some requiring a minor or conditional use permit.

Parking requirements for office use are 1 space per 400 square feet of floor area. This equates to 1 required parking space. The subject property does not have marked parking spaces, but has site area at the rear of the property to meet current parking requirements for an office, which is considered a legal conforming use. In addition, the improvements were constructed prior to the current zoning and are considered a “grandfathered” use.

Improvements: The site is improved with a single-story professional office building and site improvements. The construction is class “D” wood-framed with stucco exterior and painted wood trim. The roof cover is composition shingle. The office has a wood sub-floor over a concrete block foundation. The improvements are of average quality. According to my measurements the gross building area is 780 square feet.

The office building was originally built for use as a single-family residence. The floorplan consists of a large open room with a kitchen area; private office, and restroom. Interior finishes are typical general office which include carpet flooring in all areas with the exception of vinyl in the restroom; painted plaster partitions; acoustical sprayed ceilings; and attached lighting. Climate control is provided by forced air heating and refrigerated cooling. There are no fire sprinklers.

Site improvements include landscaping, concrete walkways and ramp, a covered entry, and chain link fencing with privacy slats around the side and rear of the property. There are three metal storage buildings that are located on the property. Two are 440 square feet (22’ x 20’) and one is 294 square feet (14’ x 21’). One is partially located on the adjacent property to the east. There are also several plastic storage sheds and equipment located at the rear of the property which are considered personal property and are not a part of this appraisal.

The improvements were constructed in 1959 but have been updated through the years. However, the interior improvements are dated. Deferred maintenance was noted on the exterior including peeling/chipping paint and stucco (see subject photos). Estimated cost to cure the deferred maintenance is \$10 per square foot or \$7,800. The improvements are in average condition for the age. The total economic life of the improvements is estimated at 60 years. Based upon observation, in consideration of chronological age, and maintenance, the effective age is estimated at 30 years and the remaining economic life is estimated at 30 years as of the date of inspection.

No apparent environmental problems affecting the improvements were observed upon inspection of the property. Compliance with ADA (Americans with Disabilities Act) is not known. I was not provided with a written report by a qualified expert. I am not an expert in that field. It is recommended that the client retain an expert, if so desired.

No personal property, fixtures, or intangible items are included in this appraisal. No apparent environmental problems affecting the improvements were observed upon inspection of the property.

HIGHEST & BEST USE

As Vacant – The subject site is zoned T-4.5, Neighborhood Center Zone. A zone change is not likely because the existing zoning conforms to surrounding development. Public services availability,

topography, shape, soil conditions, and size of the site are suitable for allowable development.

The subject property has an interior location in the heart of the downtown Tehachapi area. West E Street is a local roadway with light traffic and moderate visibility. Surrounding uses include a mix of retail, office, general commercial, and residential. Due to the midblock location an office or general commercial use is the most probable use of the site. A new building may not be financially feasible on a speculative basis, primarily due to the possibility of a lengthy rent-up period. Development on a build-to-suit basis, for an owner user or tenant, would result in maximum productivity. In my opinion, the highest and best use as vacant is a general commercial or office use with development on a build to suit basis for an owner user or tenant.

As Improved – As previously discussed in the improvement analysis, the site is improved with a professional office building and site improvements. This use is legally permissible. Public services, soil conditions, size, shape, and topography are suitable for the existing improvements. Expansion is physically possible but may not be financially feasible or legally permissible due to parking requirements. Although the improvements suffer from depreciation, they add significant value to the land. It is not financially feasible to demolish all existing improvements and construct a new building. In my opinion, the highest and best use as improved is to cure the deferred maintenance and continue the current professional office use. The most probable buyer is an owner user.

SALES COMPARISON APPROACH

My investigation uncovered five closed sales considered similar to the subject. Physical inspections were made and the sale prices were verified. The unit of comparison used in this appraisal is sales price per square foot of building area. They are summarized in the adjustment grid on the next page followed by a discussion of the adjustments, resulting in an indication of value. Details of each sale are provided in the addenda.

IMPROVED SALES MARKET DATA GRID

| Sales | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 | Sale 5 |
|--------------------------|--------------------------------|--------------------------------|------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Location | 109 West E Street Tehachapi | 200 W Valley Blvd Tehachapi | 432 South Mill Street Tehachapi | 20111 West Valley Blvd Tehachapi | 112 S Curry Street Tehachapi | 21628 Golden Star Blvd Tehachapi |
| Recording Date | N/A | Jun-24 | May-24 | Mar-24 | Mar-24 | Oct-23 |
| Sale Price | N/A | \$325,000 | \$630,000 | \$950,000 | \$950,000 | \$250,000 |
| Building Area (SF) | 780 | 924 | 7,864 | 3,060 | 3,526 | 1,344 |
| Net Site Size (Acre) | 0.14 | 0.29 | 0.59 | 0.25 | 0.59 | 0.17 |
| Net Site Size (SF) | 6,000 | 12,750 | 25,700 | 10,890 | 7,125 | 7,405 |
| Ownership Interest | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Year Built | 1959 | 1941 | 1974 | 2006 | 1930 | 2009 |
| Effective Age | 30 | 10 | 40 | 10 | 25 | 5 |
| Building/Land% | 13.0% | 7.2% | 30.6% | 28.1% | 49.5% | 18.1% |
| Price/SF | N/A | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Adjustments | | | | | | |
| Sale Price/SF | - | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Property Rights | Fee Simple | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financing | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Conditions of Sale | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Expenditures After Sale | - | 0.00 | 40.00 | 0.00 | 0.00 | 0.00 |
| Market Conditions | Aug-24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted Price | - | \$351.73 | \$120.11 | \$310.46 | \$269.43 | \$186.01 |
| Location | Tehachapi | 0.00 | 24.02 | 15.52 | 0.00 | 37.20 |
| Age/Condition | 30 Yrs/Avg | -70.35 | 12.01 | -62.09 | -13.47 | -46.50 |
| Quality & Appeal | Average | 0.00 | -50.00 | -100.00 | -70.00 | 0.00 |
| Amenities | Storage Bldgs | 0.00 | 2.09 | 5.36 | 4.65 | 12.20 |
| Building/Land% | 13.0% | -30.53 | 22.12 | 20.67 | 14.18 | 10.91 |
| Size (SF) | 780 | 0.00 | 60.06 | 62.09 | 53.89 | 0.00 |
| Net Adjustment/SF | N/A | (\$100.88) | \$70.30 | (\$58.45) | (\$10.76) | \$13.81 |
| Adjusted Price/SF | N/A | \$250.85 | \$190.41 | \$252.01 | \$258.67 | \$199.83 |

The sales selected are considered the most comparable available. There were no highly comparable listings in the Tehachapi area. Although similar, there are characteristics of the sale properties in the grid that differ significantly from the subject. They are adjusted to the subject and reflect the variance in sales price. The adjustments are discussed as follows.

Property Rights Conveyed - Property rights conveyed include all interests, benefits, and rights inherent in the ownership of physical real estate. The subject and all comparable sales sold with a fee simple ownership interest.

Financing (Terms of Sale) - All sales had terms of all cash or cash equivalent to the seller with no concessions..

Conditions of Sale –All sales were arm’s-length transactions sold under normal conditions and do not require adjustments.

Expenditures Immediately Following the Sale – Sale 2 had significant deferred maintenance which included the requirement of new plumbing in the building. The listing agent indicated the property was sold “as is”. Sale 1 is adjusted upward for the estimated cost to cure the deferred maintenance.

Market Conditions (Time of Sale) - All sales occurred between October 2023 and June 2024 during similar market conditions.

Location – Sale 1 is located just outside of downtown Tehachapi but is on the corner of two thoroughfares, South Curry Street and West Valley Boulevard. Sale 4 is located in downtown Tehachapi. These two sales are rated overall similar in location. Sale 2 is located at the edge of the downtown area primarily near residential properties. Sale 3 is located in Old Towne Tehachapi along a major thoroughfare known as Highway 202. These two sales are slightly inferior in location. Sale 5 is located in Golden Hill surrounded mostly by residential properties, which is inferior. These sales are adjusted upward accordingly.

Age/Condition - The sales age/condition (effective age) is based upon observation and the chronological age. The adjustment for effective age/condition is based upon the differences in effective age at the time of sale. The subject's improvements have an estimated effective age of 30 years. Based upon, review of the Marshall Valuation Service cost manual and age/life, depreciation equates to 1 to 2% per year. The land is a significant portion of the contributory value and theoretically does not depreciate; therefore depreciation is estimated at 1.0 % per year.

Appeal/Quality of Construction - The quality of construction adjustment considers the exterior shell of the building and the interior or tenant improvements in addition to appeal/amenities. By Marshall Valuation building costs standards, the subject's improvements are average quality class "D" professional office improvements. Sale 2 has average quality, Class "C" medical office improvements; Sale 3 is a good quality, Class "D" medical office building; and Sale 4 is a good quality, Class "C" professional office building. These sales were adjusted downward for superior quality. Marshall Valuation indicates a cost difference between these sales and the subject; however, the full cost new of improvements is not often recognized in the market and market acceptance was also considered in the adjustments.

Amenities – The subject property has three metal storage buildings which have a contributory value of \$14 per square foot or \$16,400 total. Sale 1 also has a storage building. Sales 2 through 5 have been adjusted upward for the lack of this amenity.

Building to Land Ratio - The subject and comparable sales vary in building/land ratio. A lower ratio of building to land allows for more parking area or outdoor storage. The comparable sales are adjusted based upon the contributory value of the land at \$5.00 per square foot for the utility of the extra site area.

Building Size - Larger properties typically have a smaller pool of potential buyers due to the larger total investment, decreasing demand, resulting in a lower price per square foot indicator. Conversely, smaller properties typically have a larger pool of potential buyers due to the smaller investment, increasing demand, resulting in a higher price per square foot indicator. Sales 2 through 4 are significantly larger than the subject and are adjusted upward between 20% to 50% for the difference in size.

Reconciliation - After adjustments, the range indicated by the comparable sales is \$190.41 to \$258.67 per square foot. Sales 2 and 3 required significant gross adjustments. The more adjustments that are made to a comparable sale the less reliable the data becomes. Therefore, Sales 2 and 3 are given less weight than the other sales. Sale 1 is the most recent sale and required the least amount of gross adjustments. Sale 1 is given the most weight. All other sales are given generally equal consideration. Considering all factors, including the smaller than typical size of

the improvements, the subject is assigned a unit value of \$240.00 per square foot. This unit value indicates an overall value as follows:

| | |
|--|----------------|
| 780 Square Feet x \$240.00/Square Foot = | \$187,200 |
| Less Estimated Cost to Cure Deferred Maintenance | <u>\$7,800</u> |
| Total | \$179,400 |

Indicated Value by the Sales Comparison Approach (ROUNDED) \$179,000

INCOME CAPITALIZATION APPROACH

In this appraisal, the direct capitalization technique is the appropriate method to develop an opinion of market value and has been used to form an indication of value by the income capitalization approach.

Potential Gross Income – The subject property is owner occupied. A rental survey was conducted as a basis to estimate the market rent for the subject property. The rentals rated the most comparable to the subject are summarized in the table on the following page. Photographs are provided in the addenda to this report.

RENTAL DATA ADJUSTMENT GRID

| | Rent 1 | Rent 2 | Rent 3 | Rent 4 | Rent 5 | Rent 6 |
|--------------------------|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Location | 125 E F Street | 414 W Tehachapi Blvd | 20430 Brian Way | 1100 W Tehachapi Blvd | 122 S Green Street | 414 W Tehachapi Blvd |
| APN | Tehachapi 040-190-11,09 | Tehachapi 040-010-48 | Tehachapi 468-102-02 | Tehachapi 415-130-68 | Tehachapi 040-190-27 | Tehachapi 040-010-48 |
| Tenant/Suite | Suite A | Suite J | Suite A | West Pac Labs, Inc. | PT Solutions | Suite C |
| Eff Date | Feb-24 | Dec-23 | Sep-23 | Sep-22 | 2022 | Listing |
| Term (Mo) | 12 | 24 | 12 | 40 | 60 | Negotiable |
| Rentable Area | 400 | 2,278 | 900 | 1,311 | 3,848 | 1,377 |
| Year Built | 1950s | 2013 | 1985 | 2007 | 1940, 2022 | 2013 |
| Quality | Average | Average | Average | Average | Good | Average |
| Condition | Average | Good | Average | Average | New | Good |
| Eff Age (Yrs) | 30 | 5 | 20 | 10 | 0 | 5 |
| Expense Basis | FSG | MG | NNN | NNN | NNN | MG |
| Rent/SF/Mo | \$3.00 | \$1.20 | \$0.89 | \$1.99 | \$1.85 | \$1.50 |
| Quantitative Adjustments | | | | | | |
| Free Rent | 0.00 | 0.00 | 0.00 | -0.20 | 0.00 | 0.00 |
| Expense Basis | -0.50 | 0.00 | 0.40 | 0.40 | 0.40 | 0.00 |
| Mkt Cond | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Adj Rent/SF | \$2.50 | \$1.20 | \$1.29 | \$2.19 | \$2.25 | \$1.50 |
| Qualitative Adjustments | | | | | | |
| Location | Similar (=) | Inferior (+) | Inferior (+) | Superior (-) | Superior (-) | Inferior (+) |
| Quality/Appeal | Similar (=) | Similar (=) | Inferior (+) | Similar (=) | Superior (-) | Similar (=) |
| Eff.Age/Cond | Similar (=) | Superior (-) | Superior (-) | Superior (-) | Superior (-) | Superior (-) |
| Size (SF) | Superior (-) | Inferior (+) | Similar (=) | Similar (=) | Inferior (+) | Similar (=) |
| Net Adjustment | Superior (-) | Inferior (+) | Inferior (+) | Superior (-) | Superior (-) | Similar (=) |

The comparable rents utilized are considered to be the most similar. Rents can vary dependent upon the location, physical characteristics, terms of the rental contracts, and negotiating skills of the landlord and tenants. The adjustments shown on the "Rental Data Adjustment Grid" are discussed below.

Concessions – Rent 4 included 4 months of free rent.

Lessor Expenses – The subject rent is being estimated on a modified gross basis. Rent 1 is on a full service gross basis and is adjusted downward for utilities and janitorial expenses paid by the landlord. Rent 3 through 5 are on a triple-net basis. These rents are adjusted upward for the tenant reimbursing the landlord for property taxes, insurance, and maintenance expenses.

Market Conditions – All rents were negotiated during similar market conditions.

Location – Rent 1 is in the downtown area which is similar. Rents 2 and 6 are in the same center which is located just outside of the downtown area. The improvements are situated in a way that reduces visibility and the center has had lower than typical occupancy since its construction. Rent 3 is located in the Old Towne area of Tehachapi and the improvements are below street grade with the leased unit lacking visibility from West Valley Boulevard. These rents are inferior to the subject. Rent 4 is located at a main, signalized intersection at Tucker and West Tehachapi Boulevard on an out-pad of a Walmart anchored shopping center. Rent 5 is located on the corner of the center of downtown Tehachapi. These rents are overall superior in location to the subject.

Quality/Appeal – The quality of construction adjustment considers the exterior and the interior of the building and site improvements. It relates to quality of materials and amenities. All rents are adjusted accordingly in the grid.

Effective Age/Condition – The effective age estimated for the subject is 30 years. An effective age for each of the comparable rents was also estimated, shown in the grid, and adjusted accordingly.

Size - Smaller spaces tend to rent for more on a per square foot basis than larger spaces and vice-versa. Rent 1 is significantly smaller and rated superior. Rents 2 and 5 are significantly larger and rated inferior.

Rent Reconciliation - The rents after qualitative adjustments indicate a range of market rents between \$1.20 and \$2.50 per square foot on a modified gross basis. Rents 1, 4, and 5, \$2.50, \$2.19, and \$2.25 per square foot respectively, are rated overall superior indicating a market rent below these rents. Rent 2 and 3 at \$1.20 and \$1.29 per square foot respectively, are rated overall inferior indicating a market rent above these two rents. Rent 6 is a listing, and although it is overall similar, it is given less consideration than the closed comparable leases. Considering all factors, including the subject's smaller than typical space size, a market rent for the subject is estimated at \$2.00 per square foot per month on a modified gross basis. Potential gross annual income is forecast as follows:

$$780 \text{ SF} \times \$2.00/\text{SF}/\text{Mo} = \$1,560 \text{ per Month} \times 12 \text{ Months} = \$18,720$$

Vacancy and Collection Loss – The allowance for vacancy and collection loss is that amount deducted from potential gross income, to reflect the effect of probable vacancy, turnover, or non-payment of rent by tenants. There are no surveys for commercial properties in the Tehachapi area, but there are very few vacant office properties for lease in the area. Discussions with office brokers

indicate vacancy rates in nearby Bakersfield decreased slightly in 2023 to 8.47% from 8.80% in 2022. Data from CoStar for the Kern County and Tehachapi areas appears to be unreliable. In consideration of the above discussion, and the lack of available space for rent in the Tehachapi area, a stabilized vacancy and collection loss rate of 4.0% is reasonable assuming adequate management over the period of ownership, which is 7 to 10 years.

Operating Expenses – Operating statements for the subject were not provided for review. The operating expense estimates shown in the income statement are based upon surveys of local Kern County property managers and analysis of operating statements of comparable properties. It should be understood that operating expenses can vary greatly depending upon building design, age and condition, type of tenancy and the size of the property.

The modified gross expense basis for commercial properties in the Kern County area, typically results in the owner being responsible for property taxes, insurance, exterior and interior maintenance, property management, structural reserves for replacement, and miscellaneous expenses. The tenant pays for interior maintenance, utilities, and janitorial expenses directly. The operating expenses on a modified gross basis are discussed as follows.

Property taxes are calculated based upon on a hypothetical sale at its appraised value using the tax rate and special assessments shown previously in this report. Property insurance is based on replacement value of the improvements, shown in the grid, with coverage rates from \$0.30 to \$0.60 per \$100 of coverage. Maintenance and repairs include exterior and interior building repairs and maintenance; landscape and parking lot maintenance; security; trash; and pest control which together typically ranges from \$1.00 to \$3.00 per square foot. Management expenses are typically 2% to 5% of effective gross income. Structural replacement reserves typically range from \$0.20 to \$0.40 per square foot per year and miscellaneous expenses from 1.0% to 2.0% of collected rental income per year. The operating statement is reconstructed below to show the income on a stabilized basis.

RECONSTRUCTED OPERATING STATEMENT

| | | |
|----------------------------------|------------------------------|-----------------|
| Potential Gross Income | | \$18,720 |
| Less Vacancy and Collection Loss | 4.0% | <u>-\$749</u> |
| Effective Gross Income | | \$17,971 |
| Less Operating Expenses | | |
| Taxes | 1.161890% of MV + SA | \$2,100 |
| Insurance | \$0.50 /\$100 RCN \$ 150,000 | \$800 |
| Repairs & Maintenance | \$2.50 /SF/YR | \$2,000 |
| Management | 5.0% of EGI | \$900 |
| Replacement Reserves | \$0.40 /SF/YR | \$300 |
| Miscellaneous | 1.5% of EGI | \$300 |
| Total Operating Expenses | | <u>-\$6,400</u> |
| Net Operating Income | | \$11,571 |

Capitalization Rate - Overall rates extracted from market sales are summarized in the chart on the following page.

Market Derived Overall Rates

| No. | Location | | Date | Sales Price | NOI | OAR |
|-----|------------------------|-------------|--------|-------------|-----------|-------|
| 1 | 200 W Valley Blvd | Tehachapi | Jun-24 | \$325,000 | \$17,297 | 5.32% |
| 2 | 432 South Mill Street | Tehachapi | May-24 | \$630,000 | \$58,272 | 9.25% |
| 3 | 20111 West Valley Blvd | Tehachapi | Mar-24 | \$950,000 | \$67,675 | 7.12% |
| 4 | 112 S Curry Street | Tehachapi | Mar-24 | \$950,000 | \$52,805 | 5.56% |
| 5 | 21628 Golden Star Blvd | Tehachapi | Oct-23 | \$250,000 | \$15,096 | 6.04% |
| 6 | 20705 South Street | Tehachapi | Apr-23 | \$1,020,000 | \$54,842 | 5.38% |
| 7 | 402 E Tehachapi Blvd | Tehachapi | Jun-22 | \$450,000 | \$30,411 | 6.76% |
| 8 | 3911 Coffee Road | Bakersfield | Oct-24 | \$4,100,000 | \$245,842 | 6.00% |
| 9 | 1418 High Street | Delano | Sep-23 | \$1,226,000 | \$81,540 | 6.65% |
| 10 | 601 High Street | Delano | Apr-23 | \$2,000,000 | \$144,620 | 7.23% |

All sales represent a range between 5.32% to 9.25% with an average overall rate of 6.53%. Sales 1 through 5 were utilized in the sales comparison approach of this analysis and represent properties that were purchased for owner occupancy. The income and expenses were estimated in order to derive an overall capitalization rate. The overall rates for these sales range from 5.32% to 9.25% with an average of 6.66%. Sales 6 through 10 represent leased sales that were at stabilized occupancy at the time of sale. The overall capitalization rates from Sales 6 through 10 range from 5.38% to 7.23% with an average of 6.40%.

After analysis of the sales and their respective overall rates, a rate of 6.50% is applicable to the subject property. The market derived net operating income is capitalized as follows:

| | |
|--|----------------|
| \$11,571 NOI ÷ 6.50% OAR = | \$178,015 |
| Less Estimated Cost to Cure Deferred Maintenance | <u>\$7,800</u> |
| Total | \$170,215 |

Indicated Value by the Income Capitalization Approach (ROUNDED) \$170,000

RECONCILIATION AND FINAL VALUE CONCLUSION

Indications of value from the approaches utilized to form an opinion of the market value are shown as follows:

| | |
|---------------------------------------|------------------|
| Sales Comparison Approach | \$179,000 |
| Income Capitalization Approach | \$170,000 |

The sales comparison approach is the most direct method of observing the actions and attitudes of buyer and sellers in the marketplace. It is difficult however, to relate comparable transactions to the subject property because of differences in time of sale, location, occupancy and physical characteristics of the properties.

In this study the sales comparison approach considered five closed sales. The quality and quantity of market data was considered average and was useful in developing an opinion of the value. The sales comparison approach is a reliable indicator of value. As the subject property is owner occupied the sales comparison approach is given more weight than the income approach.

The income capitalization approach considers the income producing capability of the property. Investors place considerable importance on this method for investment properties such as the subject. The estimate of rental income was supported with comparable rental data. Appropriate deductions

were made for vacancy and operating expenses to give an indication of net operating income. Both income and expenses were estimated, which reduces the reliability of the approach. Direct capitalization technique was used to convert income into an indication of value. The income approach is a reliable indicator, but is given less weight than the sales comparison approach.

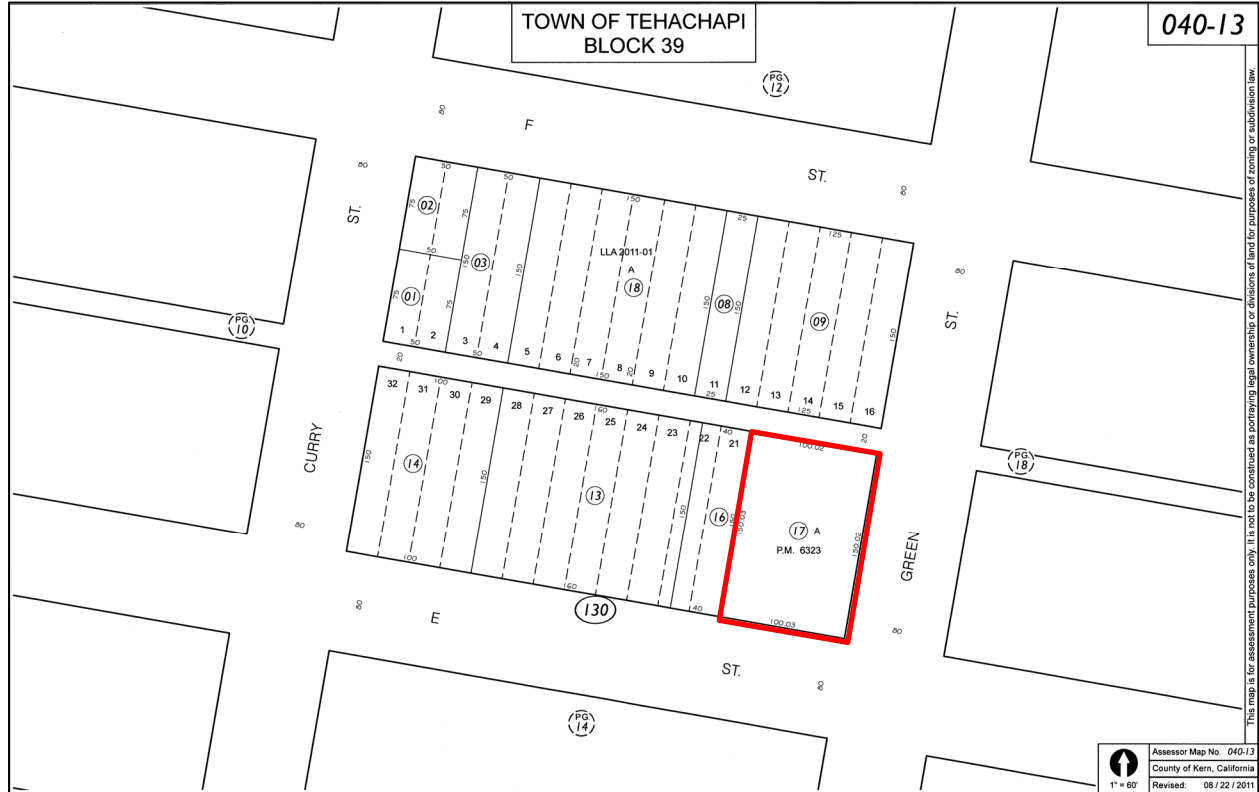
As a result of my investigation and analyses presented in this report, it is my opinion that the market value “as is”, fee simple as of August 27, 2024, subject to the assumptions and limiting conditions set forth in the addendum of this report, is the sum of:

ONE HUNDRED SEVENTY-EIGHT THOUSAND DOLLARS
\$178,000

101 & 105 West E Street, Tehachapi



Subject Photo

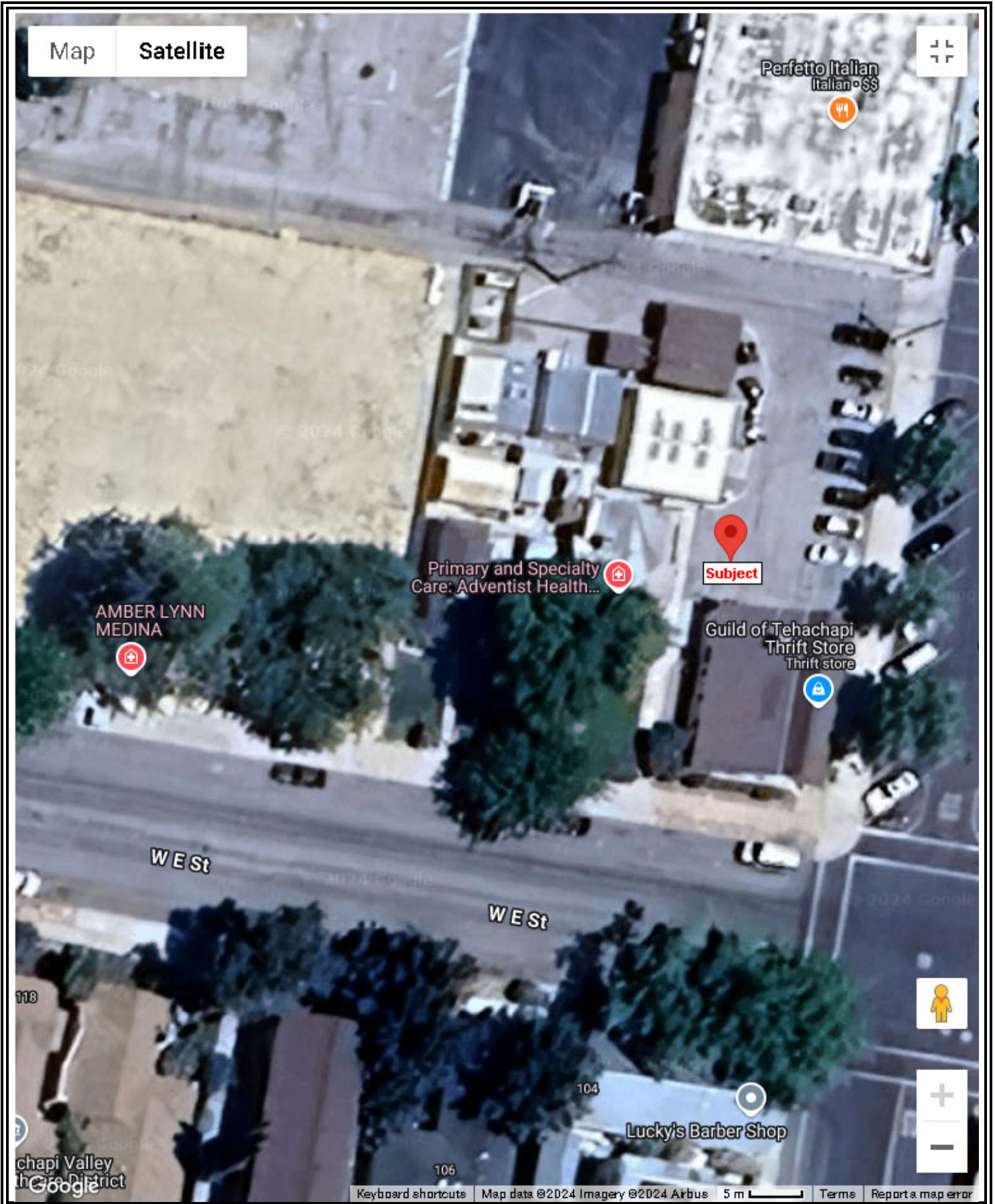


Plat Map

This map is for assessment purposes only. It is not to be construed as portraying legal ownership or divisions of land for purposes of zoning or subdivision law.

Assessor Map No. 040-13
County of Kern, California
Revised: 08 / 22 / 2011

Aerial View of Subject Property-101 & 105 West E Street



SUBJECT PHOTOGRAPHS



-101 West E Street - Exterior-



-101 West E Street - Exterior-



-101 West E Street - Exterior-



-101 West E Street - Exterior-



-101 West E Street - Exterior-



-101 West E Street - Exterior-

SUBJECT PHOTOGRAPHS



-101 West E Street – Interior-



-101 West E Street – Interior-



-101 West E Street – Interior-



-101 West E Street – Metal Building-



-101 West E Street – Metal Building-



-101 West E Street – Metal Building Interior-

SUBJECT PHOTOGRAPHS



-105 West E Street - Exterior -



-105 West E Street - Exterior -



-105 West E Street - Interior -



-105 West E Street - Interior-



-105 West E Street - Interior-



-105 West E Street - Interior -

SUBJECT PHOTOGRAPHS



-West E Street Facing East-



-West E Street Facing West-



-South Green Street Facing North-



-South Green Street Facing South-



-Alley Facing East-



-Alley Facing West-

Building Sketch

101 W E Street, Tehachapi
2,884 SF Gross Building Area

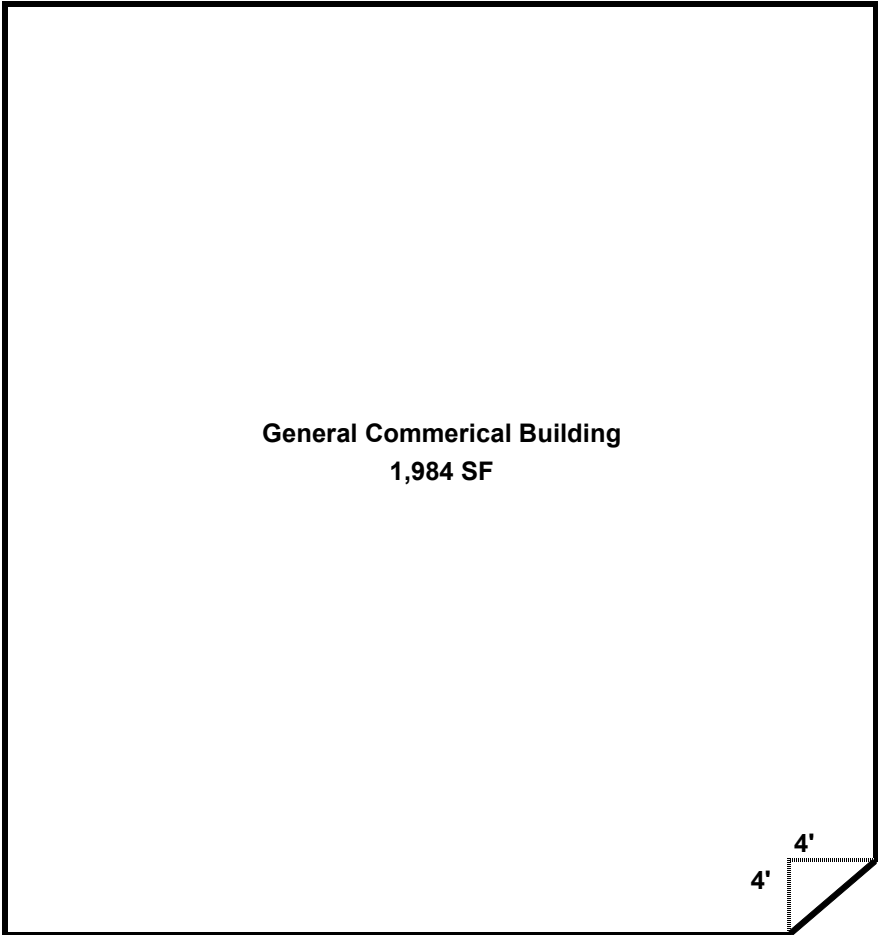


Metal Building
900 SF

30'

30'

40'



General Commercial Building
1,984 SF

50'

46'

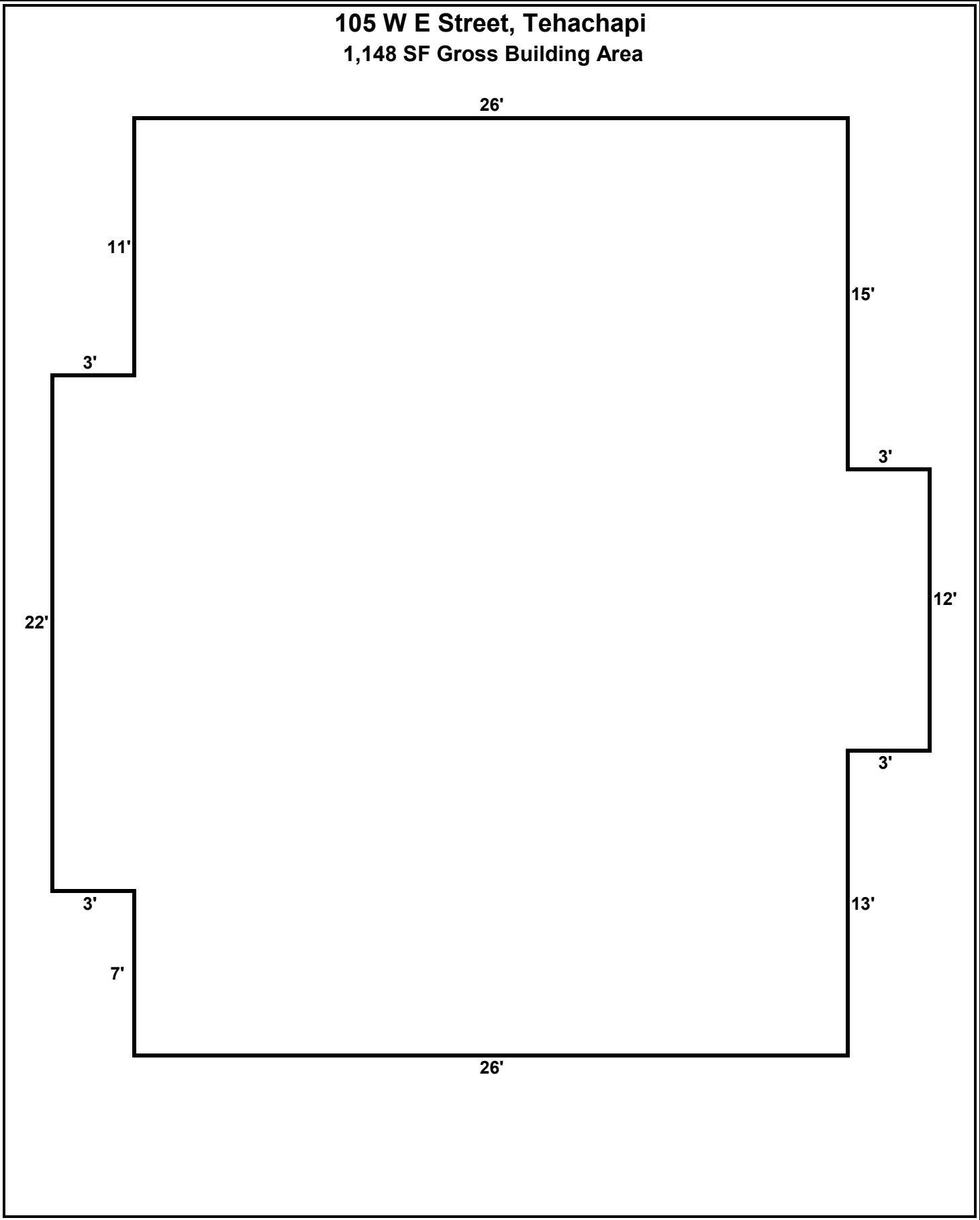
36'

4'

4'

Building Sketch

105 W E Street, Tehachapi
1,148 SF Gross Building Area



IDENTIFICATION OF PROPERTY

The addresses are 101 and 105 West E Street in Tehachapi, California. A legal description was not provided. It is described as Assessor's Parcel Number: 040-130-17. The census tract number is 0061.01.

PROPERTY SUMMARY

Site: The site is a corner parcel located in the downtown area of Tehachapi on West E Street at South Green Street. West E Street is a local roadway with light traffic and South Green Street is two-lane roadway with moderate traffic. There is an alley that runs along the north property line. Surrounding uses include a mix of retail, office, general commercial, and residential.

According to the Kern County Assessor's plat map the site contains 15,007 square feet or 0.34 acres. The site is rectangular and fronts approximately 100 feet along the north line of West E Street and 150 feet along the west line of South Green Street. The site is generally level at street grade. Access is provided by the alley.

According to the Federal Emergency Management Agency's flood insurance rate map community-panel number 060084-06029C 2839E dated September 26, 2008, the subject property is situated in zone X500. Zone X500 is defined as being outside the 500-year flood plain and is not considered a flood hazard zone.

The routine inspection of the subject disclosed no unusual conditions affecting the soil. However, no responsibility is accepted for evaluating subsoil or discovery of unapparent or unusual conditions, as I am not an expert in this field. The subject is not located in an Alquist-Priolo seismic special studies zone.

Public utilities available to the site are gas, electricity, telephone, water, and sewer. Off-site improvements include asphalt paved street; concrete curb, gutter, and sidewalk; and streetlights.

A policy of title insurance was not provided. A physical inspection did not reveal any adverse easements, encroachments, or other surface restrictions.

Upon visual inspection, the subject did not have any hazardous material in or around the site. The routine inspection of the subject disclosed no unusual conditions affecting the land. However, the presence of substances or other potentially hazardous materials may affect the value of the property. The value opinion 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 accepted for any environmental conditions, or for any expertise or engineering knowledge required to discover them, as I am not an expert in this field. Descriptions and resulting comments are the result of the routine observations made during the appraisal process.

The improvements were built at a time when materials now known to be hazardous were commonly used in construction. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. I, however, am not qualified to detect such substances or materials. Any comment that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. An environmental assessment report was not provided to the appraiser.

Zoning - According to the City of Tehachapi Planning Department, the current zoning is T-4.5, Neighborhood Center Zone. This zoning is “is applied to focused areas at the core of Tehachapi's neighborhood general areas and surrounding the Downtown to provide neighborhood oriented retail, services with housing in a small-town setting.” Most commercial, retail, office, and residential uses are permitted with some requiring a minor or conditional use permit.

Parking requirements for office use are 1 space per 400 square feet of floor area and for retail are 1 space per 500 square feet of floor area. This equates to 8 required parking space. The subject property has 9 marked parking spaces which meets current parking requirements for an office/retail use, which is considered a legal conforming use.

Improvements: The site is improved with three buildings; a single-story medical office building, a single-story general retail building, and a metal storage building. According to my measurements the total gross building area is 4,032 square feet. Details on each building are as follows.

101 West E Street

The general commercial building is 1,984 square feet. Construction is class “D” wood-framed with stucco and painted wood panel exterior with painted wood trim. The roof cover is composition shingle. The building has a wood sub-floor over a concrete block foundation. The improvements are of average quality.

The floorplan consists of a large open room, four smaller rooms/areas, a kitchen area, and restroom. Interior has typical commercial finishes which include carpet flooring in all areas with the exception of vinyl in the kitchen and restroom; painted plaster partitions; acoustical tile ceilings; and recessed lighting along with ceiling fans. Climate control is provided by forced air heating and refrigerated cooling. There are no fire sprinklers.

The shell storage building is 900 square feet. Construction is class “S” metal panels over a metal frame. The roof cover is also metal. Foundation is concrete. Quality is rated low-cost. The building is open space with one roll-up door, concrete floors, sprayed insulation covered walls and ceiling and has hanging lights.

105 West E Street

The medical office building is 1,148 square feet and was originally built for use as a single-family residence. Construction is class “D” wood-framed with stucco exterior and painted wood trim. The roof cover is composition shingle. The building has a wood sub-floor over a concrete block foundation. The improvements are of average quality.

The floorplan consists of a reception/waiting area, three exam rooms with sinks, lab room with sink, private office, and restroom. The interior has typical medical office finishes which include vinyl flooring throughout; painted plaster partitions; acoustical sprayed ceilings; and attached lighting. Climate control is provided by forced air heating and refrigerated cooling. There are no fire sprinklers.

Site improvements include landscaping, concrete walkways and ramps, and asphalt paved parking area with 9 marked spaces. There are also several wooden storage sheds which are considered personal property and are not a part of this appraisal.

The general commercial improvements were constructed in 1949 and the medical office was originally built in 1959. Both buildings have been updated through the years. However, the interior

improvements are dated. Deferred maintenance was noted on the exterior of the medical office including peeling/chipping stucco. These are minor and the cost to cure is less than 1% of the value of the property. The improvements are in average condition for the age. The total economic life of all improvements is estimated at 60 years. Based upon observation, in consideration of chronological age, and maintenance, the effective age is estimated at 30 years and the remaining economic life is estimated at 30 years as of the date of inspection.

No apparent environmental problems affecting the improvements were observed upon inspection of the property. Compliance with ADA (Americans with Disabilities Act) is not known. I was not provided with a written report by a qualified expert. I am not an expert in that field. It is recommended that the client retain an expert, if so desired.

No personal property, fixtures, or intangible items are included in this appraisal. No apparent environmental problems affecting the improvements were observed upon inspection of the property.

HIGHEST & BEST USE

As Vacant – The subject site is zoned T-4.5, Neighborhood Center Zone. A zone change is not likely because the existing zoning conforms to surrounding development. Public services availability, topography, shape, soil conditions, and size of the site are suitable for allowable development.

The subject property has a corner location in the heart of the downtown Tehachapi area. Both West E Street and Green Street are local roadways with light traffic and moderate visibility. Surrounding uses include a mix of retail, office, general commercial, and residential. This indicates a retail commercial use is the most probable use of the site. A new building may not be financially feasible on a speculative basis, primarily due to the possibility of a lengthy rent-up period. Development on a build-to-suit basis, for an owner user or tenant, would result in maximum productivity. In my opinion, the highest and best use as vacant is a retail commercial use with development on a build to suit basis for an owner user or tenant.

As Improved – As previously discussed in the improvement analysis, the site is improved with a general commercial building, metal storage building, and medical office building and site improvements. This use is legally permissible. Public services, soil conditions, size, shape, and topography are suitable for the existing improvements. Expansion is physically possible but may not be financially feasible or legally permissible due to parking requirements. Although the improvements suffer from depreciation, they add significant value to the land. It is not financially feasible to demolish all existing improvements and construct a new building. In my opinion, the highest and best use as improved is to cure the deferred maintenance and continue the current professional office use. The most probable buyer is an owner user.

SALES COMPARISON APPROACH

My investigation uncovered five closed sales considered similar to the subject. Physical inspections were made and the sale prices were verified. The unit of comparison used in this appraisal is sales price per square foot of building area. They are summarized in the adjustment grid on the next page followed by a discussion of the adjustments, resulting in an indication of value. Details of each sale are provided in the addenda.

IMPROVED SALES MARKET DATA GRID

| Sales | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 | Sale 5 |
|--------------------------|----------------------------|----------------------|--------------------------|---------------------------|-----------------------|---------------------------|
| Location | 101 & 105 West E Street | 200 W Valley Blvd | 432 South Mill Street | 20111 West Valley Blvd | 112 S Curry Street | 21628 Golden Star Blvd |
| | Tehachapi | Tehachapi | Tehachapi | Tehachapi | Tehachapi | Tehachapi |
| Recording Date | N/A | Jun-24 | May-24 | Mar-24 | Mar-24 | Oct-23 |
| Sale Price | N/A | \$325,000 | \$630,000 | \$950,000 | \$950,000 | \$250,000 |
| Building Area (SF) | 4,032 | 924 | 7,864 | 3,060 | 3,526 | 1,344 |
| Net Site Size (Acre) | 0.34 | 0.29 | 0.59 | 0.25 | 0.59 | 0.17 |
| Net Site Size (SF) | 15,007 | 12,750 | 25,700 | 10,890 | 7,125 | 7,405 |
| Ownership Interest | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Year Built | 1949, 1935 | 1941 | 1974 | 2006 | 1930 | 2009 |
| Effective Age | 30 | 10 | 40 | 10 | 25 | 5 |
| Building/Land% | 26.9% | 7.2% | 30.6% | 28.1% | 49.5% | 18.1% |
| Price/SF | N/A | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Adjustments | | | | | | |
| Sale Price/SF | - | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Property Rights | Fee Simple | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financing | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Conditions of Sale | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Expenditures After Sale | - | 0.00 | 40.00 | 0.00 | 0.00 | 0.00 |
| Market Conditions | Aug-24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted Price | - | \$351.73 | \$120.11 | \$310.46 | \$269.43 | \$186.01 |
| Location | Tehachapi | 0.00 | 24.02 | 15.52 | 0.00 | 37.20 |
| Age/Condition | 30 Yrs/Avg | -70.35 | 12.01 | -62.09 | -13.47 | -46.50 |
| Quality & Appeal | Average | 0.00 | -50.00 | -100.00 | -70.00 | 0.00 |
| Building/Land% | 26.9% | -50.38 | 0.00 | 0.00 | 4.25 | -8.94 |
| Size (SF) | 4,032 | -70.35 | 36.03 | 0.00 | 0.00 | -18.60 |
| Net Adjustment/SF | N/A | (\$191.08) | \$22.07 | (\$146.57) | (\$79.22) | (\$36.84) |
| Adjusted Price/SF | N/A | \$160.65 | \$142.18 | \$163.89 | \$190.21 | \$149.17 |

The sales selected are considered the most comparable available. There were no highly comparable listings in the Tehachapi area. Although similar, there are characteristics of the sale properties in the grid that differ significantly from the subject. They are adjusted to the subject and reflect the variance in sales price. The adjustments are discussed as follows.

Property Rights Conveyed - Property rights conveyed include all interests, benefits, and rights inherent in the ownership of physical real estate. The subject and all comparable sales sold with a fee simple ownership interest.

Financing (Terms of Sale) - All sales had terms of all cash or cash equivalent to the seller with no concessions..

Conditions of Sale –All sales were arm’s-length transactions sold under normal conditions and do not require adjustments.

Expenditures Immediately Following the Sale – Sale 2 had significant deferred maintenance which included the requirement of new plumbing in the building. The listing agent indicated the property was sold “as is”. Sale 1 is adjusted upward for the estimated cost to cure the deferred maintenance.

Market Conditions (Time of Sale) - All sales occurred between October 2023 and June 2024

during similar market conditions.

Location – Sale 1 is located just outside of downtown Tehachapi but is on the corner of two thoroughfares, South Curry Street and West Valley Boulevard. Sale 4 is located in downtown Tehachapi. These two sales are rated overall similar in location. Sale 2 is located at the edge of the downtown area primarily near residential properties. Sale 3 is located in Old Towne Tehachapi along a major thoroughfare known as Highway 202. These two sales are slightly inferior in location. Sale 5 is located in Golden Hill surrounded mostly by residential properties, which is inferior. These sales are adjusted upward accordingly.

Age/Condition - The sales age/condition (effective age) is based upon observation and the chronological age. The adjustment for effective age/condition is based upon the differences in effective age at the time of sale. The subject’s improvements have an estimated effective age of 30 years. Based upon, review of the Marshall Valuation Service cost manual and age/life, depreciation equates to 1 to 2% per year. The land is a significant portion of the contributory value and theoretically does not depreciate; therefore depreciation is estimated at 1.0 % per year.

Appeal/Quality of Construction - The quality of construction adjustment considers the exterior shell of the building and the interior or tenant improvements in addition to appeal/amenities. By Marshall Valuation building costs standards, the subject’s improvements are average quality class “D” general commercial and medical office improvements. There is also a low-cost metal storage building. Sale 2 has average quality, Class “C” medical office improvements; Sale 3 is a good quality, Class “D” medical office building; and Sale 4 is a good quality, Class “C” professional office building. These sales were adjusted downward for superior quality. Marshall Valuation indicates a cost difference between these sales and the subject; however, the full cost new of improvements is not often recognized in the market and market acceptance was also considered in the adjustments.

Building to Land Ratio - The subject and comparable sales vary in building/land ratio. A lower ratio of building to land allows for more parking area or outdoor storage. The comparable sales are adjusted based upon the contributory value of the land at \$5.00 per square foot for the utility of the extra site area.

Building Size - Larger properties typically have a smaller pool of potential buyers due to the larger total investment, decreasing demand, resulting in a lower price per square foot indicator. Conversely, smaller properties typically have a larger pool of potential buyers due to the smaller investment, increasing demand, resulting in a higher price per square foot indicator. Sales 1 and 5 are smaller than the subject and are adjusted downward. Sale 2 is significantly larger than the subject and is adjusted upward for the difference in size.

Reconciliation - After adjustments, the range indicated by the comparable sales is \$142.18 to \$190.21 per square foot. Sale 2 required significant gross adjustments. The more adjustments that are made to a comparable sale the less reliable the data becomes. Therefore, Sale 2 is given less weight than the other sales. All other sales are given generally equal consideration. Considering all factors, the subject is assigned a unit value of \$165.00 per square foot. This unit value indicates an overall value as follows:

4,032 Square Feet x \$165.00/Square Foot = \$665,280

Indicated Value by the Sales Comparison Approach (ROUNDED) \$665,000

INCOME CAPITALIZATION APPROACH

In this appraisal, the direct capitalization technique is the appropriate method to develop an opinion of market value and has been used to form an indication of value by the income capitalization approach.

Potential Gross Income – The subject property is owner occupied. A rental survey was conducted as a basis to estimate the market rent for the subject property. The rentals rated the most comparable to the subject are summarized in the table on the following page. Photographs are provided in the addenda to this report.

RENTAL DATA ADJUSTMENT GRID

| | Rent 1 | Rent 2 | Rent 3 | Rent 4 | Rent 5 | Rent 6 |
|---------------------------------|------------------------------|---|-----------------------------------|------------------------------|------------------------------------|---------------------------------|
| Location | 815 Tucker Road Tehachapi | 6001 Truxtun Ave, Bldg B Suite 210 Bakersfield | 414 W Tehachapi Blvd Tehachapi | 20430 Brian Way Tehachapi | 1100 W Tehachapi Blvd Tehachapi | 122 S Green Street Tehachapi |
| APN | 416-050-31 | 331-392-05 | 040-010-48 | 468-102-02 | 415-130-68 | 040-190-27 |
| Tenant/Suite | AnyTime Fitness | Alvarez Healthcare | Suite J | Suite A | West Pac Labs, Inc. | PT Solutions |
| Eff Date | Aug-24 | Jan-24 | Dec-23 | Sep-23 | Sep-22 | 2022 |
| Term (Mo) | 125 | 60 | 24 | 12 | 40 | 60 |
| Rentable Area | 5,000 | 2,462 | 2,278 | 900 | 1,311 | 3,848 |
| Year Built | 1988 | 1988 | 2013 | 1985 | 2007 | 1940, 2022 |
| Quality | Average | Good | Average | Average | Average | Good |
| Condition | Average | Average | Good | Average | Average | New |
| Eff Age (Yrs) | 20 | 25 | 5 | 20 | 10 | 0 |
| Expense Basis | NNN | NNN | MG | NNN | NNN | NNN |
| Rent/SF/Mo | \$1.25 | \$2.25 | \$1.20 | \$0.89 | \$1.99 | \$1.85 |
| Quantitative Adjustments | | | | | | |
| Free Rent | -0.05 | 0.00 | 0.00 | 0.00 | -0.20 | 0.00 |
| Expense Basis | 0.40 | 0.40 | 0.00 | 0.40 | 0.40 | 0.40 |
| Mkt Cond | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Adj Rent/SF | \$1.60 | \$2.65 | \$1.20 | \$1.29 | \$2.19 | \$2.25 |
| Qualitative Adjustments | | | | | | |
| Location | Superior (-) | Superior (-) | Inferior (+) | Inferior (+) | Superior (-) | Similar (=) |
| Quality/Appeal | Similar (=) | Superior (-) | Similar (=) | Inferior (+) | Similar (=) | Superior (-) |
| Eff.Age/Cond | Superior (-) | Similar (=) | Superior (-) | Superior (-) | Superior (-) | Superior (-) |
| Size (SF) | Similar (=) | Similar (=) | Similar (=) | Superior (-) | Superior (-) | Similar (=) |
| Net Adjustment | Superior (-) | Superior (-) | Similar (=) | Similar (=) | Superior (-) | Superior (-) |

The comparable rents utilized are considered to be the most similar. Rents can vary dependent upon the location, physical characteristics, terms of the rental contracts, and negotiating skills of the landlord and tenants. The adjustments shown on the "Rental Data Adjustment Grid" are discussed below.

Concessions – Rent 1 included 5 months of free rent and Rent 5 included 4 months of free rent.

Lessor Expenses – The subject rent is being estimated on a modified gross basis. All comparable rents, except Rent 3, are on a triple-net basis. These rents are adjusted upward for the tenant reimbursing the landlord for property taxes, insurance, and maintenance expenses.

Market Conditions – All rents were negotiated during similar market conditions.

Location – Rent 1 is located within a grocery store anchored shopping center and the busiest, signalized intersection in Tehachapi. Rent 2 is located in Bakersfield which is a larger, superior market area. Rent 5 is located at a main, signalized intersection at Tucker and West Tehachapi Boulevard on an out-pad of a Walmart anchored shopping center. Rent 3 is in a small neighborhood center which is located just outside of the downtown area. The improvements are situated in a way that reduces visibility and the center has had lower than typical occupancy since its construction. Rent 4 is located in the Old Towne area of Tehachapi and the improvements are below street grade with the leased unit lacking visibility from West Valley Boulevard. These rents are inferior to the subject. Rent 6 is located on the corner of the center of downtown Tehachapi which is similar to the subject.

Quality/Appeal – The quality of construction adjustment considers the exterior and the interior of the building and site improvements. It relates to quality of materials and amenities. All rents are adjusted accordingly in the grid.

Effective Age/Condition – The effective age estimated for the subject is 30 years. An effective age for each of the comparable rents was also estimated, shown in the grid, and adjusted accordingly.

Size - Smaller spaces tend to rent for more on a per square foot basis than larger spaces and vice-versa. Rents 4 and 5 are significantly smaller and rated superior.

Rent Reconciliation - The rents after qualitative adjustments indicate a range of market rents between \$1.20 and \$2.65 per square foot on a modified gross basis. Although the adjustments are compared to the subject property as a whole, Rents 1, 3, and 4 are more similar to the subject's general commercial improvements at 101 West E Street. Rents 2, 5, and 6 are most similar to the subject's medical office improvements at 105 West E Street. Considering this, along with the overall qualitative ratings, a market rent for the subject's general commercial improvements is estimated at \$1.25 per square foot per month on a modified gross basis. Market rent for the subject's medical office improvements is estimated at \$2.00 per square foot per month on a modified gross basis. Potential gross annual income is forecast as follows:

$$\begin{array}{r}
 2,884 \text{ SF} \times \$1.25/\text{SF}/\text{Mo} = \$3,605 \text{ per Month} \times 12 \text{ Months} = \$43,260 \\
 1,148 \text{ SF} \times \$2.00/\text{SF}/\text{Mo} = \$2,296 \text{ per Month} \times 12 \text{ Months} = \underline{\$27,552} \\
 \text{Potential Gross Income} \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \qquad \underline{\$70,812}
 \end{array}$$

Vacancy and Collection Loss – The allowance for vacancy and collection loss is that amount deducted from potential gross income, to reflect the effect of probable vacancy, turnover, or non-payment of rent by tenants. There are no surveys for commercial properties in the Tehachapi area, but there are very few vacant office properties for lease in the area. Discussions with office brokers indicate vacancy rates in nearby Bakersfield decreased slightly in 2023 to 8.47% from 8.80% in 2022. Data from CoStar for the Kern County and Tehachapi areas appears to be unreliable. In consideration of the above discussion, and the lack of available space for rent in the Tehachapi area, a stabilized vacancy and collection loss rate of 4.0% is reasonable assuming adequate management over the period of ownership, which is 7 to 10 years.

Operating Expenses – Operating statements for the subject were not provided for review. The operating expense estimates shown in the income statement are based upon surveys of local Kern County property managers and analysis of operating statements of comparable properties. It should

be understood that operating expenses can vary greatly depending upon building design, age and condition, type of tenancy and the size of the property.

The modified gross expense basis for commercial properties in the Kern County area, typically results in the owner being responsible for property taxes, insurance, exterior and interior maintenance, property management, structural reserves for replacement, and miscellaneous expenses. The tenant pays for interior maintenance, utilities, and janitorial expenses directly. The operating expenses on a modified gross basis are discussed as follows.

Property taxes are calculated based upon on a hypothetical sale at its appraised value using the tax rate and special assessments shown previously in this report. Property insurance is based on replacement value of the improvements, shown in the grid, with coverage rates from \$0.30 to \$0.60 per \$100 of coverage. Maintenance and repairs include exterior and interior building repairs and maintenance; landscape and parking lot maintenance; security; trash; and pest control which together typically ranges from \$1.00 to \$3.00 per square foot. Management expenses are typically 2% to 5% of effective gross income. Structural replacement reserves typically range from \$0.20 to \$0.40 per square foot per year and miscellaneous expenses from 1.0% to 2.0% of collected rental income per year. The operating statement is reconstructed below to show the income on a stabilized basis.

RECONSTRUCTED OPERATING STATEMENT

| | | |
|----------------------------------|------------------------------|-----------------|
| Potential Gross Income | | \$70,812 |
| Less Vacancy and Collection Loss | 4.0% | -\$2,832 |
| Effective Gross Income | | \$67,980 |
| Less Operating Expenses | | |
| Taxes | 1.161890% of MV + SA | \$7,800 |
| Insurance | \$0.40 /\$100 RCN \$ 590,000 | \$2,400 |
| Repairs & Maintenance | \$2.50 /SF/YR | \$7,200 |
| Management | 5.0% of EGI | \$3,400 |
| Replacement Reserves | \$0.40 /SF/YR | \$1,200 |
| Miscellaneous | 1.5% of EGI | \$1,000 |
| Total Operating Expenses | | -\$23,000 |
| Net Operating Income | | \$44,980 |

Capitalization Rate - Overall rates extracted from market sales are summarized in the chart below.

Market Derived Overall Rates

| No. | Location | | Date | Sales Price | NOI | OAR |
|-----|------------------------|-------------|--------|-------------|-----------|-------|
| 1 | 200 W Valley Blvd | Tehachapi | Jun-24 | \$325,000 | \$17,297 | 5.32% |
| 2 | 432 South Mill Street | Tehachapi | May-24 | \$630,000 | \$58,272 | 9.25% |
| 3 | 20111 West Valley Blvd | Tehachapi | Mar-24 | \$950,000 | \$67,675 | 7.12% |
| 4 | 112 S Curry Street | Tehachapi | Mar-24 | \$950,000 | \$52,805 | 5.56% |
| 5 | 21628 Golden Star Blvd | Tehachapi | Oct-23 | \$250,000 | \$15,096 | 6.04% |
| 6 | 20705 South Street | Tehachapi | Apr-23 | \$1,020,000 | \$54,842 | 5.38% |
| 7 | 402 E Tehachapi Blvd | Tehachapi | Jun-22 | \$450,000 | \$30,411 | 6.76% |
| 8 | 3911 Coffee Road | Bakersfield | Oct-24 | \$4,100,000 | \$245,842 | 6.00% |
| 9 | 1418 High Street | Delano | Sep-23 | \$1,226,000 | \$81,540 | 6.65% |
| 10 | 601 High Street | Delano | Apr-23 | \$2,000,000 | \$144,620 | 7.23% |

All sales represent a range between 5.32% to 9.25% with an average overall rate of 6.53%. Sales 1 through 5 were utilized in the sales comparison approach of this analysis and represent properties that were purchased for owner occupancy. The income and expenses were estimated in order to derive an overall capitalization rate. The overall rates for these sales range from 5.32% to 9.25% with an average of 6.66%. Sales 6 through 10 represent leased sales that were at stabilized occupancy at the time of sale. The overall capitalization rates from Sales 6 through 10 range from 5.38% to 7.23% with an average of 6.40%.

After analysis of the sales and their respective overall rates, a rate of 6.50% is applicable to the subject property. The market derived net operating income is capitalized as follows:

$$\$44,980 \text{ NOI} \div 6.50\% \text{ OAR} = \$692,000$$

Indicated Value by the Income Capitalization Approach **\$692,000**

RECONCILIATION AND FINAL VALUE CONCLUSION

Indications of value from the approaches utilized to form an opinion of the market value are shown as follows:

| | |
|---------------------------------------|------------------|
| Sales Comparison Approach | \$665,000 |
| Income Capitalization Approach | \$692,000 |

The sales comparison approach is the most direct method of observing the actions and attitudes of buyer and sellers in the marketplace. It is difficult however, to relate comparable transactions to the subject property because of differences in time of sale, location, occupancy and physical characteristics of the properties.

In this study the sales comparison approach considered five closed sales. The quality and quantity of market data was considered average and was useful in developing an opinion of the value. The sales comparison approach is a reliable indicator of value. As the subject property is owner occupied the sales comparison approach is given more weight than the income approach.

The income capitalization approach considers the income producing capability of the property. Investors place considerable importance on this method for investment properties such as the subject. The estimate of rental income was supported with comparable rental data. Appropriate deductions were made for vacancy and operating expenses to give an indication of net operating income. Both income and expenses were estimated, which reduces the reliability of the approach. Direct capitalization technique was used to convert income into an indication of value. The income approach is a reliable indicator, but is given less weight than the sales comparison approach.

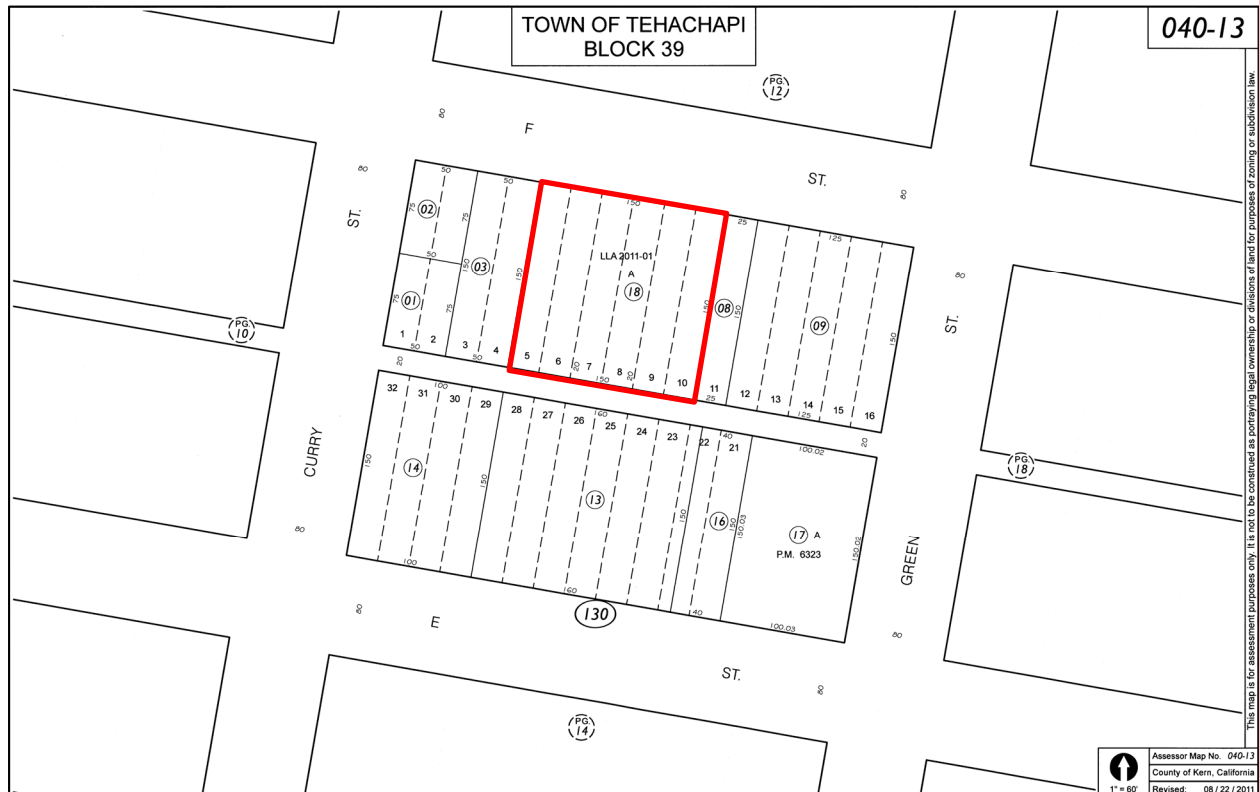
As a result of my investigation and analyses presented in this report, it is my opinion that the market value "as is", fee simple as of August 27, 2024, subject to the assumptions and limiting conditions set forth in the addendum of this report, is the sum of:

SIX HUNDRED SEVENTY THOUSAND DOLLARS
\$670,000

116 West F Street, Tehachapi

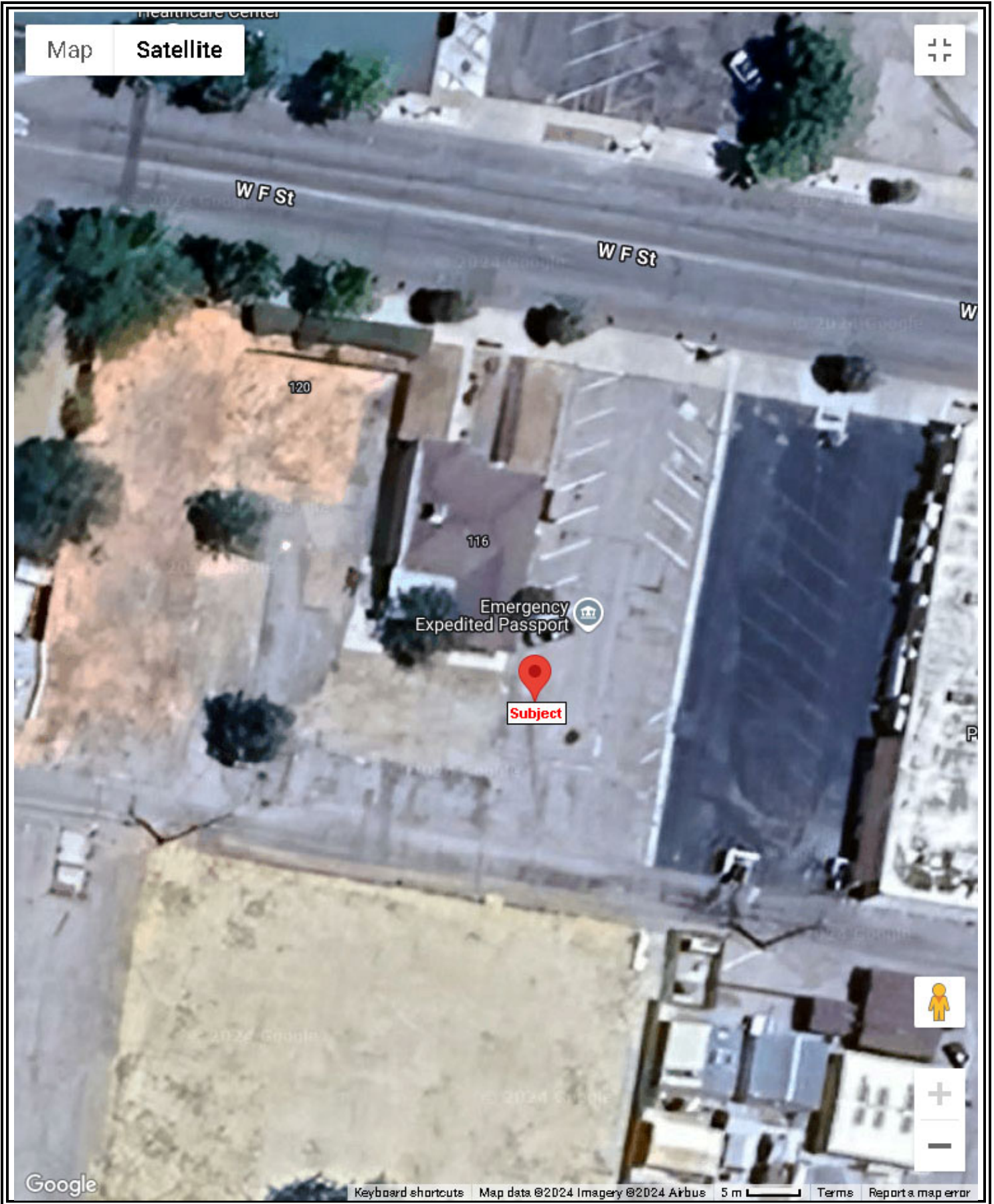


Subject Photo



Plat Map

Aerial View of Subject Property – 116 West F Street



SUBJECT PHOTOGRAPHS



-116 West F Street - Exterior-



-116 West F Street - Exterior-



-116 West F Street - Exterior-



-116 West F Street – Parking Lot-



-West F Street Facing East-



-West F Street Facing West-

SUBJECT PHOTOGRAPHS



-116 West F Street – Interior-



-116 West F Street – Interior-



-116 West F Street – Interior-



-116 West F Street – Metal Building-



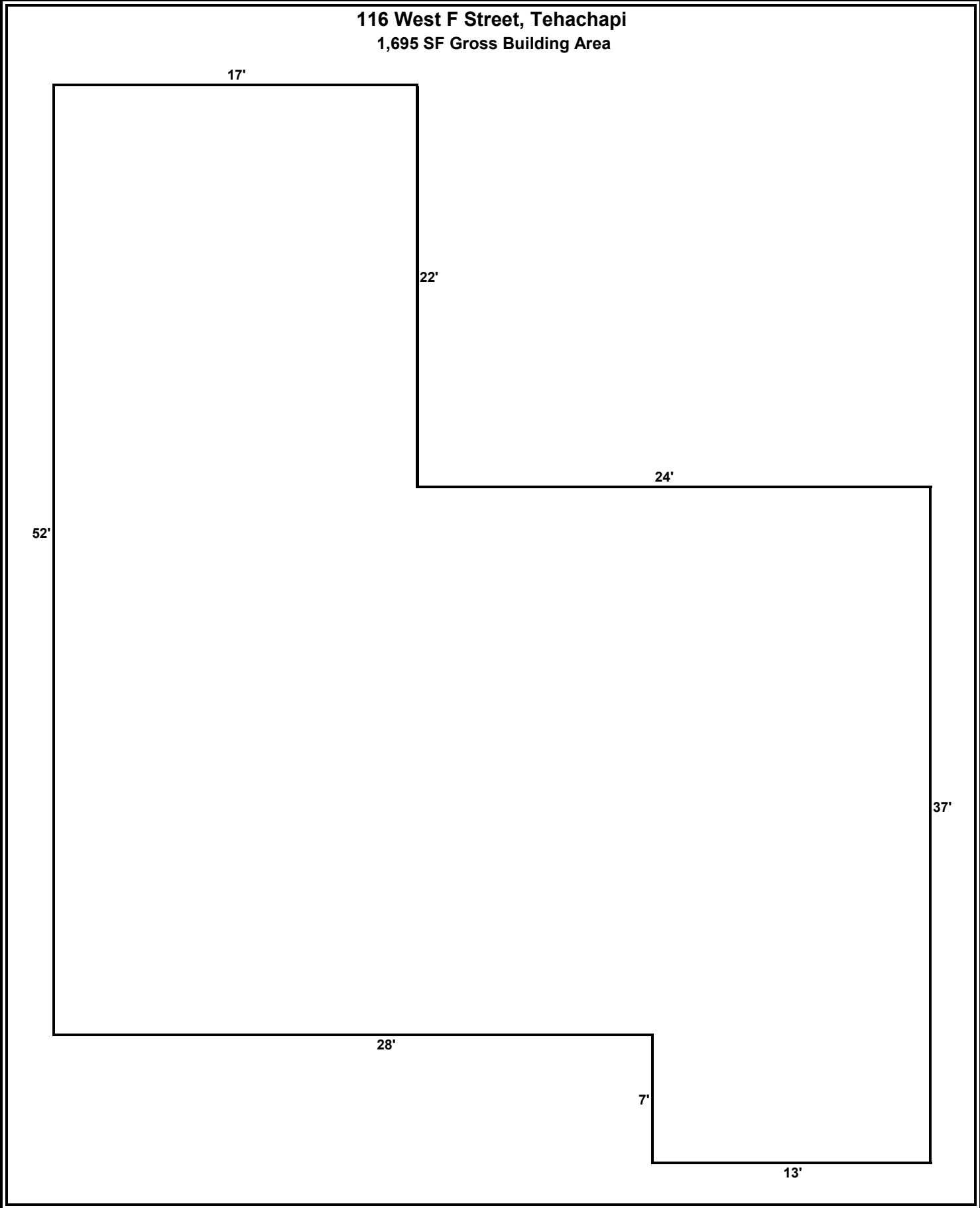
-116 West F – Interior-



-116 West F – Interior-

Building Sketch

116 West F Street, Tehachapi
1,695 SF Gross Building Area



IDENTIFICATION OF PROPERTY

The address is 116 West f Street in Tehachapi, California. A legal description was not provided. It is described as Assessor's Parcel Number: 040-130-18. The census tract number is 0061.01.

PROPERTY SUMMARY

Site: The site is an interior parcel located in the downtown area of Tehachapi along West F Street. West F Street is a local roadway with light traffic. There is an alley that runs along the south property line. Surrounding uses include a mix of retail, office, general commercial, and residential.

According to the Kern County Assessor's plat map the site contains 22,500 square feet or 0.52 acres. The site is rectangular and fronts 150 feet along the south line of West F Street. The site is generally level at street grade. Access is provided by a curb-cut on West F Street and from the alley.

According to the Federal Emergency Management Agency's flood insurance rate map community-panel number 060084-06029C 2839E dated September 26, 2008, the subject property is situated in zone X500. Zone X500 is defined as being outside the 500-year flood plain and is not considered a flood hazard zone.

The routine inspection of the subject disclosed no unusual conditions affecting the soil. However, no responsibility is accepted for evaluating subsoil or discovery of unapparent or unusual conditions, as I am not an expert in this field. The subject is not located in an Alquist-Priolo seismic special studies zone.

Public utilities available to the site are gas, electricity, telephone, water, and sewer. Off-site improvements include asphalt paved street; concrete curb, gutter, and sidewalk; and streetlights.

A policy of title insurance was not provided. A physical inspection did not reveal any adverse easements, encroachments, or other surface restrictions.

Upon visual inspection, the subject did not have any hazardous material in or around the site. The routine inspection of the subject disclosed no unusual conditions affecting the land. However, the presence of substances or other potentially hazardous materials may affect the value of the property. The value opinion 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 accepted for any environmental conditions, or for any expertise or engineering knowledge required to discover them, as I am not an expert in this field. Descriptions and resulting comments are the result of the routine observations made during the appraisal process.

The improvements were built at a time when materials now known to be hazardous were commonly used in construction. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. I, however, am not qualified to detect such substances or materials. Any comment that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. An environmental assessment report was not provided to the appraiser.

Zoning - According to the City of Tehachapi Planning Department, the current zoning is T-5, Downtown Zone. This zoning is "is applied to areas generally in Tehachapi's core for the purpose of

being the cultural, specialty shopping, entertainment and civic core of Tehachapi and the Tehachapi Valley.” Most commercial, retail, office, and residential uses are permitted.

Parking requirements for office use are 1 space per 400 square feet of floor area. This equates to 4 required parking space. The subject property has over 20 marked parking spaces to meet current parking requirements for an office, which is considered a legal conforming use.

Improvements: The site is improved with a single-story professional office building and site improvements. The construction is class “D” wood-framed with stucco exterior and painted wood trim. The roof cover is composition shingle. The office has a wood sub-floor over a concrete block foundation. The improvements are of average quality. According to my measurements the gross building area is 1,695 square feet.

The office building was originally built for use as a single-family residence. The floorplan consists of a large open room with a reception and conference room; kitchen with office area; three private offices; and two restrooms with one that has a shower. Interior finishes are typical office which include vinyl plank flooring; painted plaster partitions and ceilings; and attached lighting. Climate control is provided by forced air heating and refrigerated cooling. There are no fire sprinklers.

Site improvements include landscaping, concrete walkways and ramp and partial chain link fencing with privacy slats around the side and side and rear of the improvements.

The improvements were constructed in 1919 but have been updated through the years. Deferred maintenance was noted on the exterior wood trim/eave (see subject photos). Estimated cost to cure the deferred maintenance is minimal, less than 1% of the market value. The improvements are in above average condition for the age. The total economic life of the improvements is estimated at 60 years. Based upon observation, in consideration of chronological age, and maintenance, the effective age is estimated at 25 years and the remaining economic life is estimated at 35 years as of the date of inspection.

No apparent environmental problems affecting the improvements were observed upon inspection of the property. Compliance with ADA (Americans with Disabilities Act) is not known. I was not provided with a written report by a qualified expert. I am not an expert in that field. It is recommended that the client retain an expert, if so desired.

No personal property, fixtures, or intangible items are included in this appraisal. No apparent environmental problems affecting the improvements were observed upon inspection of the property.

HIGHEST & BEST USE

As Vacant – The subject site is zoned T-5, Downtown Zone. A zone change is not likely because the existing zoning conforms to surrounding development. Public services availability, topography, shape, soil conditions, and size of the site are suitable for allowable development.

The subject property has an interior location in the heart of the downtown Tehachapi area. West F Street is a local roadway with light traffic and moderate visibility. Surrounding uses include a mix of retail, office, general commercial, and residential. Due to the midblock location an office or general commercial use is the most probable use of the site. A new building may not be financially feasible on a speculative basis, primarily due to the possibility of a lengthy rent-up period. Development on a build-to-suit basis, for an owner user or tenant, would result in maximum productivity. In my opinion,

the highest and best use as vacant is a general commercial or office use with development on a build to suit basis for an owner user or tenant.

As Improved – As previously discussed in the improvement analysis, the site is improved with a professional office building and site improvements. This use is legally permissible. Public services, soil conditions, size, shape, and topography are suitable for the existing improvements. Expansion is physically possible but may not be financially feasible. Although the improvements suffer from depreciation, they add significant value to the land. It is not financially feasible to demolish all existing improvements and construct a new building. In my opinion, the highest and best use as improved is the current professional office use. The most probable buyer is an owner user.

SALES COMPARISON APPROACH

My investigation uncovered five closed sales considered similar to the subject. Physical inspections were made and the sale prices were verified. The unit of comparison used in this appraisal is sales price per square foot of building area. They are summarized in the adjustment grid on the next page followed by a discussion of the adjustments, resulting in an indication of value. Details of each sale are provided in the addenda.

IMPROVED SALES MARKET DATA GRID

| Sales | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 | Sale 5 |
|--------------------------|--------------------------------|--------------------------------|------------------------------------|-------------------------------------|---------------------------------|-------------------------------------|
| Location | 116 West F Street Tehachapi | 200 W Valley Blvd Tehachapi | 432 South Mill Street Tehachapi | 20111 West Valley Blvd Tehachapi | 112 S Curry Street Tehachapi | 21628 Golden Star Blvd Tehachapi |
| Recording Date | N/A | Jun-24 | May-24 | Mar-24 | Mar-24 | Oct-23 |
| Sale Price | N/A | \$325,000 | \$630,000 | \$950,000 | \$950,000 | \$250,000 |
| Building Area (SF) | 1,695 | 924 | 7,864 | 3,060 | 3,526 | 1,344 |
| Net Site Size (Acre) | 0.52 | 0.29 | 0.59 | 0.25 | 0.59 | 0.17 |
| Net Site Size (SF) | 22,500 | 12,750 | 25,700 | 10,890 | 7,125 | 7,405 |
| Ownership Interest | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| Year Built | 1919 | 1941 | 1974 | 2006 | 1930 | 2009 |
| Effective Age | 25 | 10 | 40 | 10 | 25 | 5 |
| Building/Land% | 7.5% | 7.2% | 30.6% | 28.1% | 49.5% | 18.1% |
| Price/SF | N/A | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Adjustments | | | | | | |
| Sale Price/SF | - | \$351.73 | \$80.11 | \$310.46 | \$269.43 | \$186.01 |
| Property Rights | Fee Simple | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Financing | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Conditions of Sale | - | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Expenditures After Sale | - | 0.00 | 40.00 | 0.00 | 0.00 | 0.00 |
| Market Conditions | Aug-24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Adjusted Price | - | \$351.73 | \$120.11 | \$310.46 | \$269.43 | \$186.01 |
| Location | Tehachapi | 0.00 | 24.02 | 15.52 | 0.00 | 37.20 |
| Age/Condition | 25 Yrs/Avg | -52.76 | 18.02 | -46.57 | 0.00 | -37.20 |
| Quality & Appeal | Average | 0.00 | -50.00 | -100.00 | -70.00 | 0.00 |
| Building/Land% | 7.5% | 0.00 | 50.03 | 48.58 | 28.13 | 38.82 |
| Size (SF) | 1,695 | -35.17 | 48.04 | 31.05 | 26.94 | 0.00 |
| Net Adjustment/SF | N/A | (\$87.93) | \$90.12 | (\$51.42) | (\$14.92) | \$38.82 |
| Adjusted Price/SF | N/A | \$263.80 | \$210.23 | \$259.04 | \$254.50 | \$224.83 |

The sales selected are considered the most comparable available. There were no highly comparable listings in the Tehachapi area. Although similar, there are characteristics of the sale properties in

the grid that differ significantly from the subject. They are adjusted to the subject and reflect the variance in sales price. The adjustments are discussed as follows.

Property Rights Conveyed - Property rights conveyed include all interests, benefits, and rights inherent in the ownership of physical real estate. The subject and all comparable sales sold with a fee simple ownership interest.

Financing (Terms of Sale) - All sales had terms of all cash or cash equivalent to the seller with no concessions..

Conditions of Sale –All sales were arm’s-length transactions sold under normal conditions and do not require adjustments.

Expenditures Immediately Following the Sale – Sale 2 had significant deferred maintenance which included the requirement of new plumbing in the building. The listing agent indicated the property was sold “as is”. Sale 1 is adjusted upward for the estimated cost to cure the deferred maintenance.

Market Conditions (Time of Sale) - All sales occurred between October 2023 and June 2024 during similar market conditions.

Location – Sale 1 is located just outside of downtown Tehachapi but is on the corner of two thoroughfares, South Curry Street and West Valley Boulevard. Sale 4 is located in downtown Tehachapi. These two sales are rated overall similar in location. Sale 2 is located at the edge of the downtown area primarily near residential properties. Sale 3 is located in Old Towne Tehachapi along a major thoroughfare known as Highway 202. These two sales are slightly inferior in location. Sale 5 is located in Golden Hill surrounded mostly by residential properties, which is inferior. These sales are adjusted upward accordingly.

Age/Condition - The sales age/condition (effective age) is based upon observation and the chronological age. The adjustment for effective age/condition is based upon the differences in effective age at the time of sale. The subject’s improvements have an estimated effective age of 25 years. Based upon, review of the Marshall Valuation Service cost manual and age/life, depreciation equates to 1 to 2% per year. The land is a significant portion of the contributory value and theoretically does not depreciate; therefore depreciation is estimated at 1.0 % per year.

Appeal/Quality of Construction - The quality of construction adjustment considers the exterior shell of the building and the interior or tenant improvements in addition to appeal/amenities. By Marshall Valuation building costs standards, the subject’s improvements are average quality class “D” professional office improvements. Sale 2 has average quality, Class “C” medical office improvements; Sale 3 is a good quality, Class “D” medical office building; and Sale 4 is a good quality, Class “C” professional office building. These sales were adjusted downward for superior quality. Marshall Valuation indicates a cost difference between these sales and the subject; however, the full cost new of improvements is not often recognized in the market and market acceptance was also considered in the adjustments.

Building to Land Ratio - The subject and comparable sales vary in building/land ratio. A lower ratio of building to land allows for more parking area or outdoor storage. The comparable sales are adjusted based upon the contributory value of the land at \$5.00 per square foot for the utility of the extra site area.

Building Size - Larger properties typically have a smaller pool of potential buyers due to the larger total investment, decreasing demand, resulting in a lower price per square foot indicator. Conversely, smaller properties typically have a larger pool of potential buyers due to the smaller investment, increasing demand, resulting in a higher price per square foot indicator. Sale 1 is smaller and is adjusted downward 10%. Sales 2 through 4 are significantly larger than the subject and are adjusted upward between 10% to 40% for the difference in size.

Reconciliation - After adjustments, the range indicated by the comparable sales is \$210.23 to \$263.80 per square foot. Sales 2 and 3 required significant gross adjustments. The more adjustments that are made to a comparable sale the less reliable the data becomes. Therefore, Sales 2 and 3 are given less weight than the other sales. Sale 1 is the most recent sale and required the least amount of gross adjustments. Sale 1 is given the most weight. All other sales are given generally equal consideration. Considering all factors, including the smaller than typical size of the improvements, the subject is assigned a unit value of \$245.00 per square foot. This unit value indicates an overall value as follows:

$$1,695 \text{ Square Feet} \times \$245.00/\text{Square Foot} = \$415,275$$

Indicated Value by the Sales Comparison Approach (ROUNDED) \$415,000

INCOME CAPITALIZATION APPROACH

In this appraisal, the direct capitalization technique is the appropriate method to develop an opinion of market value and has been used to form an indication of value by the income capitalization approach.

Potential Gross Income – The subject property is owner occupied. A rental survey was conducted as a basis to estimate the market rent for the subject property. The rentals rated the most comparable to the subject are summarized in the table on the following page. Photographs are provided in the addenda to this report.

RENTAL DATA ADJUSTMENT GRID

| | Rent 1 | Rent 2 | Rent 3 | Rent 4 | Rent 5 | Rent 6 |
|---------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Location | 815 Tucker Road | 414 W Tehachapi Blvd | 20430 Brian Way | 1100 W Tehachapi Blvd | 122 S Green Street | 414 W Tehachapi Blvd |
| APN | Tehachapi 416-050-31 | Tehachapi 040-010-48 | Tehachapi 468-102-02 | Tehachapi 415-130-68 | Tehachapi 040-190-27 | Tehachapi 040-010-48 |
| Tenant/Suite | AnyTime Fitness | Suite J | Suite A | West Pac Labs, Inc. | PT Solutions | Suite C |
| Eff Date | Aug-24 | Dec-23 | Sep-23 | Sep-22 | 2022 | Listing |
| Term (Mo) | 125 | 24 | 12 | 40 | 60 | Negotiable |
| Rentable Area | 5,000 | 2,278 | 900 | 1,311 | 3,848 | 1,377 |
| Year Built | 1988 | 2013 | 1985 | 2007 | 1940, 2022 | 2013 |
| Quality | Average | Average | Average | Average | Good | Average |
| Condition | Average | Good | Average | Average | New | Good |
| Eff Age (Yrs) | 20 | 5 | 20 | 10 | 0 | 5 |
| Expense Basis | NNN | MG | NNN | NNN | NNN | MG |
| Rent/SF/Mo | \$1.25 | \$1.20 | \$0.89 | \$1.99 | \$1.85 | \$1.50 |
| Quantitative Adjustments | | | | | | |
| Free Rent | -0.05 | 0.00 | 0.00 | -0.20 | 0.00 | 0.00 |
| Expense Basis | 0.40 | 0.00 | 0.40 | 0.40 | 0.40 | 0.00 |
| Mkt Cond | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Adj Rent/SF | \$1.60 | \$1.20 | \$1.29 | \$2.19 | \$2.25 | \$1.50 |
| Qualitative Adjustments | | | | | | |
| Location | Superior (-) | Inferior (+) | Inferior (+) | Superior (-) | Superior (-) | Inferior (+) |
| Quality/Appeal | Similar (=) | Similar (=) | Inferior (+) | Similar (=) | Superior (-) | Similar (=) |
| Eff.Age/Cond | Similar (=) | Superior (-) | Similar (=) | Superior (-) | Superior (-) | Superior (-) |
| Size (SF) | Inferior (+) | Inferior (+) | Superior (-) | Similar (=) | Inferior (+) | Similar (=) |
| Net Adjustment | Similar (=) | Inferior (+) | Inferior (+) | Superior (-) | Superior (-) | Similar (=) |

The comparable rents utilized are considered to be the most similar. Rents can vary dependent upon the location, physical characteristics, terms of the rental contracts, and negotiating skills of the landlord and tenants. The adjustments shown on the "Rental Data Adjustment Grid" are discussed below.

Concessions – Rent 1 included 5 months of free rent and Rent 4 included 4 months of free rent.

Lessor Expenses – The subject rent is being estimated on a modified gross basis. Rents 1 and 3 through 5 are on a triple-net basis. These rents are adjusted upward for the tenant reimbursing the landlord for property taxes, insurance, and maintenance expenses.

Market Conditions – All rents were negotiated during similar market conditions.

Location – Rent 1 is located withing a grocery store anchored shopping center and the busiest, signalized intersection in Tehachapi. Rent 4 is located at a main, signalized intersection at Tucker and West Tehachapi Boulevard on an out-pad of a Walmart anchored shopping center. Rent 5 is located on the corner of the center of downtown Tehachapi. These three rents are overall superior in location to the subject. Rents 2 and 6 are in the same center which is located just outside of the downtown area. The improvements are situated in a way that reduces visibility and the center has had lower than typical occupancy since its construction. Rent 3 is located in the Old Towne area of

Tehachapi and the improvements are below street grade with the leased unit lacking visibility from West Valley Boulevard. These rents are inferior to the subject.

Quality/Appeal – The quality of construction adjustment considers the exterior and the interior of the building and site improvements. It relates to quality of materials and amenities. All rents are adjusted accordingly in the grid.

Effective Age/Condition – The effective age estimated for the subject is 25 years. An effective age for each of the comparable rents was also estimated, shown in the grid, and adjusted accordingly.

Size - Smaller spaces tend to rent for more on a per square foot basis than larger spaces and vice-versa. Rent 3 is significantly smaller and rated superior. Rents 1, 2, and 5 are larger and rated inferior.

Rent Reconciliation - The rents after qualitative adjustments indicate a range of market rents between \$1.20 and \$2.25 per square foot on a modified gross basis. Rent 2 and 3 at \$1.20 and \$1.29 per square foot respectively, are rated overall inferior indicating a market rent above these two rents. Rents 4 and 5 at \$2.19 and \$2.25 per square foot respectively, are rated overall superior indicating a market rent below these rents. Rent 1 at \$1.60 per square foot is overall similar; however, it is a significantly larger space than the subject which greatly decreases the rent per square foot. This is considered in the reconciliation. Rent 6 is a listing, and although it is overall similar, it is given less consideration than the closed comparable leases. Considering all factors, including the subject's size, a market rent for the subject is estimated at \$1.80 per square foot per month on a modified gross basis. Potential gross annual income is forecast as follows:

$$1,695 \text{ SF} \times \$1.80/\text{SF}/\text{Mo} = \$3,051 \text{ per Month} \times 12 \text{ Months} = \$36,612$$

Vacancy and Collection Loss – The allowance for vacancy and collection loss is that amount deducted from potential gross income, to reflect the effect of probable vacancy, turnover, or non-payment of rent by tenants. There are no surveys for commercial properties in the Tehachapi area, but there are very few vacant office properties for lease in the area. Discussions with office brokers indicate vacancy rates in nearby Bakersfield decreased slightly in 2023 to 8.47% from 8.80% in 2022. Data from CoStar for the Kern County and Tehachapi areas appears to be unreliable. In consideration of the above discussion, and the lack of available space for rent in the Tehachapi area, a stabilized vacancy and collection loss rate of 4.0% is reasonable assuming adequate management over the period of ownership, which is 7 to 10 years.

Operating Expenses – Operating statements for the subject were not provided for review. The operating expense estimates shown in the income statement are based upon surveys of local Kern County property managers and analysis of operating statements of comparable properties. It should be understood that operating expenses can vary greatly depending upon building design, age and condition, type of tenancy and the size of the property.

The modified gross expense basis for commercial properties in the Kern County area, typically results in the owner being responsible for property taxes, insurance, exterior and interior maintenance, property management, structural reserves for replacement, and miscellaneous expenses. The tenant pays for interior maintenance, utilities, and janitorial expenses directly. The operating expenses on a modified gross basis are discussed as follows.

Property taxes are calculated based upon on a hypothetical sale at its appraised value using the tax rate and special assessments shown previously in this report. Property insurance is based on replacement value of the improvements, shown in the grid, with coverage rates from \$0.30 to \$0.60 per \$100 of coverage. Maintenance and repairs include exterior and interior building repairs and maintenance; landscape and parking lot maintenance; security; trash; and pest control which together typically ranges from \$1.00 to \$3.00 per square foot. Management expenses are typically 2% to 5% of effective gross income. Structural replacement reserves typically range from \$0.20 to \$0.40 per square foot per year and miscellaneous expenses from 1.0% to 2.0% of collected rental income per year. The operating statement is reconstructed below to show the income on a stabilized basis.

RECONSTRUCTED OPERATING STATEMENT

| | | | |
|----------------------------------|------------------------------|---------|------------------|
| Potential Gross Income | | | \$36,612 |
| Less Vacancy and Collection Loss | 4.0% | | <u>-\$1,464</u> |
| Effective Gross Income | | | \$35,148 |
| Less Operating Expenses | | | |
| Taxes | 1.161890% of MV + SA | \$4,600 | |
| Insurance | \$0.40 /\$100 RCN \$ 330,000 | \$1,300 | |
| Repairs & Maintenance | \$2.50 /SF/YR | \$4,200 | |
| Management | 3.0% of EGI | \$1,100 | |
| Replacement Reserves | \$0.30 /SF/YR | \$500 | |
| Miscellaneous | 1.5% of EGI | \$500 | |
| Total Operating Expenses | | | <u>-\$12,200</u> |
| Net Operating Income | | | \$22,948 |

Capitalization Rate - Overall rates extracted from market sales are summarized in the chart below.

Market Derived Overall Rates

| No. | Location | | Date | Sales Price | NOI | OAR |
|-----|------------------------|-------------|--------|-------------|-----------|-------|
| 1 | 200 W Valley Blvd | Tehachapi | Jun-24 | \$325,000 | \$17,297 | 5.32% |
| 2 | 432 South Mill Street | Tehachapi | May-24 | \$630,000 | \$58,272 | 9.25% |
| 3 | 20111 West Valley Blvd | Tehachapi | Mar-24 | \$950,000 | \$67,675 | 7.12% |
| 4 | 112 S Curry Street | Tehachapi | Mar-24 | \$950,000 | \$52,805 | 5.56% |
| 5 | 21628 Golden Star Blvd | Tehachapi | Oct-23 | \$250,000 | \$15,096 | 6.04% |
| 6 | 20705 South Street | Tehachapi | Apr-23 | \$1,020,000 | \$54,842 | 5.38% |
| 7 | 402 E Tehachapi Blvd | Tehachapi | Jun-22 | \$450,000 | \$30,411 | 6.76% |
| 8 | 3911 Coffee Road | Bakersfield | Oct-24 | \$4,100,000 | \$245,842 | 6.00% |
| 9 | 1418 High Street | Delano | Sep-23 | \$1,226,000 | \$81,540 | 6.65% |
| 10 | 601 High Street | Delano | Apr-23 | \$2,000,000 | \$144,620 | 7.23% |

All sales represent a range between 5.32% to 9.25% with an average overall rate of 6.53%. Sales 1 through 5 were utilized in the sales comparison approach of this analysis and represent properties that were purchased for owner occupancy. The income and expenses were estimated in order to derive an overall capitalization rate. The overall rates for these sales range from 5.32% to 9.25% with an average of 6.66%. Sales 6 through 10 represent leased sales that were at stabilized occupancy at the time of sale. The overall capitalization rates from Sales 6 through 10 range from 5.38% to 7.23% with an average of 6.40%.

After analysis of the sales and their respective overall rates, a rate of 6.50% is applicable to the subject property. The market derived net operating income is capitalized as follows:

$$\$22,948 \text{ NOI} \div 6.50\% \text{ OAR} = \$353,046$$

Indicated Value by the Income Capitalization Approach (ROUNDED) \$353,000

RECONCILIATION AND FINAL VALUE CONCLUSION

Indications of value from the approaches utilized to form an opinion of the market value are shown as follows:

| | |
|---------------------------------------|------------------|
| Sales Comparison Approach | \$415,000 |
| Income Capitalization Approach | \$353,000 |

The sales comparison approach is the most direct method of observing the actions and attitudes of buyer and sellers in the marketplace. It is difficult however, to relate comparable transactions to the subject property because of differences in time of sale, location, occupancy and physical characteristics of the properties.

In this study the sales comparison approach considered five closed sales. The quality and quantity of market data was considered average and was useful in developing an opinion of the value. The sales comparison approach is a reliable indicator of value. As the subject property is owner occupied the sales comparison approach is given more weight than the income approach.

The income capitalization approach considers the income producing capability of the property. Investors place considerable importance on this method for investment properties such as the subject. The estimate of rental income was supported with comparable rental data. Appropriate deductions were made for vacancy and operating expenses to give an indication of net operating income. Both income and expenses were estimated, which reduces the reliability of the approach. Direct capitalization technique was used to convert income into an indication of value. The income approach is a reliable indicator, but is given less weight than the sales comparison approach.

As a result of my investigation and analyses presented in this report, it is my opinion that the market value "as is", fee simple as of August 27, 2024, subject to the assumptions and limiting conditions set forth in the addendum of this report, is the sum of:

FOUR HUNDRED THOUSAND DOLLARS
\$400,000

Bulk Value

The individual market value estimate, “as is”, for each of the four properties is summarized as follows:

| | |
|-------------------------|-------------------|
| 125 West E Street | \$ 159,000 |
| 115 West E Street | \$ 187,000 |
| 109 West E Street | \$ 178,000 |
| 101 & 105 West E Street | \$ 670,000 |
| 116 West F Street | <u>\$ 400,000</u> |
| Aggregate Retail Value | \$1,594,000 |

This assignment also includes a “bulk value” estimate. Bulk Value is defined as:

Bulk Value: "The bulk appraisal premise represents the market value that would be realized if a single buyer purchased multiple individual units of realty from a single seller. That is, it is the value of a number of parcels of realty should they be sold as a single package to a single buyer in a single transaction on the effective date of value."

The subject properties include four contiguous lots along one entire block of West E Street and a contiguous lot adjacent to the north across the alley on West F Street. A survey of brokers which specialize in commercial properties indicates a discount rate of between 5% and 20% for a bulk sale of this type. The typical buyer would most probably be a developer. Therefore, it is reasonable that a typical buyer would expect a discount from the aggregate retail value if purchasing the properties together in bulk. Considering all factors a reasonable discount is 10%, or \$159,000 (\$1,594,000 x 10.0% ROUNDED). The bulk value is shown as follows:

| | |
|------------------------|-------------------|
| Aggregate Retail Value | \$1,594,000 |
| Less Bulk Discount | <u>\$ 159,000</u> |
| Bulk Value Estimate | \$1,435,000 |

ASSUMPTIONS AND LIMITING CONDITIONS

Standards Rule ("S.R.") 2-1(c) of the "Standards of Professional Appraisal Practice of the Appraisal Foundation" requires the appraiser to "clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, and limiting condition used in the assignment." In interpreting this report, such assumptions and limiting conditions are set forth as follows:

Extraordinary Assumptions

1. None

Hypothetical Conditions

1. None

General Assumptions and Limiting Conditions

1. The conclusions and opinions expressed in this report apply to the date of value set forth in the letter of transmittal accompanying this report. The dollar amount of any value opinion or conclusion rendered or expressed in this report is based upon the purchasing power of the American dollar existing on the date of value.

2. The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The appraiser is not obligated to predict future political, economic or social trends.

3. In preparing this report, the appraiser was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the appraiser for the accuracy of such information and the appraiser assumes no responsibility for information relied upon later found to have been inaccurate. The appraiser reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

4. No opinion as to title of the subject property is rendered. Title is assumed to be marketable and free and clear of all liens, encumbrances, easements and restrictions except those specifically discussed in the report. The property is appraised assuming it to be under responsible ownership and competent management, and available for its highest and best use.

5. This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser is not a construction or engineering expert, and any opinion given on these matters in this report should be considered preliminary in nature.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or for arranging any engineering, surveys, soil studies, termite inspections or other special inspections or studies. Since no such tests, studies, or inspections were made, no liability is assumed for matters relating to engineering, architectural, structural, mechanical, or soils conditions which may be required to discover such factors. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, soils or sub soils. The presence of radon gas, hazardous waste, asbestos or any toxic and potentially dangerous materials and conditions have not been considered and such conditions may or may not be present. If any interested party is concerned about the existence, condition or adequacy of any particular item or condition, it is strongly suggested that the proper expert be hired for a detailed investigation.

6. Unless otherwise stated, the subject property is appraised assuming it to be in full compliance with all applicable zoning and land use regulations and restrictions. The property is appraised assuming that all required licenses, permits,

certificates, consents or other legislative and/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 opinion contained in this report is based.

No analysis or survey to determine if the property is in compliance with the Americans with Disabilities Act (ADA) has been provided the appraiser or made by the appraiser. Possible noncompliance with ADA was not considered in developing an opinion of value. No responsibility is assumed for determining whether the property is in conformity with the various detailed requirements of the ADA.

7. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

8. No opinion is expressed as to the value of subsurface oil, gas, water or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

9. Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

10. No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers.

11. Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the appraiser, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with proper written qualification and only in its entirety for its stated purpose.

12. The property which is the subject of this appraisal is within a geographic area prone to earthquakes and other seismic disturbances. Except as specifically indicated in the report, no seismic or geologic studies have been provided to the appraiser concerning the geologic and/or seismic condition of the subject property. The appraiser assumes no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

13. Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the appraiser's time to prepare for and attend any such hearing.

14. The liability of KERN APPRAISAL COMPANY, its employees, and independent contractors under agreement is limited to the client only and to the fee actually received by the appraiser. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all assumptions and limiting conditions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally.

CERTIFICATION

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

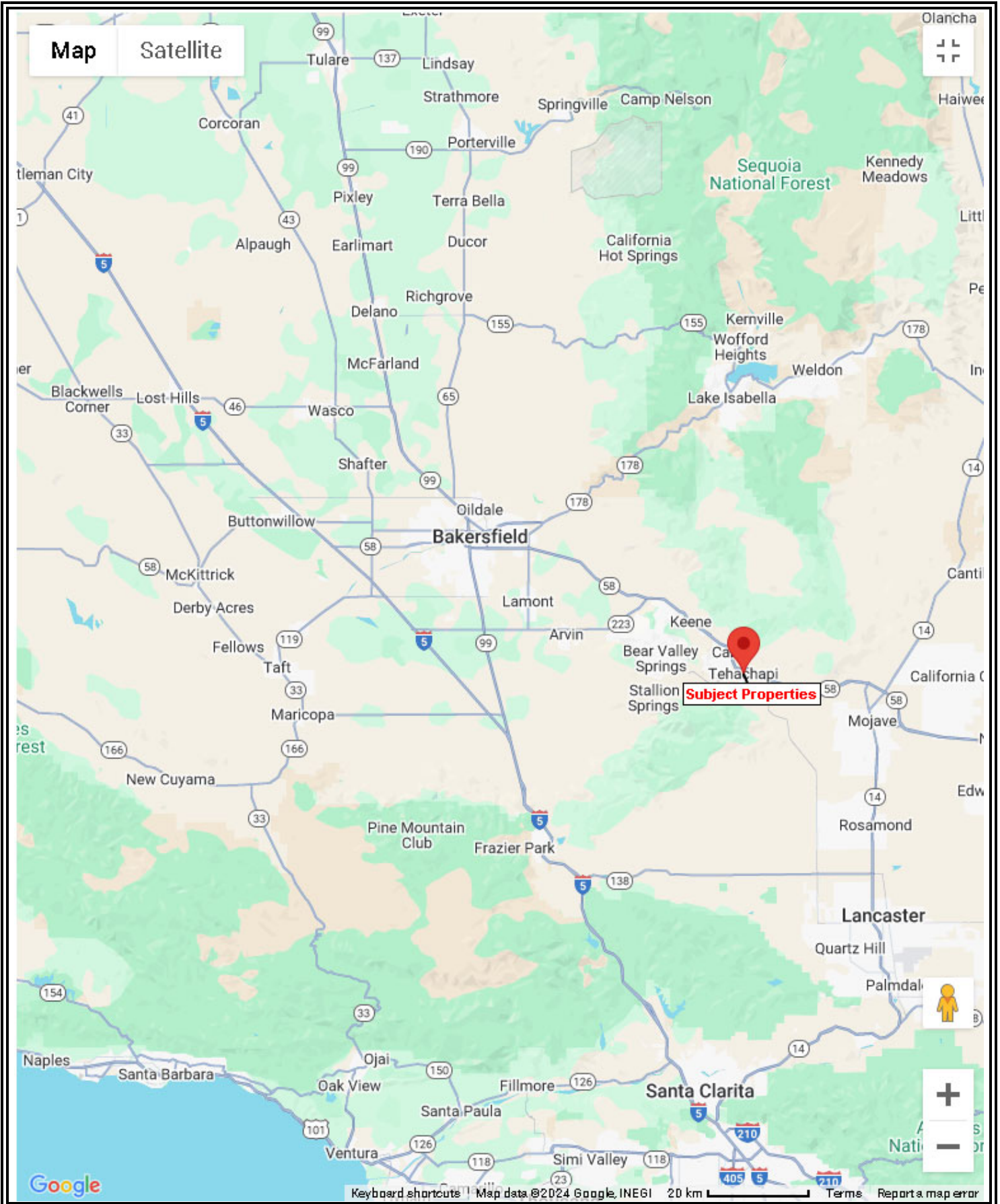
- The statements of fact contained in this report are true and correct.
- Nicole Atherton has made personal inspections of the property that is the subject of this report.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by their duly authorized representatives.
- As of the date of this report, Nicole Atherton, has completed the requirements under the continuing education program of the Appraisal Institute.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



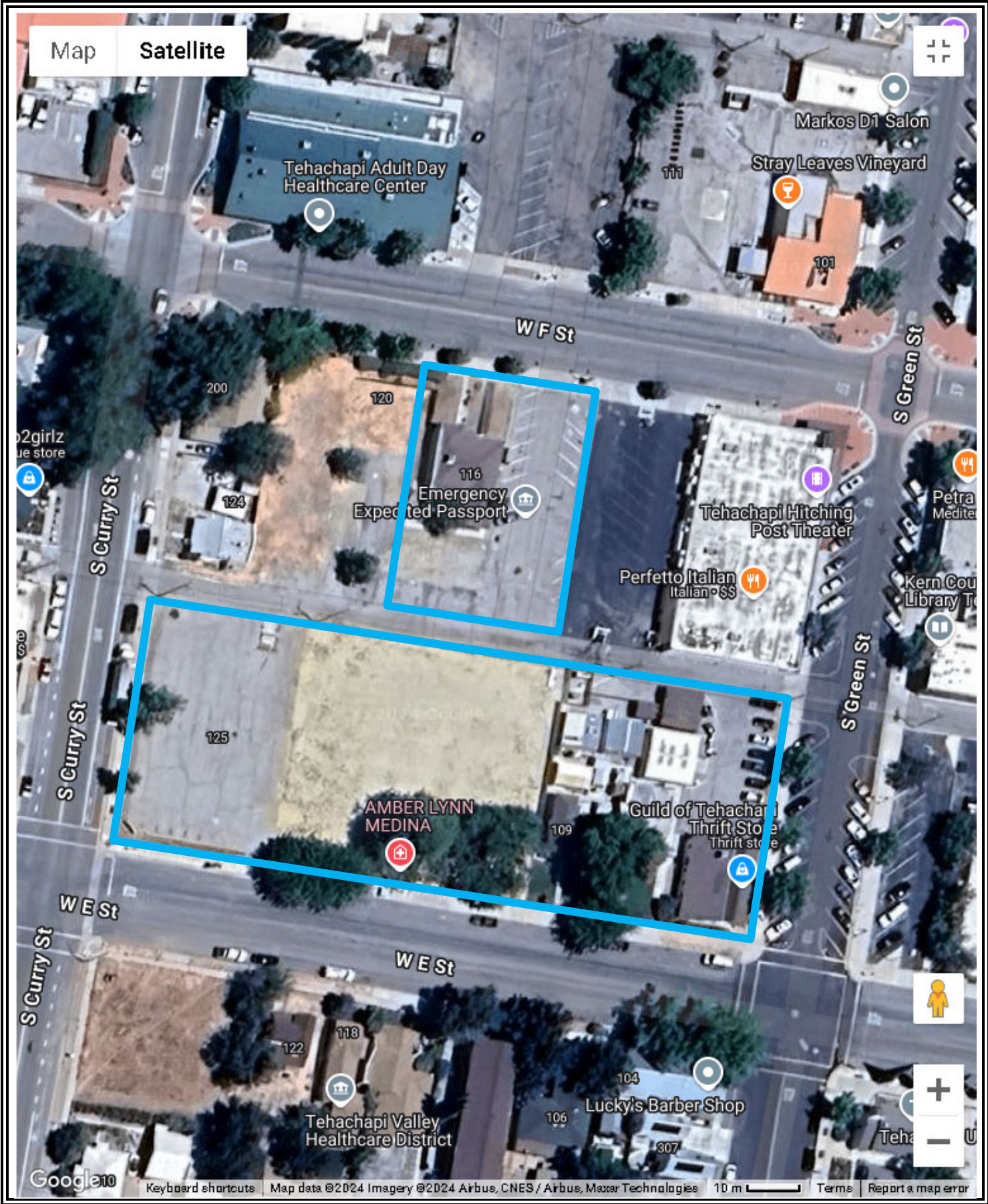
Nicole Atherton, MAI
Certified General #: AG040635
CA Expiration: 07/04/2026

Addendum

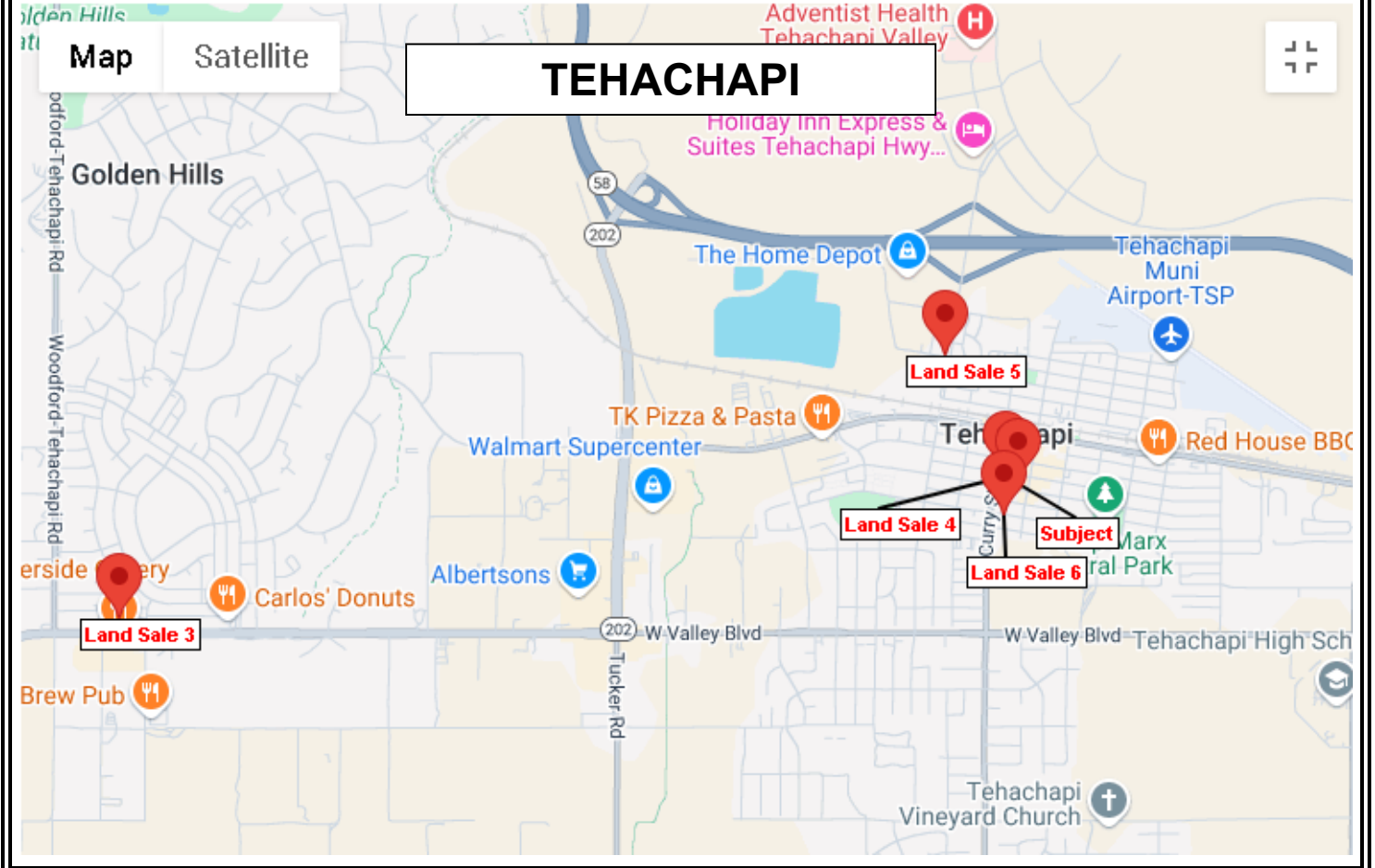
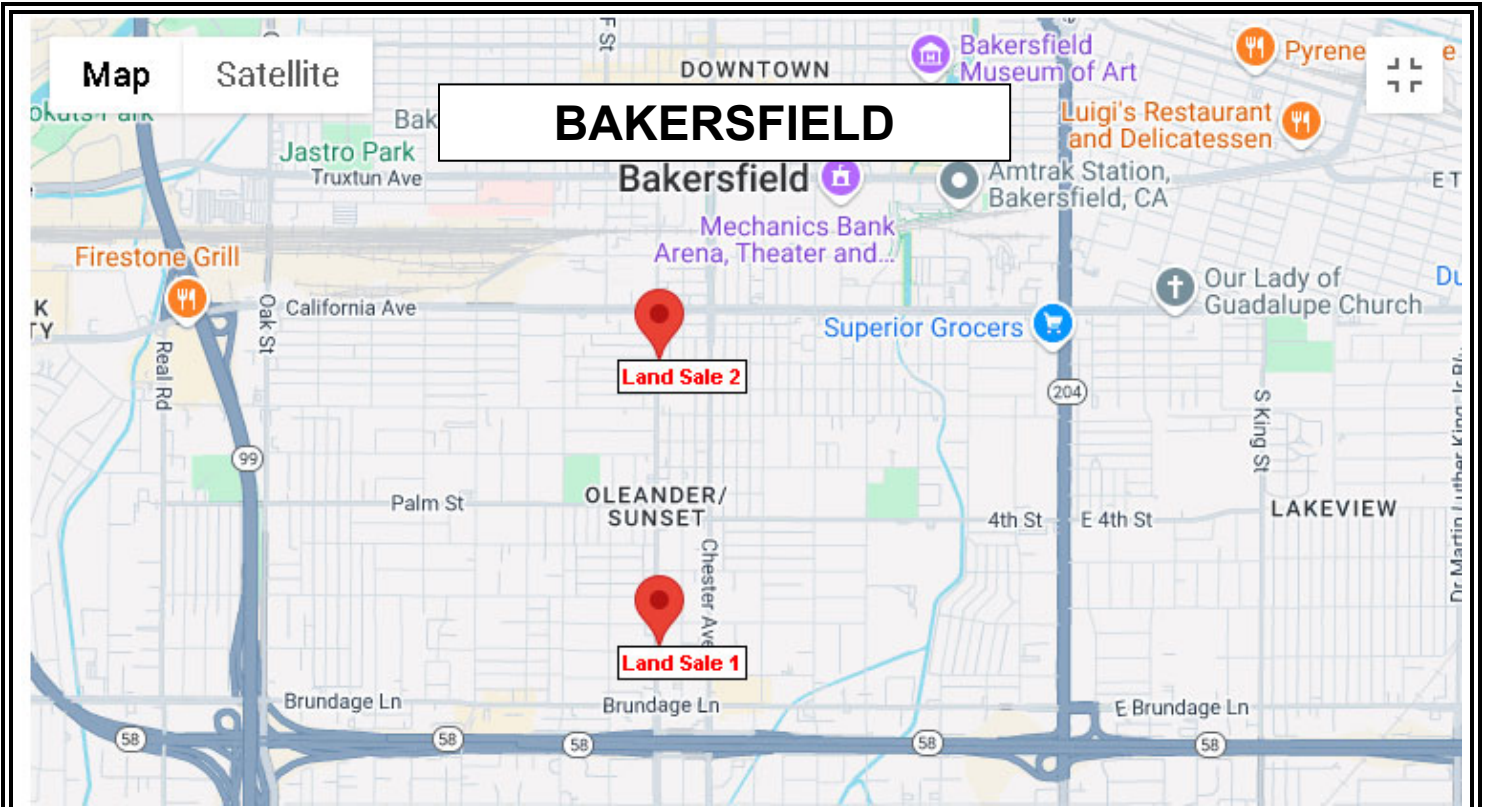
Area Map



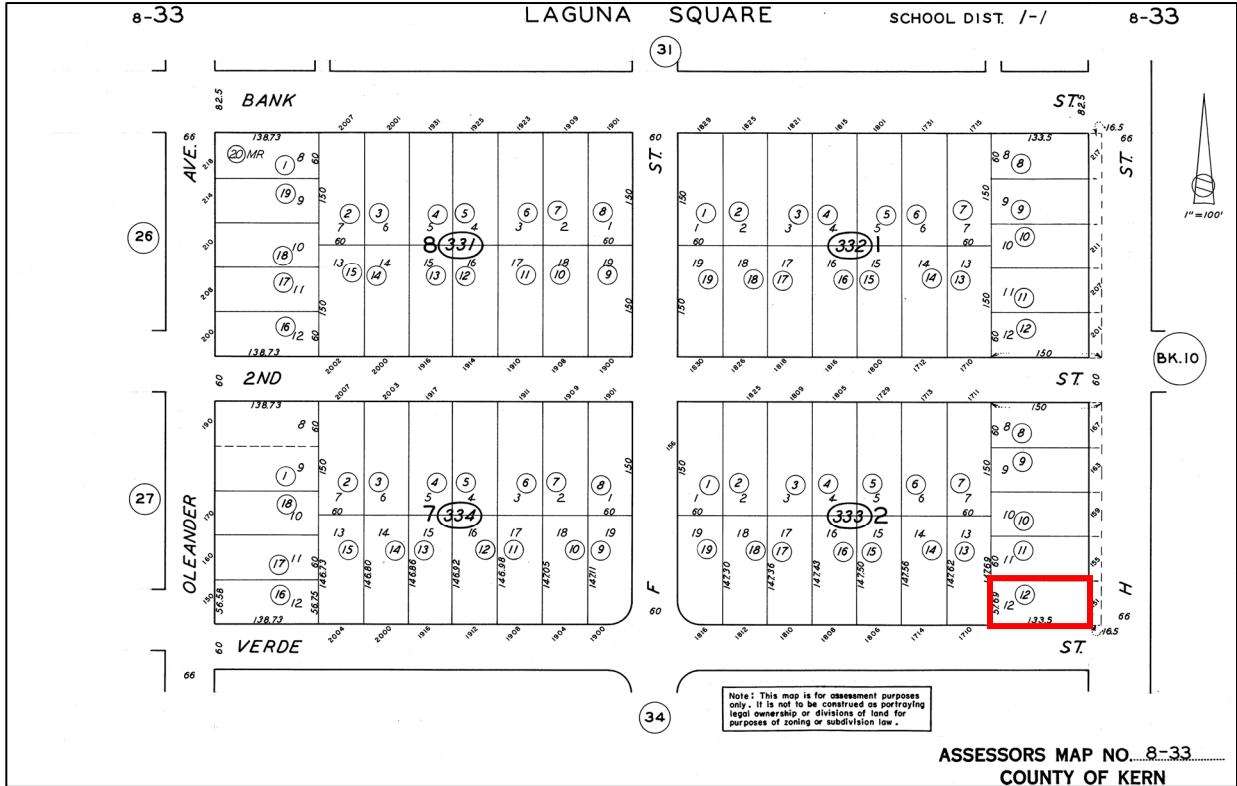
Aerial View of Subject Properties



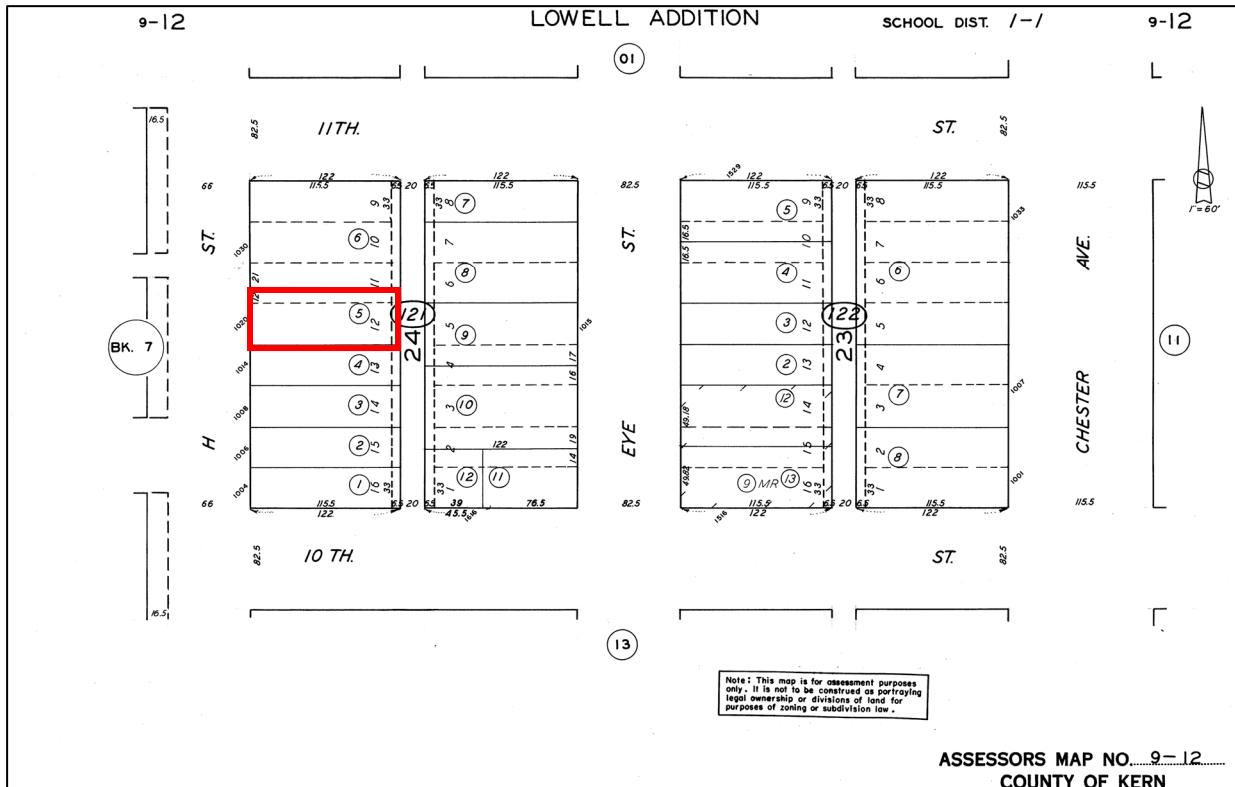
Comparable Land Sales



COMPARABLE LAND SALE PLAT MAPS

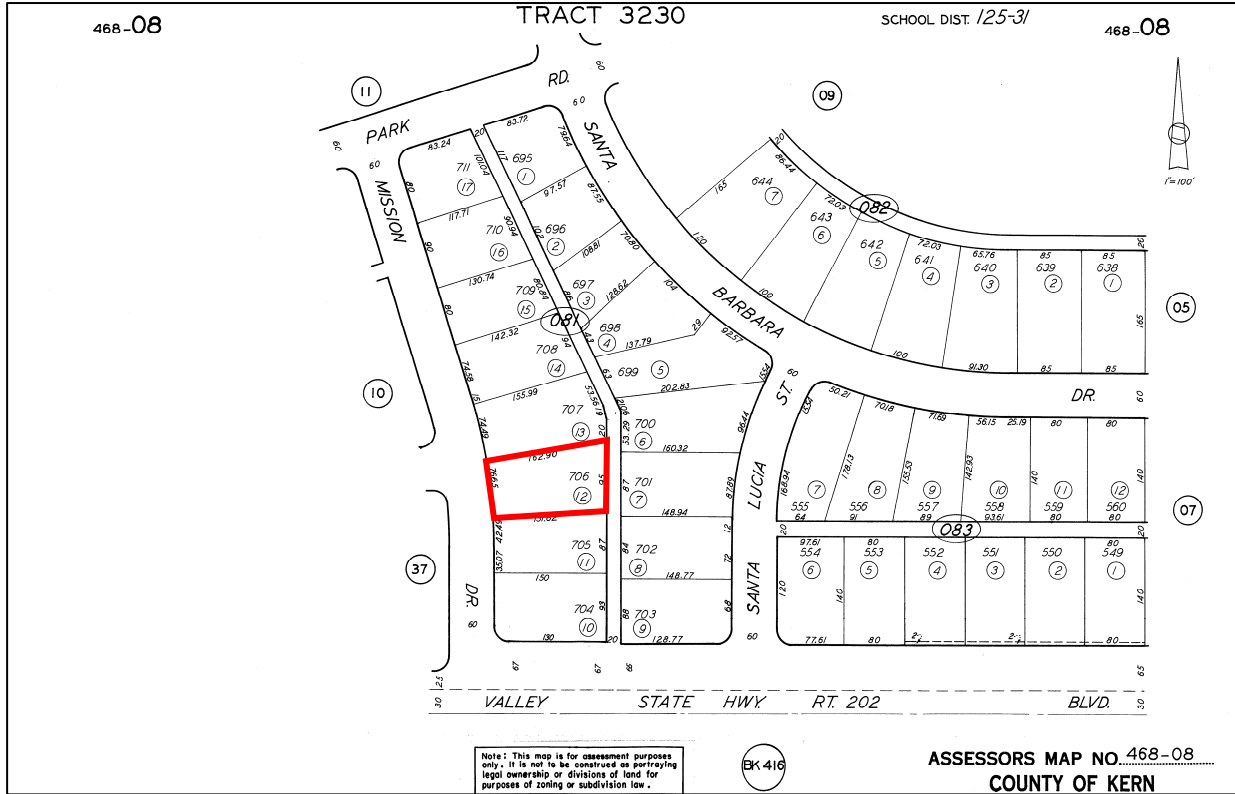


Land Sale 1 – 151 H Street, Bakersfield

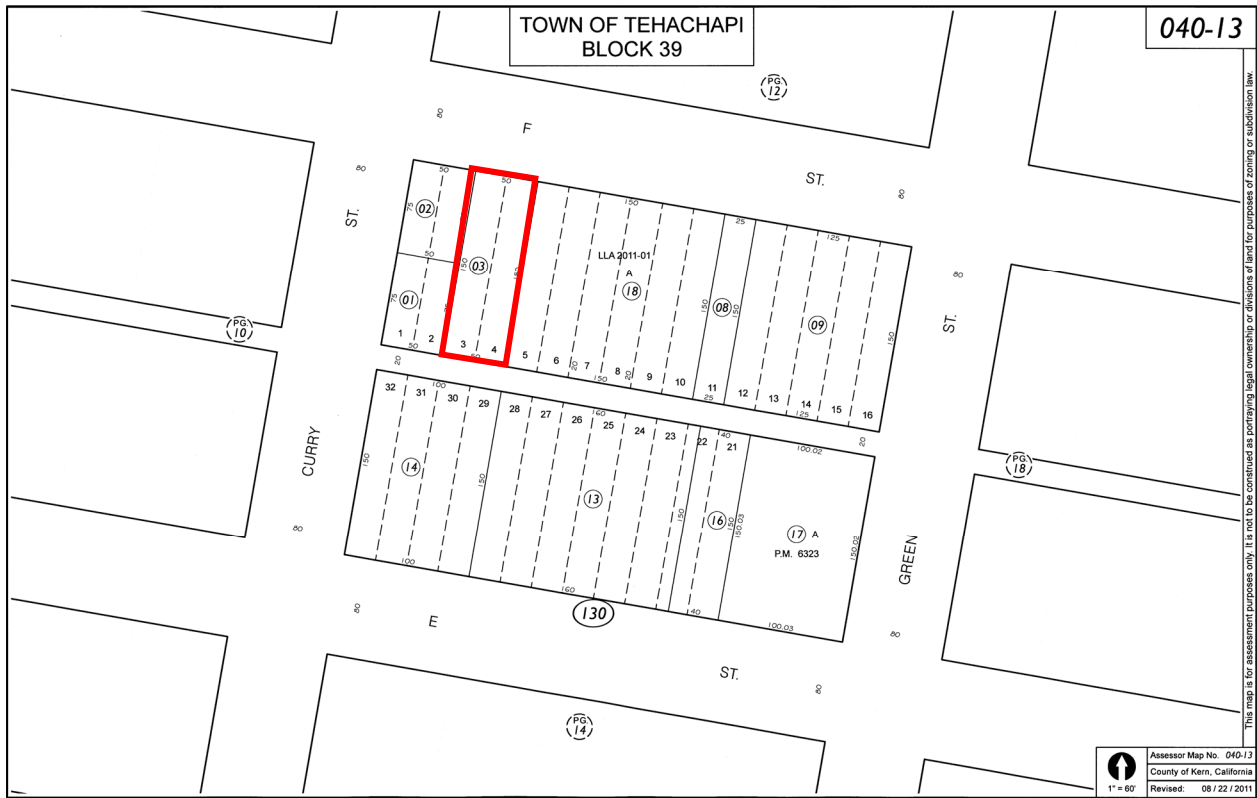


Land Sale 2 – 1020 H Street, Bakersfield

COMPARABLE LAND SALE PLAT MAPS

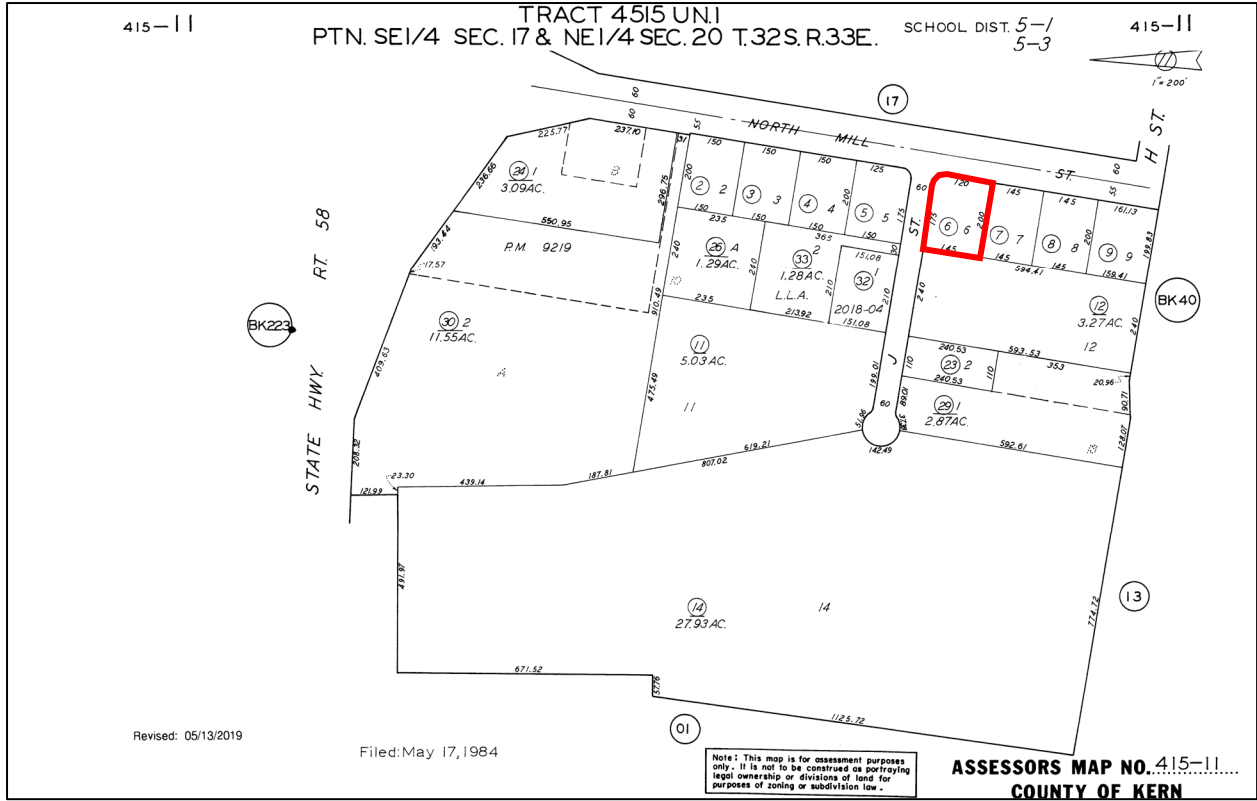


Land Sale 3 – 21020 Mission Street, Tehachapi

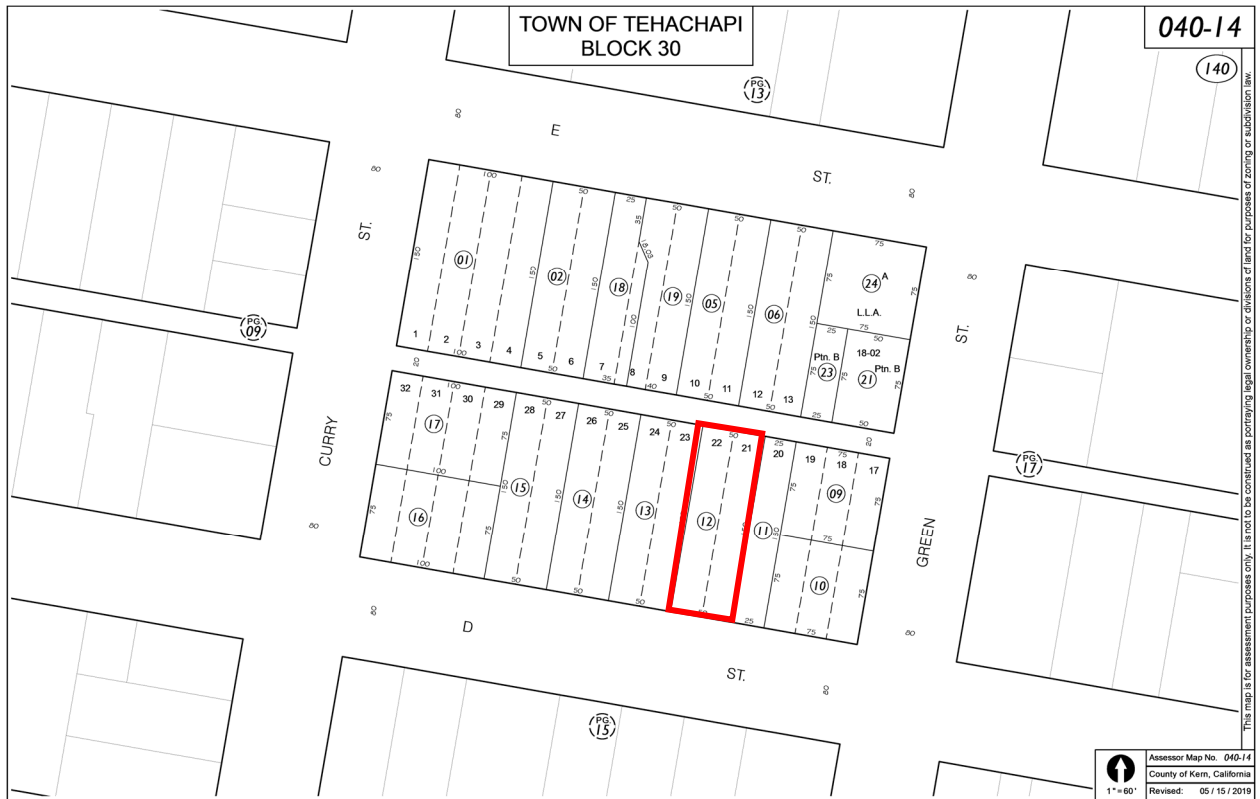


Land Sale 4 – 124 West F Street, Tehachapi

COMPARABLE LAND SALE PLAT MAPS

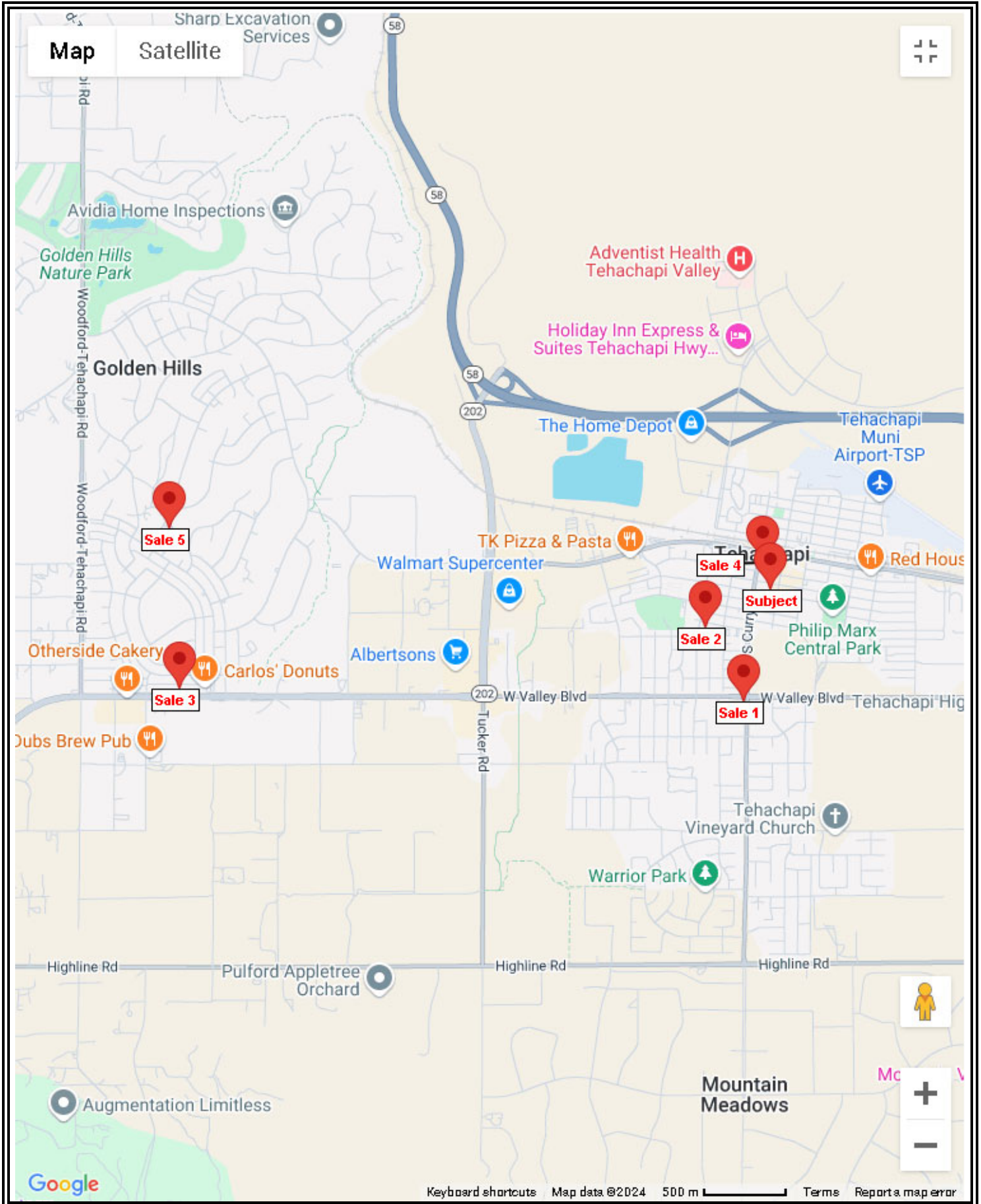


Land Sale 5 – SWC North Mill St & J St, Tehachapi



Land Sale 6 – 111 West D Street, Tehachapi

Comparable Improved Sales



IMPROVED PROPERTY SALE 1

GENERAL INFORMATION

Item: Improved Property Sale
Type: Professional Office
Site Name: N/A
Address: 200 W Valley Blvd
City, County: Tehachapi, Kern
Parcel No.: 416-240-15
Property Rights: Fee Simple

PROPERTY INFORMATION

Building Area (SF): 924
Rentable Size (SF): 924
Land Size (SF): 12,763
Land Size (Acres): 0.293
Construction: "D"
Stories: One
Building/Land: 0.07
Year Built: 1941
Quality: Average
Condition: Very Good



SALE DETAILS

Sale Date: June 04, 2024
Seller: TERRENCE KRELLE
Buyer: TEHACHAPI VINYARD
Sale Price: \$325,000
Sale Price/SF: \$351.73
Adjusted Sale Price: \$325,000
Adjusted Sale Price/SF: \$351.73

RECORDING/CONFIRMATION

Confirmed By: Listing Agent/Seller
With: United Country RE
Document No.: 68230
Recording Date: June 13, 2024

ANNUAL PROPERTY OPERATING DATA

| | <u>Income</u> |
|----------------|---------------|
| Gross Inc: | \$27,720 |
| Vac Loss: | \$1,109 |
| Eff Gross Inc: | \$26,611 |
| Total Exp: | \$9,314 |
| NOI: | \$17,297 |

| | <u>Calculated Rates</u> |
|-------|-------------------------|
| EGIM: | 12.21 |
| OAR: | 5.32% |

COMMENTS

The property is situated on the corner of two thoroughfares, W Valley Blvd (Hwy 202) and S Curry Street, just outside of the downtown area of Tehachapi. The property was formerly used as a real estate office and was purchased by a church for owner use as administration offices. The improvements were originally built as a single-family residence and was recently renovated. Areas include reception, three private offices, break room and restroom. Site improvements include a parking area, landscaping, and storage building. Terms of the sale were 25% cash downpayment with the remainder to a conventional loan. The property was listed for \$349,000 for a total of 136 days on the market. NOI estimated by the appraiser.

IMPROVED PROPERTY SALE 2

GENERAL INFORMATION

Item: Improved Property Sale
Type: Office Building
Site Name: N/A
Address: 432 S. Mill Street
City, County: Tehachapi, Kern
Parcel No.: 040-070-20
Property Rights: Fee Simple



PROPERTY INFORMATION

Building Area (SF): 7,864
Rentable Size (SF): 7,864
Land Size (SF): 25,700
Land Size (Acres): 0.590
Construction: "C"
Stories: One
Building/Land: 0.31
Year Built: 1974
Quality: Average
Condition: Poor

SALE DETAILS

Sale Date: May 07, 2024
Seller: RICHARD N MERKIN
Buyer: GOODMILL LLC
Sale Price: \$630,000
Sale Price/SF: \$80.11
Adjusted Sale Price:
Adjusted Sale Price/SF:

ANNUAL PROPERTY OPERATING DATA

| | <u>Income</u> |
|----------------|---------------|
| Gross Inc: | \$94,368 |
| Vac Loss: | \$4,718 |
| Eff Gross Inc: | \$89,650 |
| Total Exp: | \$31,378 |
| NOI: | \$58,272 |

RECORDING/CONFIRMATION

Confirmed By: Listing Agent
With: Miramar International
Document No.: 60418
Recording Date: May 24, 2024

| | <u>Calculated Rates</u> |
|-------|-------------------------|
| EGIM: | 7.03 |
| OAR: | 9.25% |

COMMENTS

The property is a corner parcel on South Mill Street near the downtown area of Tehachapi. Surrounding uses include medical and professional office along with residential properties. The improvements consist of a medical office with 24 different offices/rooms. The listing agent indicated the property was in below average condition and is dated. There was a flood due to plumbing issues and the plumbing was also in need of being replaced. The site improvements include landscaping and a paved parking lot. The property was purchased for owner occupancy; however, the listing agent could not disclose the buyer's plans for use. Marketing time as 99 days with an asking price of \$785,000. Terms of the sale were cash.

IMPROVED PROPERTY SALE 3

GENERAL INFORMATION

Item: Improved Property Sale
Type: Medical Office
Site Name: Tehachapi Valley Healthcare District
Address: 20111 W Valley Blvd
City, County: Tehachapi, Kern
Parcel No.: 468-071-16
Property Rights: Fee Simple



PROPERTY INFORMATION

Building Area (SF): 3,060
Rentable Size (SF): 3,060
Land Size (SF): 10,890
Land Size (Acres): 0.250
Construction: "D"
Stories: One
Building/Land: 0.28
Year Built: 2006
Quality: Good
Condition: "Good"

SALE DETAILS

Sale Date: March 05, 2024
Seller: E R ORKIZ & REYNA-ORKI TRUST
Buyer: TEHACHAPI VALLEY HEALTHCARE DISTRICT
Sale Price: \$950,000
Sale Price/SF: \$310.46
Adjusted Sale Price: \$950,000
Adjusted Sale Price/SF: \$310.46

ANNUAL PROPERTY OPERATING DATA

| | <u>Income</u> |
|----------------|---------------|
| Gross Inc: | \$73,440 |
| Vac Loss: | \$3,672 |
| Eff Gross Inc: | \$69,768 |
| Total Exp: | \$2,093 |
| NOI: | \$67,675 |

Calculated Rates

| | |
|-------|-------|
| EGIM: | 13.62 |
| OAR: | 7.12% |

RECORDING/CONFIRMATION

Confirmed By: Listing Agent
With: Miramar International
Document No.: 28249
Recording Date: March 14, 2024

COMMENTS

The property is situated mid-block with frontage road along West Valley Boulevard in the Old Towne area of Tehachapi. Surrounding uses include retail, office, general commercial, and some service industrial. The property was a medical office owned and occupied by a local physician who was retiring. The property was purchased for owner use by Tehachapi Valley Health District. Medical equipment and furniture was also purchased in a separate transaction. Terms of the sale were all cash. The property was listed for \$990,000 for a total of 152 days on the market. NOI estimated by the appraiser.

IMPROVED PROPERTY SALE 4

GENERAL INFORMATION

Item: Improved Property Sale
Type: Professional Office
Site Name: Door of Hope Building
Address: 112 S Curry Street
City, County: Tehachapi, Kern
Parcel No.: 040-120-17
Property Rights: Fee Simple

PROPERTY INFORMATION

Building Area (SF): 3,526
Rentable Size (SF): 3,526
Land Size (SF): 7,125
Land Size (Acres): 0.164
Construction: "C"
Stories: Two
Building/Land: 0.49
Year Built: 1930
Quality: Good
Condition: Average+



SALE DETAILS

Sale Date: June 30, 2023
Seller: MG & KE NIXON FAMILY TRUST
Buyer: ALL-PRO TEHACHAPI ASSOCIATES INC
Sale Price: \$525,000
Sale Price/SF: \$148.89
Adjusted Sale Price: \$525,000
Adjusted Sale Price/SF: \$148.89

RECORDING/CONFIRMATION

Confirmed By: Listing Agent
With: Keller Williams Realty
Document No.: 129221
Recording Date: October 23, 2023

COMMENTS

The property is situated midblock, adjacent an alley, in the downtown area of Tehachapi. The property has had many uses over the years including Odd Fellows Hall, a movie theater, dance hall, the red cross, telephone company, and at one point a private residence. The most recent use was as an office. It was purchased for owner use as a real estate office. The improvements have been renovated multiple times over the years but has kept some historical/original fixtures. The HVAC was replaced in 2016. Areas include reception and multiple private offices downstairs with a meeting room and additional private offices upstairs. Site improvements include a fenced and landscaped yard with gazebo and a privacy gate. Terms of the sale were cash equivalent with 11% cash downpayment, 19% seller carried loan at market terms, and the remainder to a conventional loan. The property was listed for \$525,000 for a total of 289 days on the market. NOI estimated by the appraiser.

ANNUAL PROPERTY OPERATING DATA

| | <u>Income</u> |
|----------------|-------------------------|
| Gross Inc: | \$84,624 |
| Vac Loss: | \$3,385 |
| Eff Gross Inc: | \$81,239 |
| Total Exp: | \$28,434 |
| NOI: | \$52,805 |
| | <u>Calculated Rates</u> |
| EGIM: | 6.46 |
| OAR: | 10.06% |

IMPROVED PROPERTY SALE 5

GENERAL INFORMATION

Item: Improved Property Sale
Type: Office Building
Site Name: N/A
Address: 21628 Golden Star Blvd
City, County: Tehachapi, Kern
Parcel No.: 467-122-08
Property Rights: Fee Simple

PROPERTY INFORMATION

Building Area (SF): 1,344
Rentable Size (SF): 1,344
Land Size (SF): 7,405
Land Size (Acres): 0.170
Construction: "D"
Stories: One
Building/Land: 0.18
Year Built: 2009
Quality: Average
Condition: Average



SALE DETAILS

Sale Date: September 12, 2023
Seller: DL & TD STEINBERG TRUST
Buyer: SHINY STAR LLC
Sale Price: \$250,000
Sale Price/SF: \$186.01
Adjusted Sale Price:
Adjusted Sale Price/SF:

RECORDING/CONFIRMATION

Confirmed By: Listing Agent
With: ReMax
Document No.: 119190
Recording Date: October 02, 2023

COMMENTS

The property is a corner parcel on Golden Star Boulevard near the Old Towne area of Tehachapi. Surrounding uses include some medical and professional office along with residential properties. The improvements consist of a medical office previously utilized as a physical therapy office. The buyers purchased for owner occupancy as a medical office and planned to update the building with medical office interior improvements after the sale. The site improvements include landscaping and a paved parking lot. Marketing time was just over a year with an asking price of \$295,000. Terms of the sale were cash.

ANNUAL PROPERTY OPERATING DATA

| | <u>Income</u> |
|----------------|-------------------------|
| Gross Inc: | \$24,192 |
| Vac Loss: | \$1,210 |
| Eff Gross Inc: | \$22,982 |
| Total Exp: | \$8,043 |
| NOI: | \$14,939 |
| | <u>Calculated Rates</u> |
| EGIM: | 10.88 |
| OAR: | 5.98% |

COMPARABLE RENT PHOTOGRAPHS – 109 WEST E STREET



Rent 1 – 125 East F Street



Rent 2 – 414 W Tehachapi Blvd



Rent 3 – 20430 Brian Way



Rent 4 – 1100 W Tehachapi Blvd

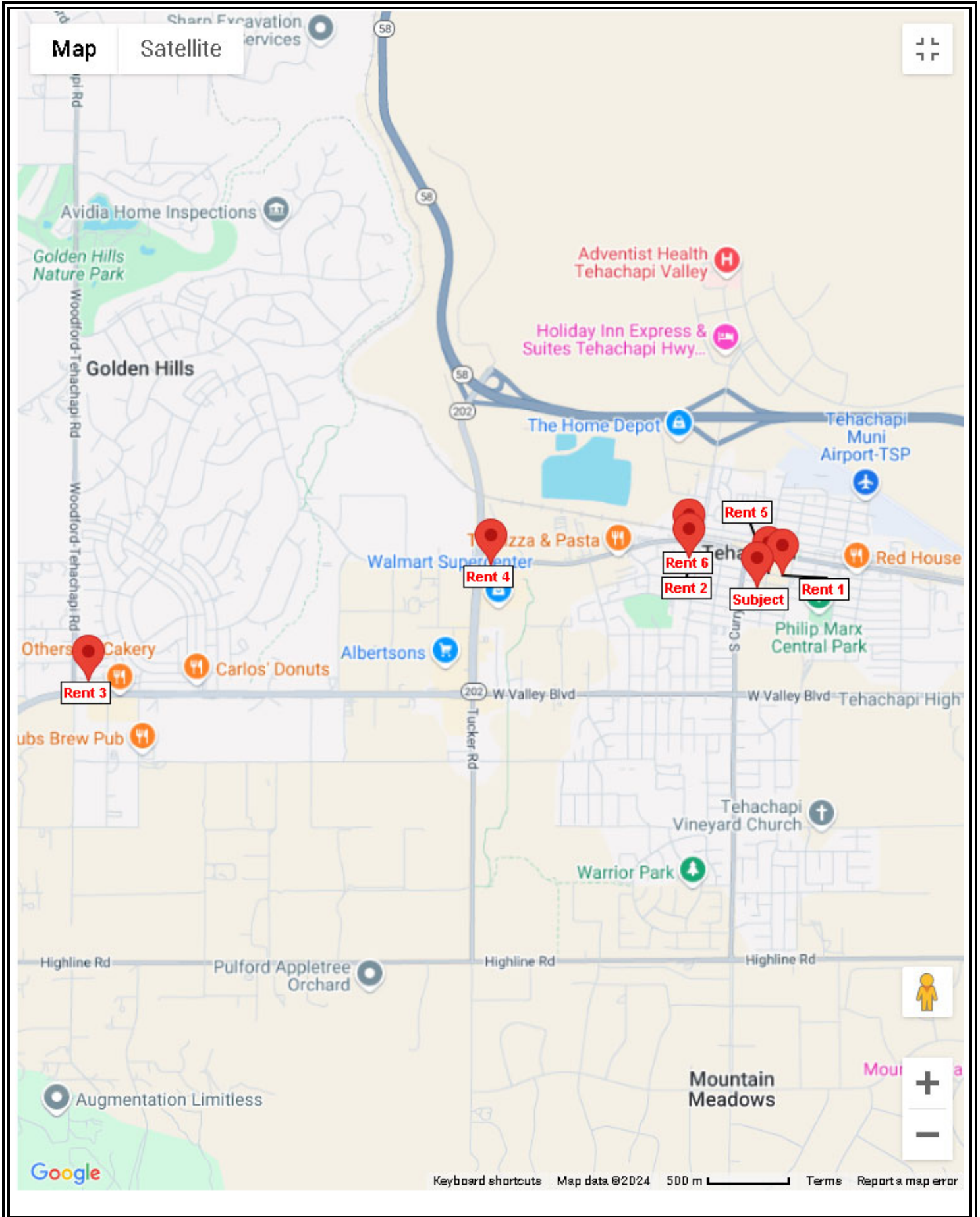


Rent 5 – 122 S Green Street



Rent 6 – 414 W Tehachapi Blvd

Comparable Improved Rents



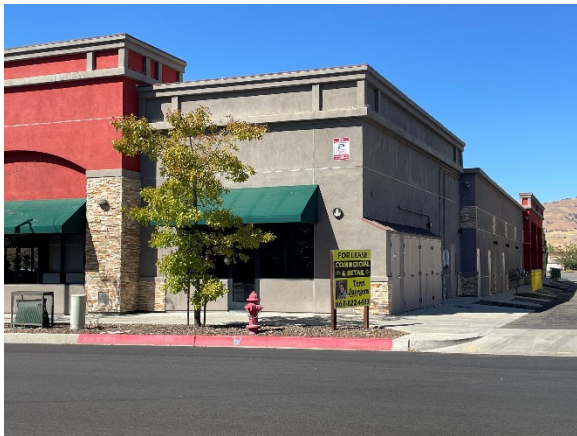
COMPARABLE RENT PHOTOGRAPHS – 101 & 105 WEST E St



Rent 1 – 815 Tucker Road



Rent 2 – 6001 Truxtun Ave, Bldg B



Rent 3 – 414 W Tehachapi Blvd



Rent 4 – 20430 Brian Way

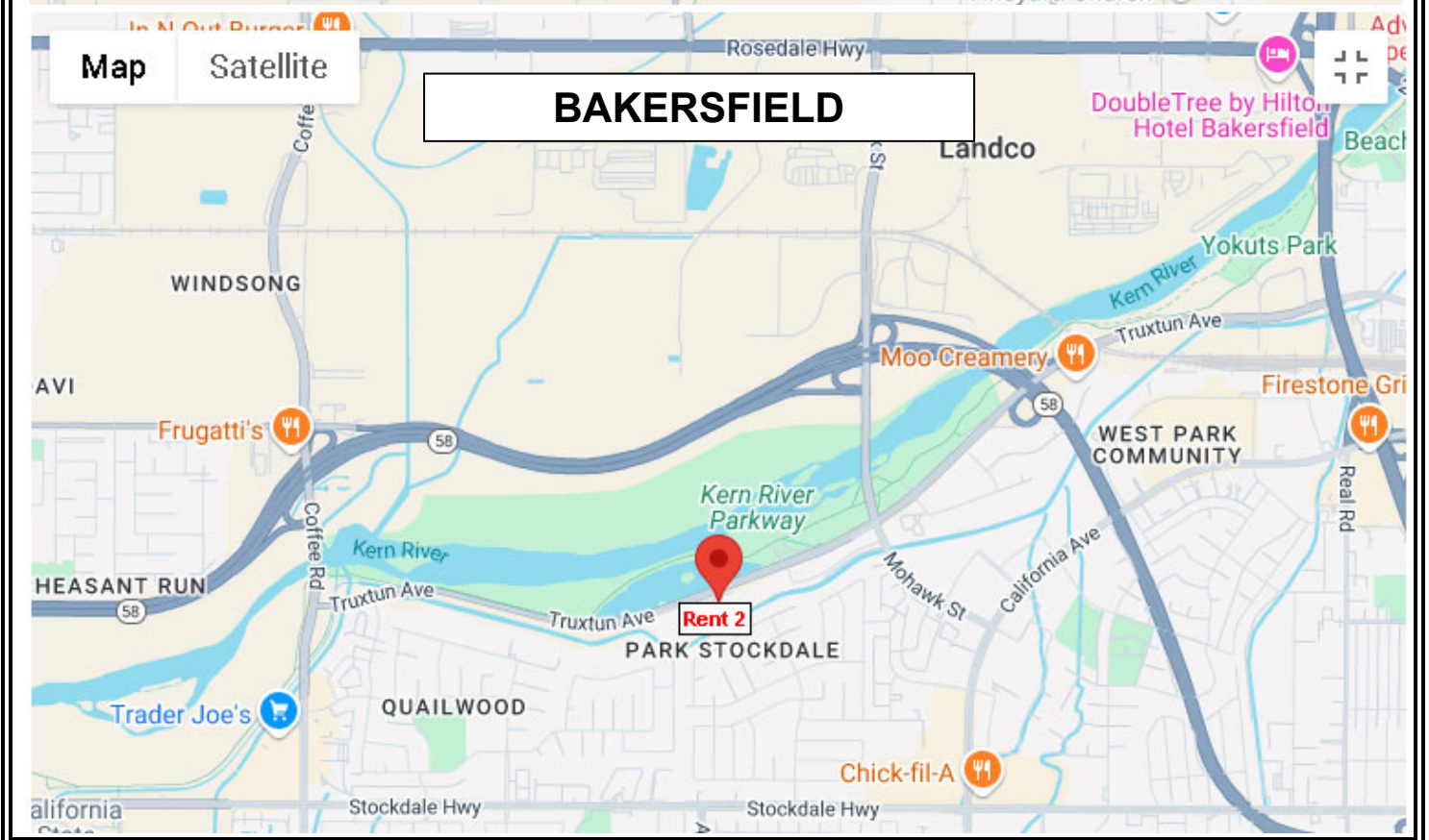
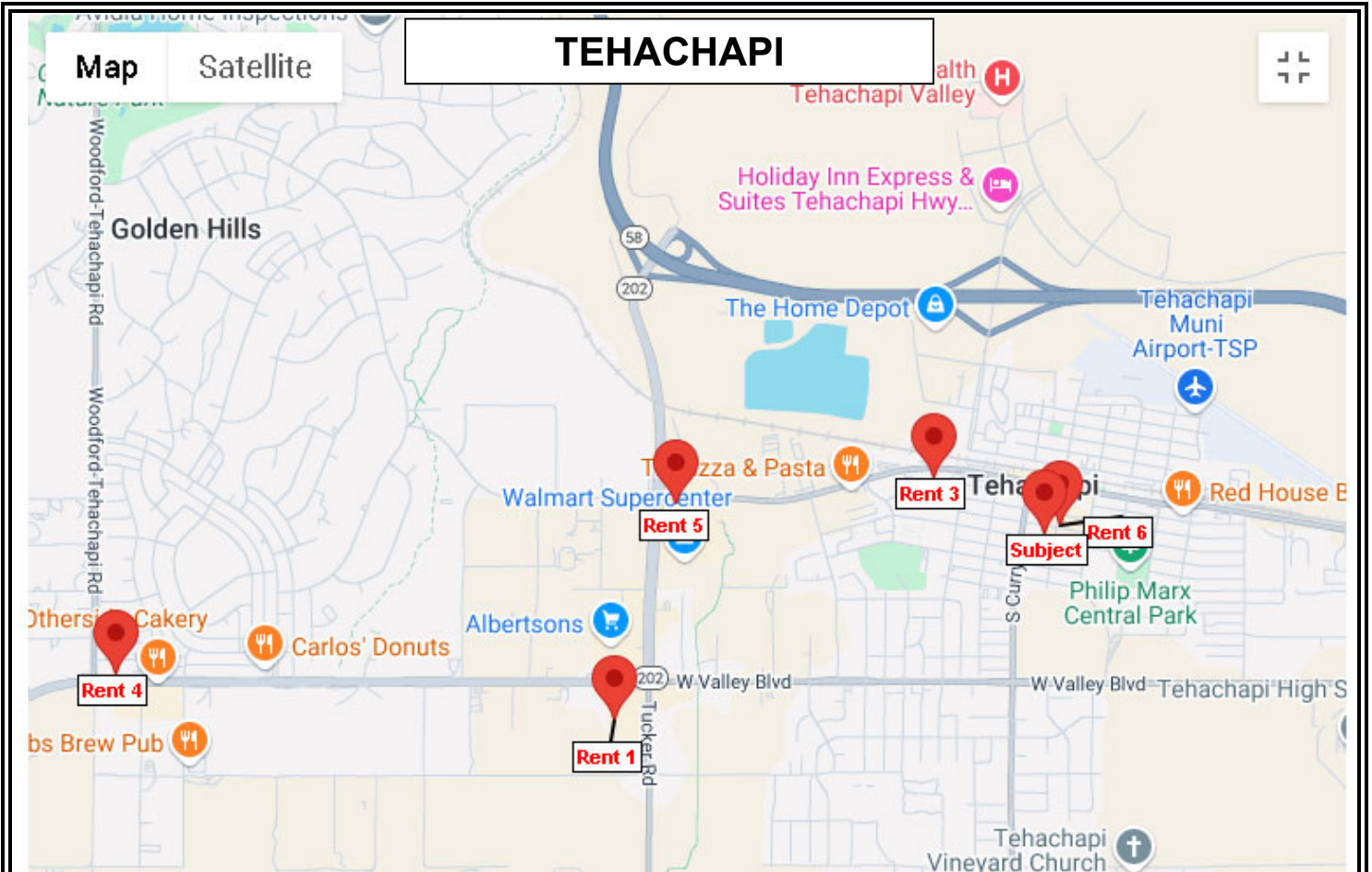


Rent 5 – 1100 W Tehachapi Blvd



Rent 6 – 122 S Green Street

Comparable Improved Rents



COMPARABLE RENT PHOTOGRAPHS – 116 WEST F STREET



Rent 1 – 815 Tucker Road



Rent 2 – 414 W Tehachapi Blvd



Rent 3 – 20430 Brian Way



Rent 4 – 1100 W Tehachapi Blvd



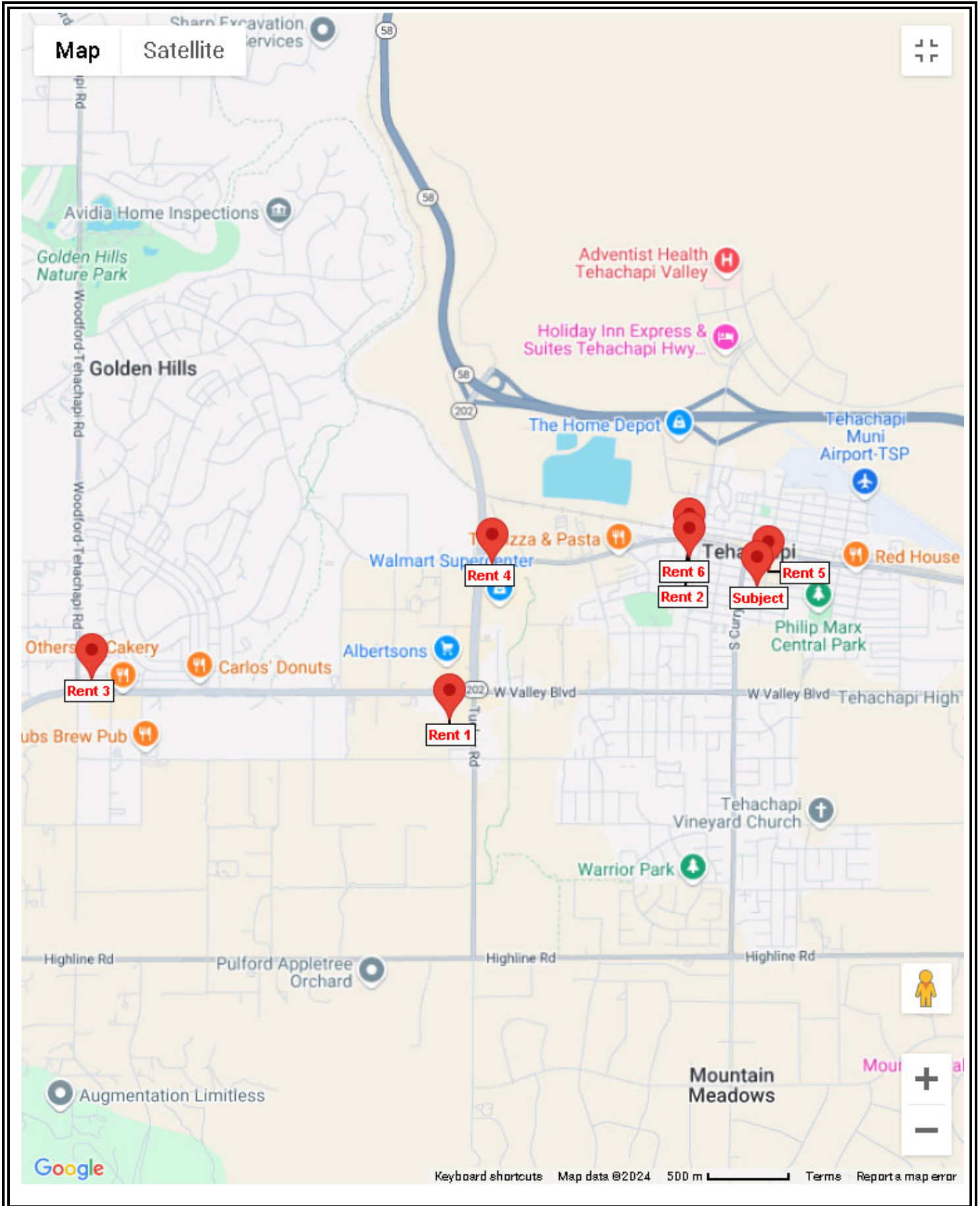
Rent 5 – 122 S Green Street

F



Rent 6 – 414 W Tehachapi Blvd

Comparable Improved Rents





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

Nicole E. Atherton

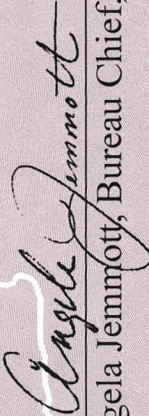
has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

B P F
"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 040635

Effective Date: July 5, 2024
Date Expires: July 4, 2026


Angela Jemmott, Bureau Chief, BREA

3076832

Appraisal Qualifications of Nicole Atherton, MAI

Kern Appraisal Company
5401 Business Park South, Suite 226
Bakersfield, CA 93309
(661) 321-0545 Ext 2202 Fax (661) 321-0995

Experience:

Real Estate Appraiser/Owner, Kern Appraisal Company
Bakersfield, California. September 2014 to Present

Real Estate Appraiser, Dallis Higdon & Associates
Bakersfield, California. March 2007 to August 2014

State Certification:

State of California Certified General Real Estate Appraiser
BREA Appraiser Identification Number AG040635

Professional Affiliations:

Awarded MAI Designation 2016
Appraisal Institute Central California Chapter President 2018, 2019
Appraisal Institute Central California Chapter Vice President 2017
Appraisal Institute Central California Chapter Vice President & Treasurer 2015, 2016
Appraisal Institute Central California Chapter Secretary, Education Chair 2013, 2014
Appraisal Institute Central California Chapter Associate Board Member 2010-12

Education:

Bachelor of Science Degree
Business Administration with concentration in Accounting
California State University at Bakersfield, Graduated Magna cum Laude in June 1997

Successful completion of the following real estate courses:

Appraisal Institute:

Appraisal Procedures
General Appraiser Site Valuation and Cost Approach
General Appraiser Sales Comparison Approach
General Appraiser Income Capitalization I
General Appraiser Income Capitalization II
Advanced Income Capitalization
General Appraiser Report Writing Case Studies
Real Estate Finance Statistics and Valuation Modeling
General Appraiser Market Analysis and Highest & Best Use
Advanced Concepts and Case Studies
The Appraiser as an Expert Witness: Preparation and Testimony

Eminent Domain and Condemnation
The Discounted Cash Flow Model: Concepts, Issues, and Applications
Introduction to Green Buildings: Principles and Concepts
New Technology for Real Estate Appraisers
Supervisory Appraiser/Trainee Appraiser Course
Business Practices and Ethics (Latest 2022)
7 Hour National USPAP Course (Latest 2024)

Other:

Appraisal Principles
15 Hour National USPAP Course
Laws and Regulations for California Appraisers (Latest 2022)

Seminars:

IREM Bakersfield Real Estate Forecast Breakfast (Annual)
Bakersfield Multifamily Real Estate Market Update and Forecast
Bakersfield Residential Real Estate Market Update and Forecast
The Evaluation Crossroads – Evolving Finance & Regulation
Litigation Support Outside the Box
The Valuation Analyst
Appraising Federal Property
Shining Light on Dark Box Theories
MAI-Esquire's on Appraiser Defense
The Uniform Appraisal Dataset, Fannie Mae and Freddie Mac
Loss Prevention for Real Estate Appraisers
Federal Laws & Regulations
Appraisal Institute 2018 Annual Conference, Nashville TN
Appraisal Institute 2019 Annual Conference, Denver CO

Scope of Experience

| | |
|------------------|---|
| Commercial: | Shopping centers, professional office buildings, restaurants, banks, retail stores, medical office buildings, mini-markets, automotive and service-related retail |
| Industrial: | Office warehouses, shops, packing sheds, self-storage facilities, heavy industrial |
| Residential: | Apartments, residences, condominiums, subdivision analysis |
| Special Purpose: | Motels, hotels, churches, airplane hangars, private schools |
| Other: | Condemnation |

Notice of Intent to Adopt a Mitigated Negative Declaration

TO: Responsible Agencies, Trustee Agencies, Interested Parties

LEAD AGENCY: City of Tehachapi

PROJECT TITLE: Tehachapi Reclaimed Water Project

REVIEW PERIOD: September 27, 2024 to October 28, 2024

PROJECT DESCRIPTION: The City of Tehachapi (City) as lead agency under the California Environmental Quality Act (CEQA) is proposing to implement the Tehachapi Reclaimed Water Project (proposed project). The proposed project would change the location of application of the secondary treated effluent produced at the Tehachapi Wastewater Treatment Plant (WWTP) from the agricultural fields near the Tehachapi Municipal Airport to a new location south of the Borrow Pit. The proposed project would construct a new pump station at the Borrow Pit and a new pipeline to convey treated wastewater effluent from the existing Borrow Pit to the new agricultural turnout located at the southwest intersection of Steuber Road and Highline Road.

PROJECT LOCATION: The proposed project is located in the City of Tehachapi and portions of unincorporated Kern County as shown on **Figure 1**. The City is approximately 35 miles southeast of the City of Bakersfield and 50 miles northwest of the City of Lancaster.

HAZARDOUS WASTE DISCLOSURE: The project site is not included on any lists enumerated under Government Code Section 65962.5, which includes but is not limited to lists of hazardous waste facilities, properties, and disposal sites.

FINDINGS/ENVIRONMENTAL EFFECTS: The City of Tehachapi as the Lead Agency has prepared an Initial Study/Mitigated Negative Declaration (IS/MND) to provide the public and trustee and responsible agencies with information about the potential effects on the local and regional environment associated with the proposed project. The IS/MND describes potentially significant impacts on biological resources, cultural resources, geology and soils, hazards and hazardous materials, noise, transportation, and wildfire. Mitigation measures have been identified for these environmental topics to reduce impacts to less than significant levels. Effects found to be less than significant and those with no environmental impacts are also described in the IS/MND. The City of Tehachapi has reviewed and considered the proposed project and has determined that the project will not have a significant effect on the environment. The City of Tehachapi hereby proposes to adopt a Mitigated Negative Declaration for this project.

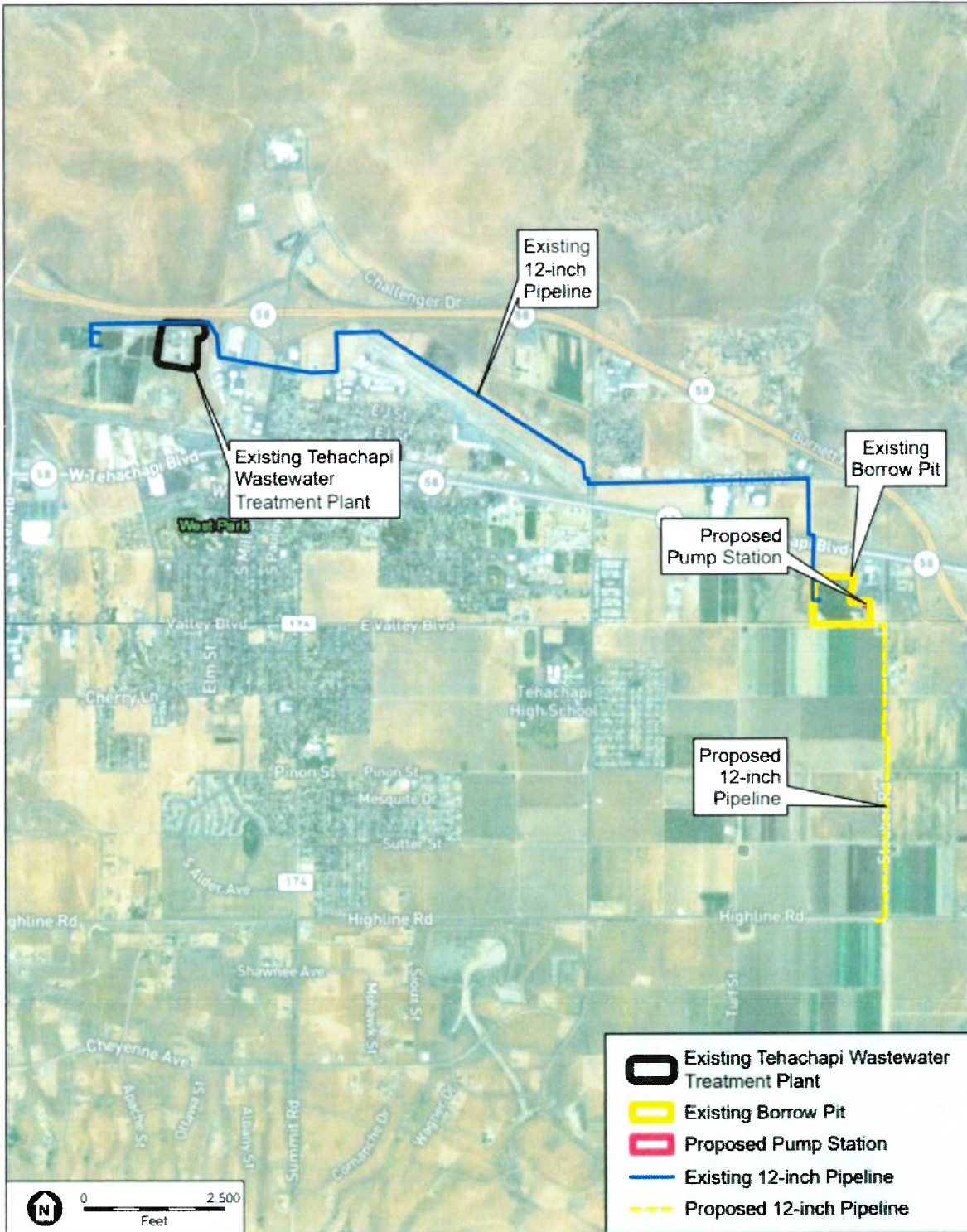
PUBLIC REVIEW AND COMMENTS: A 30-day public review period for the Mitigated Negative Declaration will commence on September 27, 2024, and end October 28, 2024, for interested individuals and public agencies to submit written comments on the document. Any written comments on the Mitigated Negative Declaration must be received by the City of Tehachapi by **4:00 PM on October 28, 2024**. Comments received during the public review period and responses to the comments will be included in the final environmental document. Copies of the IS/MND are available for review as described below.

CONTACT PERSON: The City of Tehachapi
115 S. Robinson Street
Tehachapi, CA 93561
Attn: Don Marsh, Public Works Director
dmarsh@tehachapipw.com
Phone: (661) 822-2200

DOCUMENT AVAILABILITY: Tehachapi Branch Library, 212 South Green Street, Tehachapi, California, 93561; at the City of Tehachapi, 115 S. Robinson Street, Tehachapi, CA 93561; and online at the City of Tehachapi's Web Site (<https://www.liveuptehachapi.com/72/Public-Notices>).

PUBLIC MEETING: The City of Tehachapi City Council will consider the adoption of the Mitigated Negative Declaration at a regularly scheduled meeting following the 30-day review period. For more information, contact Don Marsh.

Figure 1



SOURCE Mapbox 2024 ESA, 2024

Tehachapi Reclaimed Water Project

TVHD CEO REPORT
Peggy Mendiburu
October 15, 2024

District Finances July 2024

- September 2024 financials attached. Funds in: \$101,295.62 and funds out: \$28,804. Finance report attached.

District Administration Update

- There is only one more regular Board meeting for 2024. Would you like to include officer appointments on the agenda?
- The Chamber utilized our side parking lot for handicap parking for Apple Festival and the Humanitarian volunteers gave away pumpkins at the Apple Festival.

Finance Committee Report

For the period ended September 30, 2024



Prepared by

Peggy Mendiburu

Prepared on

October 4, 2024

Table of contents

Balance Sheet.....3

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Profit and Loss8

A/P Aging Summary.....10

Balance Sheet

September 2024

| ACCOUNT | TOTAL |
|--|------------------------|
| Assets | |
| Current Assets | |
| Bank Accounts | |
| 1001-011 Valley Strong | \$33,219.41 |
| 1002-011 Valley Strong Payroll | \$18,893.01 |
| 1004-011 Litigation Reserve Account | -- |
| 1005-012 Valley Strong Money Mkt | \$4,389,047.95 |
| 1007-013 Petty Cash Change Fund | \$423.26 |
| 1008-011 Bank of Sierra Payroll - 8577 | -- |
| 1008-012 LAIF | \$5,719,879.81 |
| 1008-013 Valley Strong Savings | \$8,693.19 |
| 1008-014 Bank of Sierra - 8569 | \$224,572.89 |
| 1008-015 Wells Fargo | -- |
| 1008-020 Bank of Sierra Prop Tax -5470 | -- |
| Total for Bank Accounts | \$10,394,729.52 |
| Accounts Receivable | |
| 1020-000 Patient / Insurance Receivables | -- |
| Total for Accounts Receivable | 0 |
| Other Current Assets | |
| 1041-000 Bad Debt - UNCOLL ALLOW | -- |
| 1064-000 Other Receivables - LAIF Interest Rcv | -- |
| 1064-222 Other Receivables - Property Tax | \$29,186.59 |
| 1064-300 Election Costs | -- |
| 1069-003 Receivable - IGT | \$568,538.57 |
| 1101-035 Prepaid Expense - Insurance | \$31,484.01 |
| 1108-039 Prepaid Dues | -- |
| Payments to deposit | -- |
| Total for Other Current Assets | \$629,209.17 |
| Total for Current Assets | \$11,023,938.69 |
| Fixed Assets | |
| 1200-042 Land | \$101,926.63 |
| 1200-043 Land - New Hospital | \$2,125,484.88 |
| 1200-044 Land - F Street | \$52,800.00 |
| 1211-045 Land Improvements | \$163,939.14 |
| 1221-046 Building - Hospital | \$102,117,059.44 |
| 1221-050 Building - Valley Blvd | \$954,550.06 |
| 1225-049 Building Improvements - Equipment | \$1,005,951.74 |

| ACCOUNT | TOTAL |
|---|-------------------------|
| 1229-049 DE - Fixed Equipment | -- |
| 1240-000 Capitalized Software Cost | \$6,539.79 |
| 1241-050 MM Equipment - Telemed Grant | -- |
| 1241-051 Major Moveable Equipment | -- |
| 1242-051 Minor Equipment | -- |
| 1255-000 CIP - Old Hospital Renovations | -- |
| 1291-045 Accum Depr - Land Improvements | -\$103,347.58 |
| 1291-046 Accum Depr - Building | -\$11,933.45 |
| 1291-047 Accum Depr - Bldg Improv | -\$14,989,048.69 |
| 1291-048 Accum Depr - New IT System | -\$762.86 |
| 1291-510 Accum Depr - Maj Moveable Equip | -- |
| Total for Fixed Assets | \$91,423,159.10 |
| Other Assets | |
| 1510-530 Bond C | \$55.83 |
| 1510-535 Bond C Cost | \$364,569.46 |
| 1510-550 Restricted Bond Fund | \$58,940.19 |
| 1510-576 Bond Funds 2009-Series 2013-42189 | \$0.45 |
| 1510-586 Refunding Bond Fund 2013 Proj | \$906,640.33 |
| 1510-590 County Funds #42191 2006 Bond | \$131,034.89 |
| 1510-591 County Funds Bond Elec 2009, S2013 | \$2,134,328.61 |
| 1600-001 Loss on 2013-2021 Refin | \$2,639,519.49 |
| 1610-001 Accumulated Amort - Loss 2013-2021 Ref | -\$190,687.72 |
| County Funds Current Offset | -\$2,428,633.33 |
| Reclass to Current | \$2,428,633.33 |
| Total for Other Assets | \$6,044,401.53 |
| Total for Assets | \$108,491,499.32 |
| Liabilities and Equity | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2021-590 Accounts Payable (A/P) | \$6,890.77 |
| Total for Accounts Payable | \$6,890.77 |
| Credit Cards | |
| 2310-110 American Express | -- |
| Total for Credit Cards | 0 |
| Other Current Liabilities | |
| 2010-000 Payroll Clearing | \$3,807.77 |
| 2031-620 Accrued Compensation - Payroll | -- |
| 2032-630 Accrued PTO | \$7,132.32 |
| 2039-750 Accrued Supp Life Insurance | -\$330.51 |

| ACCOUNT | TOTAL |
|---|-------------------------|
| 2039-760 Accrued Retirement Plan | \$150.00 |
| 2041-780 Other Accrued Exp - Interest Payable | \$318,633.33 |
| 2041-781 Other Accrued Exp - Acc Interest Pay | \$2,943,726.95 |
| 2046-810 Other Accrued Exp - Audit Fees | \$34,999.92 |
| 2091-150 Inter Co Payable - Due to SJ/AH | \$20,853,398.00 |
| 2103-000 Deferred Income - Other | -\$3,349,468.49 |
| 2131-000 Deferred Interest | -\$665,477.00 |
| 2131-100 Deferred Amortization | \$606,030.00 |
| 2250-000 GO Bonds - 2004 Series A | \$374,987.70 |
| 2251-000 GO Bonds - 2006 Series B | \$1,009,990.75 |
| 2252-000 GO Bonds - 2009 Series C | \$685,000.00 |
| 2260-100 Less Current Rent | \$900,000.00 |
| Total for Other Current Liabilities | \$23,722,580.74 |
| Total for Current Liabilities | \$23,729,471.51 |
| Long-term Liabilities | |
| 1390-002 Bond Iss Costs - Bond Premium 2022 | \$15,311.00 |
| 1390-003 Bond Premium - 2004 | \$13,677.00 |
| 1390-005 Bond Premium - 2006 | \$104,109.00 |
| 1390-007 Refunding Bond Premium 2013 | \$39,925.00 |
| 2253-000 Refunding Bonds Payable 2013 | \$2,645,000.00 |
| 2254-000 GO Bonds Payable - 2009, Series 2013 | \$52,070,000.00 |
| 2259-000 Current Portion of Long Term Liability | \$2,110,000.00 |
| Total for Long-term Liabilities | \$56,998,022.00 |
| Total for Liabilities | \$80,727,493.51 |
| Equity | |
| Retained Earnings | -\$11,782,539.88 |
| Net Income | -\$2,843,569.24 |
| Invested in Capital Assets | \$38,473,826.29 |
| Opening balance equity | -- |
| Restricted Net Position | \$3,916,288.64 |
| Total for Equity | \$27,764,005.81 |
| Total for Liabilities and Equity | \$108,491,499.32 |

Profit and Loss

September 2024

| ACCOUNT | TOTAL |
|---|---------------------|
| Income | |
| 5700-230 Rental Income | \$3,000.00 |
| 5790-100 Bad Debt Recovery | \$175.00 |
| Total for Income | \$3,175.00 |
| Cost of Goods Sold | -- |
| Gross Profit | \$3,175.00 |
| Expenses | |
| 8610-100 Dir/Mgr/Sup | \$7,378.26 |
| 8610-160 FICA | \$562.50 |
| 8610-171 Payroll Billing | \$421.03 |
| 8610-175 Grp Health Ins | \$299.98 |
| 8610-176 Health Insurance - Active Dir | \$449.97 |
| 8610-210 Consulting | \$6,600.00 |
| 8610-215 Legal | \$1,680.00 |
| 8610-345 Office Supplies | \$294.98 |
| 8610-375 Postage | \$74.60 |
| 8610-380 IT | \$2,194.43 |
| 8610-390 Repairs & Maintenance | \$1,471.00 |
| 8610-400 Security | \$92.95 |
| 8610-550 Trustee Stipends | \$700.00 |
| 8610-602 Rent - Storage & Equip Lease | \$400.00 |
| 8610-700 Utilities | \$1,315.12 |
| 8610-735 Phone | \$127.13 |
| 8610-800 Insur - PLGL/DO | \$677.58 |
| 8610-805 Insurance - Other | \$3,498.23 |
| 8610-811 Fees | \$11.55 |
| 8610-815 Dues & Subscriptions | \$25.72 |
| 8610-835 TVHD Comm Outreach | \$514.71 |
| 8610-900 Bank Fees | \$15.00 |
| Total for Expenses | \$28,804.74 |
| Net Operating Income | -\$25,629.74 |
| Other Income | |
| 9060-111 Interest Income | \$15,563.48 |
| 9160-069 Kern County Tax Rev Fund 42186 | \$82,557.62 |
| 9400-089 Non-Oper Revenue Other | \$75,000.00 |
| Total for Other Income | \$173,121.10 |

| ACCOUNT | TOTAL |
|---|---------------------|
| Other Expenses | |
| 8811-900 New Hospital Depreciation | \$214,374.50 |
| 8811-901 DEPRECIATION W. VALLEY BLVD | \$1,988.91 |
| 8811-902 Depreciation - Land Improvements | \$412.97 |
| 8811-903 Depreciation Guild Roof | \$184.37 |
| 8811-904 Depreciation Flooring - F Street | \$46.11 |
| 8811-905 Depreciation - Community Garden | \$32.09 |
| 8811-906 Depreciation - IT Equipment | \$108.98 |
| Total for Other Expenses | \$217,147.93 |
| Net Other Income | -\$44,026.83 |
| Net Income | -\$69,656.57 |

Profit and Loss

Jul 1 - Sep 30 2024

| ACCOUNT | TOTAL |
|--|----------------------|
| Income | |
| 5700-230 Rental Income | \$8,300.00 |
| 5790-100 Bad Debt Recovery | \$390.00 |
| Total for Income | \$8,690.00 |
| Cost of Goods Sold | -- |
| Gross Profit | \$8,690.00 |
| Expenses | |
| 8610-100 Dir/Mgr/Sup | \$70,433.21 |
| 8610-110 Bond Financing Fees | \$750.00 |
| 8610-160 FICA | \$5,939.74 |
| 8610-171 Payroll Billing | \$1,604.21 |
| 8610-175 Grp Health Ins | \$10,007.98 |
| 8610-176 Health Insurance - Active Dir | \$449.97 |
| 8610-210 Consulting | \$14,160.00 |
| 8610-215 Legal | \$6,142.50 |
| 8610-220 Audit | \$6,300.00 |
| 8610-345 Office Supplies | \$1,899.63 |
| 8610-375 Postage | \$119.78 |
| 8610-380 IT | \$7,800.10 |
| 8610-386 Advertising | \$126.00 |
| 8610-390 Repairs & Maintenance | \$21,561.89 |
| 8610-400 Security | \$278.85 |
| 8610-507 Election Cost | \$793.00 |
| 8610-550 Trustee Stipends | \$2,200.00 |
| 8610-602 Rent - Storage & Equip Lease | \$1,775.00 |
| 8610-700 Utilities | \$3,790.91 |
| 8610-735 Phone | \$1,108.80 |
| 8610-800 Insur - PLGL/DO | \$1,355.16 |
| 8610-805 Insurance - Other | \$12,628.27 |
| 8610-811 Fees | \$11.55 |
| 8610-812 Licenses | \$27.00 |
| 8610-815 Dues & Subscriptions | \$151.44 |
| 8610-835 TVHD Comm Outreach | \$588.77 |
| 8610-900 Bank Fees | \$70.23 |
| Total for Expenses | \$172,073.99 |
| Net Operating Income | -\$163,383.99 |
| Other Income | |

| ACCOUNT | TOTAL |
|---|----------------------|
| 9060-111 Interest Income | \$111,482.60 |
| 9160-069 Kern County Tax Rev Fund 42186 | \$119,581.70 |
| 9400-089 Non-Oper Revenue Other | \$225,000.00 |
| Total for Other Income | \$456,064.30 |
| Other Expenses | |
| 8811-900 New Hospital Depreciation | \$643,123.50 |
| 8811-901 DEPRECIATION W. VALLEY BLVD | \$5,966.73 |
| 8811-902 Depreciation - Land Improvements | \$1,079.98 |
| 8811-903 Depreciation Guild Roof | \$553.11 |
| 8811-904 Depreciation Flooring - F Street | \$138.33 |
| 8811-905 Depreciation - Community Garden | \$255.21 |
| 8811-906 Depreciation - IT Equipment | \$326.94 |
| Total for Other Expenses | \$651,443.80 |
| Net Other Income | -\$195,379.50 |
| Net Income | -\$358,763.49 |

A/P Aging Summary

As of June 30, 2025

| | Current | 1 - 30 | 31 - 60 | 61 - 90 | 91 and over | Total |
|---|---------------|---------------|---------------|---------------|--------------------|--------------------|
| 6PENCE BOOKKEEPING, LLC | | | | | 960.00 | 960.00 |
| ALERT 360 | | | | | 52.95 | 52.95 |
| AMEX | | | | | 658.43 | 658.43 |
| AXION COMMUNICATIONS | | | | | 127.13 | 127.13 |
| BETA HEALTHCARE GROUP | | | | | 677.58 | 677.58 |
| ESQUIVEL'S JANITORIAL SERVICE | | | | | 320.00 | 320.00 |
| GAS COMPANY (AUTO PAY) | | | | | -43.23 | -43.23 |
| HUMANA INSURANCE CO. | | | | | 140.26 | 140.26 |
| KERN APPRAISAL COMPANY | | | | | 5,400.00 | 5,400.00 |
| NAVE LAW OFFICE, PROFESSIONAL CORP. | | | | | 1,770.00 | 1,770.00 |
| PAYLOCITY | | | | | -78.09 | -78.09 |
| SO CAL EDISON (AUTO PAY) | | | | | 367.53 | 367.53 |
| TEL-TEC SECURITY SYSTEMS, INC. (AUTO PAY) | | | | | 80.00 | 80.00 |
| TOTAL | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$10,432.56 | \$10,432.56 |