



Willow County Water District

Regular Meeting

AGENDA

151 Laws Avenue ♦ Ukiah, CA 95482

To participate or view the virtual meeting, go to the following link: <https://us06web.zoom.us/j/84775413780>

Or you can call in using your telephone only:

- Call 1-699-444-9171
- Enter the Access Code: 847 7541 3780

May 11, 2026 - 5:00 PM

1. CALL TO ORDER AND ROLL CALL

2. APPROVAL OF MINUTES

2.a. 2026-04-13 Willow Minutes

Recommended Action: Approve the Regular Meeting Minutes of April 13, 2026.

Attachments:

1. 2026-04-13 Willow draft Minutes

3. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

The Ukiah Valley Water Authority (UVWA) - Willow County Water District members welcome input from the audience. In order for everyone to be heard, please limit your comments to three (3) minutes per person and not more than ten (10) minutes per subject. The Brown Act regulations do not allow action to be taken on audience comments on non-agenda items. If you wish to submit written comments, please provide information to the UVWA-Willow, located at 151 Laws Avenue, Ukiah, CA, 95482.

4. FINANCIAL REPORTS

4.a. Balance Sheet: July - March 2026

Attachments:

1. Balance Sheet July - March 2026

4.b. Check Register April 2026

Attachments:

1. Check Register April 2026

4.c. YTD Budget Report: July-March 2026

Attachments:

1. YTD Budget Report July-March 2026

5. NEW BUSINESS

6. UNFINISHED BUSINESS

- 6.a. Approval of Lease Agreement with Option to Purchase Between the City of Ukiah and the Willow County Water District for the Property located at 151 Laws Avenue in Ukiah, CA. APN:003-420-47.

Attachments:

- 1. LEASE AGREEMENT WITH OPTION TO PURCHASE - FINAL w attachments

- 6.b. Resolution 2026-01

Resolution of the Board of Directors of the Willow County Water District Determining That Certain Real Property Proposed to be Leased, With an Option to Purchase, to The City Of Ukiah is Not Surplus Land and, if Subject to The Surplus Land Act, Would Qualify as Exempt Surplus Land.

Attachments:

- 1. Resolution 2026-01 Willow

7. ADMINISTRATIVE AND OPERATIONAL REPORTS

- 7.a. Report on Eel-Russian Project Authority (ERPA) & Inland Water and Power Commission (IWPC).

- 7.b. Report on Local Water District Projects.

- 7.c. Report on Ukiah Valley Water Authority (UVWA).

8. COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

9. SET NEXT MEETING DATE

- 9.a. The next regular meeting is scheduled for June 8, 2026, unless there is no other business to come before the board.

10. ADJOURNMENT

Please be advised that the Ukiah Valley Water Authority (UVWA) - Willow County Water District (WCWD) needs to be notified 24 hours in advance of a meeting if any specific accommodations or interpreter services are needed in order for you to attend. UVWA - WCWD complies with ADA requirements and will attempt to reasonably accommodate individuals with disabilities upon request. Materials related to an item on this Agenda submitted to the UVWA-WCWD Board Members after distribution of the agenda packet are available for public inspection at the front counter at the Ukiah Civic Center, 300 Seminary Avenue, Ukiah, CA 95482, during normal business hours, Monday through Friday, 8:00 am to 5:00 pm. Any handouts or presentation materials from the public must be submitted to the clerk 48 hours in advance of the meeting; for handouts, please include 10 copies.

I hereby certify, under penalty of perjury under the laws of the State of California, that the foregoing agenda was posted on the bulletin board at the main entrance of the Water District Offices located at 151 Laws Avenue, Ukiah, California, not less than 24 hours prior to the meeting set forth on this agenda.

Kim Saylor, Deputy Clerk

Dated: May 7, 2026



WILLOW COUNTY WATER DISTRICT MINUTES
Regular Meeting
WATER DISTRICT OFFICE CONFERENCE ROOM
151 Laws Avenue, Ukiah, CA 95482
Virtual Meeting Link: <https://us06web.zoom.us/j/84775413780>.
Ukiah, CA 95482
April 13, 2026
5:00 p.m.

1. CALL TO ORDER AND ROLL CALL

The Water Executive Committee (WEC) met at a Regular Meeting on April 13, 2026, having been legally noticed on April 10, 2026. The meeting was held in person and virtually at the following link: <https://us06web.zoom.us/j/84775413780>. Chair Nevill called the meeting to order at 5:00 p.m. Roll was taken with the following **Members Present:** Devin Gordon, Gary Nevill, Chair Ross LaRue; **ABSENT:** None. Two seats are currently vacant. **Staff Present:** Jared Walker, MCWD General Manager; Liz Patton, Finance; Olga Keough, Controller, City of Ukiah; and Kim Saylor, Ukiah City Deputy Clerk. **Others Present:** Devon Boer.

CHAIR NEVILL PRESIDING.

2. APPROVAL OF MINUTES

Presenter: *Jared Walker, WCWD General Manager*

a. Approval of the Minutes for March 9, 2026, Regular Meeting.

No public comments were received.

Motion/Second: Nevill/Gordon approve the minutes for the March 9, 2026, Regular Meeting, as submitted. Motion **carried** by the following roll call votes: **AYES:** Nevill, Gordon, and Chair LaRue **NOES:** None. **ABSENT:** None. **ABSTAIN:** None.

3. AUDIENCE COMMENTS ON NON-AGENDA ITEMS

No public comments were received.

4. NEW BUSINESS

Presenter: *Jared Walker, WCWD General Manager*

Member Consensus to move item 6a. up on the agenda.

a. Consideration and Possible Action to Appoint a New Board Member.

Motion/Second: Gordon/Nevill appoint Devon Boer as Director of the WCWD board for 2026. Motion **carried** by the following roll call votes: **AYES:** Nevill, Gordon and Chair LaRue. **NOES:** None. **ABSENT:** None. **ABSTAIN:** None.

The Clerk formally administered the oath of office to newly appointed Director Devon Boer.

b. Resolution of the Board of Directors of the Willow County Water District Determining That Certain Real Property Proposed to be Leased, With an Option to Purchase, to The City of Ukiah is Not Surplus Land and, if Subject to The Surplus Land Act, Would Qualify as Exempt Surplus Land.

c. UVWA - Willow Common Interest Agreement

Motion/Second: Gordon/Nevill to approve UVWA - Willow Common Interest Agreement Motion **carried** by the following roll call votes: **AYES:** Nevill, Gordon and Chair LaRue. **NOES:** None. **ABSENT:** None. **ABSTAIN:** None.

5. **UNFINISHED BUSINESS**

Presenter: Jared Walker, WCWD General Manager

Appraisal for 151 Laws Avenue (Willow Water District Building).

Member Consensus to bring item back to the next agenda.

Term Sheet Willow Office Building 11-7-25

Member Consensus to bring item back to the next agenda.

6. **FINANCIAL REPORTS**

Presenter: Jared Walker, WCWD General Manager

- a. Balance Sheet July 2025 – January 2026
- b. YTD Budget Report July 2025 – January 2026
- c. Check Register January 2026
- d. Check Register December 2025

7. **ADMINISTRATIVE AND OPERATIONAL REPORT**

Presenter: Jared Walker, WCWD General Manager

a. Report on Eel-Russian Project Authority (ERPA) & Inland Water and Power Commission (IWPC).

Presenter: Jared Walker, WCWD General Manager.

IWPC meeting on April 9th, 2026, was a 3-hour meeting regarding mostly budget and the ask for the addition of an Executive Director for the IWPC to go to Washington and the State level to advocate for the Potter Valley Project (PVP) and raising of Coyote Dam.

b. Water Districts' Projects

Presenter: *Jared Walker, WCWD General Manager.*

- Bella Vista Subdivision groundbreaking is projected by the developer to start some time at the end of May or the beginning of June.
- Discussion regarding the 12" water main that is near Oak Knoll and Oak Court being completed in the first phase of the project.

c. Ukiah Valley Water Authority (UVWA)

Presenter: *Jared Walker, WCWD General Manager.*

Next Meeting May 7, 2026, at 5:00 at Ukiah Valley Conference Center (UVCC).

IWPC and GSA are upcoming agenda topics.

8. COMMITTEE MEMBER ANNOUNCEMENTS AND REPORTS

None.

9. SET NEXT MEETING DATE

May 11, 2026, at 5:00 p.m.

10. ADJOURNMENT

There being no further business, the meeting adjourned at 6:28 p.m.

Kim Saylor, Deputy Clerk

BALANCE SHEET FOR 2026 9

FUND: 932 WILLOW WATER DISTRICT OPERAT			NET CHANGE FOR PERIOD	ACCOUNT BALANCE
ASSETS				
93200000	10101	POOLED CASH	415,503.17	49,622.63
93200000	10220	LAIF	.00	406,467.96
93200000	10250	SAVINGS BANK OF MENDOCINO COUN	-412,167.23	147,086.87
93200000	10252	SAVINGS BANK PAYROLL ACCOUNT	-891.18	3,281.70
93200000	10420	UTILITY RECEIVABLES	5,568.37	72,086.60
TOTAL ASSETS			8,013.13	678,545.76
LIABILITIES				
93200000	20100	ACCOUNTS PAYABLE	.00	-117.72
93200000	21110	CUSTOMER DEPOSITS	.00	-24,422.00
TOTAL LIABILITIES			.00	-24,539.72
FUND BALANCE				
93200000	30001	ENCUMBRANCE CONTROL	.00	9,250.00
93200000	30002	ENCUMBRANCES - BUDGET FB RESER	.00	-9,250.00
93200000	30004	APPROPRIATIONS	.00	-875,888.00
93200000	30005	REVENUE CONTROL	-66,860.69	-1,044,904.85
93200000	30006	EXPENDITURE CONTROL	58,847.56	1,340,095.59
93200000	30007	FUND BALANCE	.00	-949,196.78
93200000	30009	ESTIMATED REVENUE	.00	900,559.00
93200000	30010	BUDGETARY FUND BALANCE UNRESER	.00	-24,671.00
TOTAL FUND BALANCE			-8,013.13	-654,006.04
TOTAL LIABILITIES + FUND BALANCE			-8,013.13	-678,545.76

** END OF REPORT - Generated by Olga Keough **

Willow Water District Check Register for April 2026

Vendor's Name	Invoice number	Description	Account description	Total amount
ALPHA ANALYTICAL LABORATORIES INC	6034536-WILLOW	MISC. LABORATORY WORK AS NEEDED	CONTRACTUAL SERVICES	\$55.00
ALPHA ANALYTICAL LABORATORIES INC	6034845-WILLOW	MISC. LABORATORY WORK AS NEEDED	CONTRACTUAL SERVICES	\$55.00
ALPHA ANALYTICAL LABORATORIES INC	6037071-WILLOW	MISC. LABORATORY WORK AS NEEDED	CONTRACTUAL SERVICES	\$55.00
ALPHA ANALYTICAL LABORATORIES INC	6038925-WILLOW	MISC. LABORATORY WORK AS NEEDED	CONTRACTUAL SERVICES	\$55.00
AT&T MOBILITY	875108535X041426	VOICE & DATA CELL PHONES	TELEPHONE	\$18.61
B & B INDUSTRIAL SUPPLY INC	294140	SQUARE TUBING- 4X4, 3X3	BUILDING MAINT. & REPAIR	\$817.65
FRIEDMANS HOME IMPROVEMENT	INV21589047	FLUIDMASTER UNIVERSLA SUPER FLAPPER	SUPPLIES	\$15.66
FRIEDMANS HOME IMPROVEMENT	INV21593018	KORKY EASY ADJUST UNIVERSAL FLUSH VALVE KIT 2	SUPPLIES	\$20.74
LACO ASSOCIATES	706.08	WCWD: D WATER MAIN REPLACEMENT SUPPORT	CONTRACTUAL SERVICES	\$2,418.75
NOR-CAL RECYCLED ROCK & AGGREGATES INC	32139	MISC ROCK & ROAD PATCH MATERIAL	SUPPLIES	\$169.41
ROBERTO MENDOZA	1239	GENERATOR TRANSFORMER SET UP: WCWD	CONTRACTUAL SERVICES	\$5,383.11
ROBERTO MENDOZA	1234	BOOSTER PUMP, 100A GEN OUTLET	EQUIPMENT MAINTENANCE & REPAIR	\$4,555.26
			Total for April	13,619.19

YEAR-TO-DATE BUDGET REPORT HTTPS://MUNISAT

FOR 2026 09										
ACCOUNTS FOR:	ORIGINAL	TRANFRS/	REVISED				AVAILABLE	PCT		
932 WILLOW WATER DISTRICT OPERAT	APPROP	ADJSTMNTS	BUDGET	YTD	ACTUAL	ENCUMBRANCES	BUDGET	USE/COL		
55221 WATER	43,990	0	43,990	39,138.00		.00	4,852.00	89.0%		
TOTAL UNDEFINED CHAR	43,990	0	43,990	39,138.00		.00	4,852.00	89.0%		
43 GRANTS										
43209 GRANTS	0	0	0	-162,754.52		.00	162,754.52	100.0%		
TOTAL GRANTS	0	0	0	-162,754.52		.00	162,754.52	100.0%		
44 CHARGES FOR SERVICE										
44254 RECONNECT CHARGE	0	0	0	-250.00		.00	250.00	100.0%		
44257 DELINQUENT NOTICE CHARGES	0	0	0	-2,027.28		.00	2,027.28	100.0%		
44258 48 HOUR NOTICE CHARGES	0	0	0	-900.00		.00	900.00	100.0%		
44741 IRRIGATION WATER USAGE	-38,984	0	-38,984	-23,443.88		.00	-15,540.12	60.1%		
44742 DOMESTIC WATER USAGE	-348,590	0	-348,590	-243,632.63		.00	-104,957.37	69.9%		
44766 SERVICE CHARGES	-355	0	-355	-115.00		.00	-240.00	32.4%		
44768 BACKFLOW PREVENTION	-2,610	0	-2,610	-2,880.00		.00	270.00	110.3%		
44774 FIRE SERVICE - WATER	0	0	0	-1,296.00		.00	1,296.00	100.0%		
44777 SERVICE CONNECTION CHARGE	-5,000	0	-5,000	.00		.00	-5,000.00	.0%		
44778 RESIDENTIAL WATER BASE CHARGE	-316,201	0	-316,201	-236,830.14		.00	-79,370.86	74.9%		
44779 IRRIGATION WATER BASE CHARGE	-23,537	0	-23,537	-18,196.48		.00	-5,340.52	77.3%		
44780 COMMERCIAL WATER BASE CHARGE	-59,803	0	-59,803	-41,618.61		.00	-18,184.39	69.6%		
44781 COMMERCIAL WATER USAGE CHARGE	-72,072	0	-72,072	-47,241.93		.00	-24,830.07	65.5%		
TOTAL CHARGES FOR SERVICE	-867,152	0	-867,152	-618,431.95		.00	-248,720.05	71.3%		
46 RENTS & LEASES										
46741 OTHER RENTAL	-7,200	0	-7,200	.00		.00	-7,200.00	.0%		
TOTAL RENTS & LEASES	-7,200	0	-7,200	.00		.00	-7,200.00	.0%		
48 OTHER										

YEAR-TO-DATE BUDGET REPORT HTTPS://MUNISAT

FOR 2026 09								
ACCOUNTS FOR:	ORIGINAL	TRANFRS/	REVISED			AVAILABLE	PCT	
932 WILLOW WATER DISTRICT OPERAT	APPROP	ADJSTMTS	BUDGET	YTD	ACTUAL	ENCUMBRANCES	BUDGET	USE/COL
44825 SALES OF ASSETS	0	0	0	-220,845.96		.00	220,845.96	100.0%
48110 MISCELLANEOUS RECEIPTS	-5,000	0	-5,000	-7,351.15		.00	2,351.15	147.0%
48150 CASH OVER/SHORT	0	0	0	-2.60		.00	2.60	100.0%
48170 INSURANCE REFUNDS	0	0	0	-26,711.12		.00	26,711.12	100.0%
TOTAL OTHER	-5,000	0	-5,000	-254,910.83		.00	249,910.83	5098.2%
49 INTEREST EARNINGS								
46110 INTEREST ON INVESTMENTS	-21,207	0	-21,207	-8,807.55		.00	-12,399.45	41.5%
TOTAL INTEREST EARNINGS	-21,207	0	-21,207	-8,807.55		.00	-12,399.45	41.5%
51 PERSONNEL								
51211 PERS UNFUNDED LIABILITY	0	0	0	19,394.00		.00	-19,394.00	100.0%
51250 UNEMPLOYMENT	0	0	0	6,423.18		.00	-6,423.18	100.0%
TOTAL PERSONNEL	0	0	0	25,817.18		.00	-25,817.18	100.0%
52 OTHER OPERATING								
52100 CONTRACTUAL SERVICES	34,600	28,000	62,600	92,930.03		9,250.00	-39,580.03	163.2%
52115 PERFORMANCE AGREEMENTS	302,660	0	302,660	176,941.62		.00	125,718.38	58.5%
52150 LEGAL SERVICES/EXPENSES	15,000	0	15,000	2,357.50		.00	12,642.50	15.7%
52521 LIABILITY INSURANCE PREMIUM	32,000	0	32,000	32,313.09		.00	-313.09	101.0%
52524 PROPERTY INSURANCE PREMIUM	0	0	0	1,409.43		.00	-1,409.43	100.0%
54100 SUPPLIES	70,800	0	70,800	31,152.56		.00	39,647.44	44.0%
54101 POSTAGE	0	0	0	1,833.69		.00	-1,833.69	100.0%
54103 LAB SUPPLIES	46,835	0	46,835	490.00		.00	46,345.00	1.0%
54320 SOFTWARE	0	0	0	400.00		.00	-400.00	100.0%
54330 COMPUTER AND TECHNOLOGY	0	0	0	3,562.44		.00	-3,562.44	100.0%
55100 TELEPHONE	0	0	0	211.29		.00	-211.29	100.0%
55200 PG&E	187,268	0	187,268	133,948.66		.00	53,319.34	71.5%
55210 UTILITIES	0	0	0	288.80		.00	-288.80	100.0%
56120 EQUIPMENT MAINTENANCE & REPAIR	7,710	0	7,710	628.87		.00	7,081.13	8.2%
56130 EXTERNAL SERVICES	0	0	0	139.80		.00	-139.80	100.0%
57300 MEMBERSHIPS & SUBSCRIPTIONS	37,700	0	37,700	25,623.83		.00	12,076.17	68.0%

YEAR-TO-DATE BUDGET REPORT [HTTPS://MUNISAT](https://munisat)

FOR 2026 09								
ACCOUNTS FOR:	ORIGINAL	TRANFRS/	REVISED			AVAILABLE	PCT	
932 WILLOW WATER DISTRICT OPERAT	APPROP	ADJSTMTS	BUDGET	YTD	ACTUAL	BUDGET	USE/COL	
58202 CHEMICALS	0	0	0	8,251.89		-8,251.89	100.0%	
59101 FEES	13,391	0	13,391	26,017.68		-12,626.68	194.3%	
59108 BANK FEES	0	0	0	2,131.31		-2,131.31	100.0%	
59200 BAD DEBT EXPENSE	0	0	0	279.14		-279.14	100.0%	
TOTAL OTHER OPERATING	747,964	28,000	775,964	540,911.63	9,250.00	225,802.37	70.9%	
60 INTERNAL SERVICE USE								
61200 PURCHASING ALLOCATION	10,240	0	10,240	1,594.05		8,645.95	15.6%	
61300 BILLING & COLLECTION ALLOCATI	12,802	0	12,802	2,877.04		9,924.96	22.5%	
TOTAL INTERNAL SERVICE USE	23,042	0	23,042	4,471.09		18,570.91	19.4%	
62 ADMIN AND OVERHEAD								
62100 ADMIN & OVERHEAD ALLOCATION	32,892	0	32,892	9,394.08		23,497.92	28.6%	
TOTAL ADMIN AND OVERHEAD	32,892	0	32,892	9,394.08		23,497.92	28.6%	
80 CAPITAL OUTLAY								
80230 INFRASTRUCTURE	0	0	0	720,363.61		-720,363.61	100.0%	
TOTAL CAPITAL OUTLAY	0	0	0	720,363.61		-720,363.61	100.0%	
TOTAL WILLOW WATER DISTRICT OPERAT	-52,671	28,000	-24,671	295,190.74	9,250.00	-329,111.74	-1234.0%	
TOTAL REVENUES	-900,559	0	-900,559	-1,044,904.85		144,345.85		
TOTAL EXPENSES	847,888	28,000	875,888	1,340,095.59	9,250.00	-473,457.59		

YEAR-TO-DATE BUDGET REPORT [HTTPS://MUNISAT](https://munisat)

FOR 2026 09

	ORIGINAL APPROP	TRANFRS/ ADJSTMTS	REVISED BUDGET	YTD ACTUAL	ENCUMBRANCES	AVAILABLE BUDGET	PCT USE/COL
GRAND TOTAL	-52,671	28,000	-24,671	295,190.74	9,250.00	-329,111.74	-1234.0%

** END OF REPORT - Generated by Olga Keough **

YEAR-TO-DATE BUDGET REPORHTTTPS://MUNISAT

REPORT OPTIONS

Sequence	Field #	Total	Page Break
Sequence 1	1	Y	Y
Sequence 2	10	Y	N
Sequence 3	11	Y	N
Sequence 4	0	N	N

Report title:
YEAR-TO-DATE BUDGET REPORHTTTPS://MUNISAT

Includes accounts exceeding 0% of budget.
 Print totals only: Y
 Print Full or Short description: F
 Print full GL account: N
 Format type: 1
 Double space: N
 Suppress zero bal accts: Y
 Include requisition amount: N
 Print Revenues-Version headings: N
 Print revenue as credit: Y
 Print revenue budgets as zero: N
 Include Fund Balance: N
 Print journal detail: N
 From Yr/Per: 2021/ 1
 To Yr/Per: 2021/ 1
 Include budget entries: Y
 Incl encumb/liq entries: Y
 Sort by JE # or PO #: J
 Detail format option: 1
 Include additional JE comments: N
 Multiyear view: D
 Amounts/totals exceed 999 million dollars: N

Year/Period: 2026/ 9
 Print MTD Version: N
 Roll projects to object: N
 Carry forward code: 1

Find Criteria	
Field Name	Field value
Org	932*
Object	
Project	
Rollup code	
Account type	
Account status	

LEASE AGREEMENT WITH OPTION TO PURCHASE

This Lease with Option to Purchase (“Agreement”) is made in Ukiah, California, on July 1, 2026 (“Effective Date”) between the Willow County Water District, (“LESSOR” or “District”) and the City of Ukiah (“LESSEE” or “City”). LESSOR and LESSEE are at times collectively referred to below as the “Parties” or individually as a “Party.”

LESSOR is the owners of that certain real property located at 151 Laws Avenue in Ukiah, California, also known as Mendocino County Assessor’s Parcel Number (“APN.”) 003-420-47 (the “Property”), being substantially as described herein in Exhibit "A" attached hereto and made a part hereof. LESSEE desires to lease the Property from LESSOR for a term of 5 years with an option to purchase the Property during the term of the lease as hereafter provided.

LEASE AGREEMENT

1. Lease. Starting on the Commencement Date, LESSOR hereby leases to LESSEE and LESSEE hereby leases from LESSOR the real property and improvement located thereon described in Exhibit A, together with rights, privileges, easements, servitudes and appurtenances thereto, hereafter called the “Leased Premises” or the “Property”)

2. Definitions. In addition to the terms defined elsewhere in this Agreement, the following definitions shall apply throughout this Agreement.

- (a) “Commencement Date” means July 1, 2025.
- (a) “Lease/Option Agreement” means this Agreement.
- (b) “Escrow” means the escrow established with the Escrow Company for the purpose of conveying the Property from the LESSOR to LESSEE.
- (c) “Escrow Company” means Redwood Empire Title Company.
- (d) “Event of Default” has the meaning set forth in Part I, Sections 16 and 17 as applicable.
- (e) “Option Period” means the period of time commencing on the Option Notice Date as defined in Article II, Section 1 of this Agreement and Close of Escrow.
- (f) “Term” means the term of the Lease, which shall consist of the period commencing on the Commencement Date and ending sixty months thereafter, or until an earlier termination of the Lease as further provided herein, including close of escrow after LESSEE exercises its option to purchase the Property.
- (g) “Title Company” means Redwood Empire Title Company.

3. Appraisal of Property. The City had the Property appraised by a qualified appraiser approved by the City and the District, attached hereto as Exhibit C. The appraisal complied with the Uniform Standards of Professional Appraisal Standards. The appraisal found that the fair market value of the Property is \$500,000, the lease payments under paragraph 4 shall be based on the appraised value.

4 Term of Lease. This Lease shall commence upon the Commencement Date and shall continue thereafter for a period of 60 months or until LESSEE terminates the Lease by Notice of Termination or upon acquisition of title to the property by exercising its option to purchase.

5. Lease Payments: Starting on May 1, 2026 LESSEE shall pay LESSOR \$9,242.13 per month as rent which is the fully amortized rate for paying in five years \$499,999.00 at an annual interest rate of 4.15%. (See Lease Payment Schedule, attached hereto as Exhibit B.) Each payment shall be due on the first day of the month and shall be considered delinquent if not received by LESSOR by the 15th day of the month. Further, on May 1, 2026, LESSEE shall pay LESSOR the sum of \$92,421.30 accounting for the ten months of rent payments since the Commencement Date.

6. Use. LESSEE shall have the exclusive occupation and use of the Property during the term of the Lease, including the right to sublease or license the use of any portion of the Property.

7. Utilities. LESSEE shall be responsible for securing and paying for all utility services at the Property, including water, sewer electricity and solid waste collection and disposal.

9. Maintenance, Repair and Improvements. LESSEE shall be responsible for all costs associated with the occupation and use of the Property and its maintenance and repair. LESSEE shall have the right without LESSOR's approval to make capital improvements at its discretion. All such work shall comply with applicable law including the California Building Code and the California Environmental Quality Act ("CEQA").

10. Insurance. At all times during the term hereof LESSEE shall produce and continue in force pooled risk coverage equivalent to Comprehensive General or Commercial Liability Insurance, and Workers' Compensation and Employer's Liability Insurance. LESSOR shall be named as an additional insured under the pooled risk coverage.

11. Delivery and Quiet Enjoyment. LESSOR shall deliver the Property on the Commencement Date free of any parties in possession not approved by LESSEE and shall provide LESSEE with quiet enjoyment without interference thereafter during the Term.

12. Title. LESSOR warrant further that no third party has superior title or interest in the Property, and that no prior or existing interest shall interfere with the terms of the subject Lease or encumber title prior to close of escrow. LESSOR shall not interfere with LESSEE's right to quiet enjoyment of the Premises. LESSOR represents and warrants to LESSEE that as of the Effective Date, and throughout the lease term and Option Period, there will be no monetary liens of any type whatsoever encumbering the Leased Premises.

13. Indemnification, Defense and Hold Harmless Obligations. Except for the sole negligence or willful misconduct of LESSOR, their employees and agents, and to the extent permitted by law, LESSEE agrees to indemnify, defend and hold harmless LESSOR from and against any and all losses, liabilities, damages, costs and expenses (including reasonable attorneys' fees) resulting from claims by third parties for injuries to any person and damage to or theft or misappropriation or loss of property occurring on the Property or caused by LESSEE's use of the Property. If any action or proceeding is brought against LESSOR by reason of any

such claim, then LESSEE, upon notice from LESSOR, shall refer the claim to its pooled risk administrator, currently the California Intergovernmental Risk Authority (“CIRA”) for defense and indemnification.

14. LESSEE Defaults. The occurrence of any one or more of the following events shall constitute a material default and breach of this Agreement by LESSEE:

(a) Any failure by LESSEE to make any payment to or on behalf of LESSOR required hereunder as and when due, where such failure continues for ten (10) days after written notice from LESSOR to LESSEE.

(b). A failure by LESSEE to observe and perform any other provision of this Agreement to be observed or performed by LESSEE, where such failure continues for thirty (30) days after written notice thereof from LESSOR to LESSEE; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such thirty (30) day period, LESSEE shall not be deemed to be in default if LESSEE shall within such period commence such cure and thereafter diligently prosecute the same to completion.

15. Termination by City without cause.

Upon not less than twelve months prior written notice to District, City has the right to terminate this Lease without cause and without exercising the Purchase Option. Within thirty (30) days of giving such notice of termination, City shall pay District a termination fee equal to twelve months of lease payments as provided in Section 5. The Parties agree that such payment represents liquidated damages *in lieu* of all other actual damages to LESSOR. The Parties agree such liquidated damages are reasonable under the circumstances existing of the Effective Date of this agreement.

16. Surrender of Premises. Upon expiration or termination of this Agreement, LESSEE shall quit and surrender the Premises to LESSOR.

II

OPTION AGREEMENT

1. Option. , LESSEE shall have an option to purchase the Property at any time during the term of the Lease. The LESSEE shall exercise the option to purchase by giving LESSOR written notice (“Option Notice”) that LESSEE is exercising the option to purchase the Property.

2. Conditions to Exercise of Purchase Option. The LESSEE’s right to exercise the purchase option during the Option Period is subject to the following conditions.

2.1. Terms of Purchase of the Property. To validly exercise the Option, LESSEE shall give an Option Notice. The date when the notice is given is “the Option Notice Date.”

2.2. Purchase Price. LESSOR agrees to accept from LESSEE and LESSEE agrees to pay LESSOR the Early Purchase Price corresponding to the month of the next rent payment date following the date of the Option Notice as shown on the Lease Payment Schedule in Exhibit B. The Early Purchase Price is the sum of the total payments of principal for the full term of the Lease Agreement (\$499,999) less the sum of principal payments received by LESSOR since

the Commencement Date. If LESSEE did not exercise the early purchase option by the end of the lease term, LESSOR agrees to accept from LESSEE a bargain purchase option of \$1.00 to purchase the Property at the end of the lease term at the discretion of the LESSEE. LESSEE may provide written notice to LESSOR no later than 30 days before the lease term ends of its intention to purchase the Property for \$1.00 at the lease term end.

2.3. Condition of Title. Title to the Property shall be free and clear of all liens, except for any property taxes not yet due, existing recorded easements approved by LESSEE, CC&R's, or recorded deed restrictions, and all leases, liens, easements and encumbrances not approved by LESSEE prior to Close of Escrow, as provided in paragraph 2.4(b), below.

2.4. Escrow. LESSEE shall open escrow with Title Company within five (5) days from the Option Notice Date ("Purchase Escrow"). The parties shall deliver escrow instructions to the escrow agent within 14 days from the Option Notice Date, which shall include the following:

(a) Closing date. Escrow for the acquisition of the Property shall close within sixty (60) days from the Option Notice Date unless otherwise extended by the mutual written consent of LESSEE and LESSOR.

(b) Preliminary title report and title insurance. LESSEE shall have 10 business days from the Option Notice Date to approve a preliminary title report. LESSEE may disapprove the report only if exceptions are reported which did not appear in the preliminary title report issued May 1, 2026, excepting any taxes and assessments due. If LESSEE disapproves the report, it must provide written notice of such disapproval to the LESSOR. Upon giving such notice, LESSEE shall have no further obligations under this Agreement. If LESSEE fails to provide such timely written notice, it shall be deemed to have waived all objections to title. The Title Company must issue prior to closing a CLTA or, at LESSEE'S option and expense, an ALTA title insurance policy in the amount of the total purchase price, listing only those exceptions approved by LESSEE as provided in this Section 2.4(b).

(c) LESSOR Disclosures. LESSOR discloses the following information concerning the condition of the Property:

(i) Flood Hazard Area Disclosure. The Property or a portion thereof is is not [check one] located within a Federal Emergency Management Agency (FEMA) "Special Flood Hazard Area."

(ii) Geologic Hazard Zone. The Property is is not [check one] located within a Special Studies Zone as designated under Public Resources Code §§ 2021-2625.

(d) Closing costs. LESSOR shall each pay all escrow fees. LESSEE shall pay all title insurance costs of said conveyance. LESSEE shall pay property taxes and assessments due during the term of the Lease. Any other fees, costs or taxes shall be paid by each party in accordance with escrow instructions to Title Company.

(f) Payment of purchase price. LESSEE shall deposit the Purchase Price with the Title Company by certified check or electronic funds transfer on or before the date established for the Close of Escrow.

3. Miscellaneous provisions.

3.1 Notices. Except as otherwise expressly provided herein, any written notice required by this Agreement shall be deemed given and received when personally served by personal delivery, overnight delivery or email or 48 hours after being placed in the United States mail with proper first-class postage prepaid, and addressed as follows:

To LESSEE:

Attention: Ukiah City Manager
Ukiah Civic Center
300 Seminary Ave.
Ukiah, CA 95482
Email: ssangiacomo@cityofukiah.com

To LESSOR:

Attention Willow General Manager
Willow County Water District
151 Laws Avenue
Ukiah, CA 95482
Email: jwalker@cityofukiah.com

Any party hereto may give notice of an address change under the provisions of this paragraph and thereafter all notices shall be given to that address.

3.2 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which, when executed and delivered shall be deemed an original and all of which together shall constitute the same agreement. Facsimile or electronic signatures will have the same legal effect as original signatures.

3.3 Waivers. No waiver of any breach of any covenant or provision contained herein will be deemed a waiver of any preceding or succeeding breach thereof, or of any other covenant or provision contained herein. No extension of time for performance of any obligation or act will be deemed an extension of time for performance of any other obligation or act except those of the waiving party, which will be extended by a period of time equal to the period of the delay.

3.4 Successors and Assigns. This Agreement may not be assigned by either Party in whole or in part without the prior written consent of the other Party. This Agreement is binding upon and inures to the benefit of the Parties' permitted successor and assigns.

3.5 Entire Agreement. This Option Agreement constitutes the entire contract between the parties hereto and may not be modified except by an instrument in writing signed by the party to be charged.

3.6 Time of Essence. LESSEE and LESSOR hereby acknowledge and agree that time is strictly of the essence with respect to each and every term, condition, obligation, and provision hereof.

3.7 Construction. The Parties agree and their respective advisors believe that this Agreement is the product of all of their efforts, that it expresses their agreement and that it should not be interpreted in favor of or against either party.

3.8 Governing Law. The Parties expressly agree that this Agreement will be governed by, interpreted under, and construed and enforced in accordance with the laws of the State of California. The Parties mutually consent to jurisdiction and venue in the courts of Mendocino County and waive any objections to the jurisdiction or venue of such courts. THE PARTIES WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING OUT OF OR RELATING TO THIS LEASE, THE RELATIONSHIP OF LANDLORD AND TENANT, TENANT’S USE OR OCCUPANCY OF THE PREMISES, AND/OR ANY CLAIM FOR INJURY OR DAMAGE OR ANY EMERGENCY OR STATUTORY REMEDY.

3.9 Paragraph Headings. The paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of this Agreement.

3.10 Recordation of Memorandum of Lease and Option. Promptly upon the request of LESSEE, LESSOR agrees to execute and acknowledge a “Memorandum of Lease, Option” in form satisfactory to LESSEE and sufficient for recording in the Official Records of Mendocino County.

3.11 No Third-Party Beneficiaries. This Agreement is solely enforceable by LESSOR AND LESSEE. No other parties are intended to have standing to interpret or enforce this Agreement.

WHEREFORE, this Agreement is made and entered on the Effective Date.

LESSEE

LESSOR

CITY OF UKIAH

WILLOW COUNTY WATER DISTRICT

By: _____
Sage Sangiacomo, City Manager

By: _____
Ross LaRue, Board Chair

ATTEST:

Kristine Lawler, City Clerk

EXHIBIT A
LEGAL DESCRIPTION

The real property located at 151 Laws Avenue, Ukiah, California, in the City of Ukiah, County of Mendocino, State of California, commonly known as Assessor's Parcel Number (APN) 003-420-47, together with all improvements thereon.

The complete and precise legal description of the Property will be found in the Preliminary Title Report, as referenced herein.

EXHIBIT B
LEASE PAYMENT SCHEDULE

The following schedule assumes a principal amount of \$499,999 at a fixed 4.15% annual rate, amortized over 60 months, with a separate **month 61** payment of **\$1.00** to exercise the bargain purchase option. Amounts are rounded to the nearest cent and align with the attached reference schedule.

<i>Pmt No.</i>	<i>Month</i>	<i>Beg Balance</i>	<i>Payment</i>	<i>Interest</i>	<i>Principal</i>	<i>Early Purchase Price</i>
1	July 1, 2025	\$499,999.00	\$9,242.13	\$1,729.16	\$7,512.96	\$492,486.04
2	2	\$492,486.04	\$9,242.13	\$1,703.18	\$7,538.95	\$484,947.09
3	3	\$484,947.09	\$9,242.13	\$1,677.11	\$7,565.02	\$477,382.07
4	4	\$477,382.07	\$9,242.13	\$1,650.95	\$7,591.18	\$469,790.89
5	5	\$469,790.89	\$9,242.13	\$1,624.70	\$7,617.43	\$462,173.46
6	6	\$462,173.46	\$9,242.13	\$1,598.35	\$7,643.78	\$454,529.68
7	7	\$454,529.68	\$9,242.13	\$1,571.92	\$7,670.21	\$446,859.47
8	8	\$446,859.47	\$9,242.13	\$1,545.39	\$7,696.74	\$439,162.73
9	9	\$439,162.73	\$9,242.13	\$1,518.77	\$7,723.36	\$431,439.37
10	10	\$431,439.37	\$9,242.13	\$1,492.06	\$7,750.07	\$423,689.30
11	11	\$423,689.30	\$9,242.13	\$1,465.25	\$7,776.88	\$415,912.42
12	12	\$415,912.42	\$9,242.13	\$1,438.36	\$7,803.77	\$408,108.65
13	July 1, 2026	\$408,108.65	\$9,242.13	\$1,409.47	\$7,832.66	\$400,275.99
14	14	\$400,275.99	\$9,242.13	\$1,381.32	\$7,860.81	\$392,415.18
15	15	\$392,415.18	\$9,242.13	\$1,353.11	\$7,889.02	\$384,526.16
16	16	\$384,526.16	\$9,242.13	\$1,324.83	\$7,917.30	\$376,608.86
17	17	\$376,608.86	\$9,242.13	\$1,296.50	\$7,945.63	\$368,663.23
18	18	\$368,663.23	\$9,242.13	\$1,268.11	\$7,974.02	\$360,689.21
19	19	\$360,689.21	\$9,242.13	\$1,239.66	\$8,002.47	\$352,686.74

20	20	\$352,686.74	\$9,242.13	\$1,211.15	\$8,030.98	\$344,655.76
21	21	\$344,655.76	\$9,242.13	\$1,182.58	\$8,059.55	\$336,596.21
22	22	\$336,596.21	\$9,242.13	\$1,153.95	\$8,088.18	\$328,508.03
23	23	\$328,508.03	\$9,242.13	\$1,125.26	\$8,116.87	\$320,391.15
24	24	\$320,391.15	\$9,242.13	\$1,096.51	\$8,145.62	\$312,245.53
25	July 1, 2027	\$312,245.53	\$9,242.13	\$1,067.70	\$8,174.43	\$304,071.10
26	26	\$304,071.10	\$9,242.13	\$1,038.83	\$8,203.30	\$295,867.80
27	27	\$295,867.80	\$9,242.13	\$1,009.90	\$8,232.23	\$287,635.58
28	28	\$287,635.58	\$9,242.13	\$980.90	\$8,261.23	\$279,374.35
29	29	\$279,374.35	\$9,242.13	\$951.85	\$8,290.28	\$271,084.07
30	30	\$271,084.07	\$9,242.13	\$922.73	\$8,319.40	\$262,764.67
31	31	\$262,764.67	\$9,242.13	\$893.56	\$8,348.57	\$254,416.10
32	32	\$254,416.10	\$9,242.13	\$864.32	\$8,377.81	\$246,038.29
33	33	\$246,038.29	\$9,242.13	\$835.03	\$8,407.10	\$237,631.19
34	34	\$237,631.19	\$9,242.13	\$805.67	\$8,436.46	\$229,194.73
35	35	\$229,194.73	\$9,242.13	\$776.25	\$8,465.88	\$220,728.85
36	36	\$220,728.85	\$9,242.13	\$746.77	\$8,495.36	\$212,233.49
37	July 1, 2028	\$212,233.49	\$9,242.13	\$717.23	\$8,524.90	\$203,708.59
38	38	\$203,708.59	\$9,242.13	\$687.62	\$8,554.51	\$195,154.08
39	39	\$195,154.08	\$9,242.13	\$657.95	\$8,584.18	\$186,569.90
40	40	\$186,569.90	\$9,242.13	\$628.22	\$8,613.91	\$177,955.99
41	41	\$177,955.99	\$9,242.13	\$598.43	\$8,643.70	\$169,312.29
42	42	\$169,312.29	\$9,242.13	\$568.58	\$8,673.55	\$160,638.74
43	43	\$160,638.74	\$9,242.13	\$538.67	\$8,703.46	\$151,935.27

44	44	\$151,935.27	\$9,242.13	\$508.69	\$8,733.44	\$143,201.83
45	45	\$143,201.83	\$9,242.13	\$478.65	\$8,763.48	\$134,438.35
46	46	\$134,438.35	\$9,242.13	\$448.56	\$8,793.57	\$125,644.78
47	47	\$125,644.78	\$9,242.13	\$418.40	\$8,823.73	\$116,821.05
48	48	\$116,821.05	\$9,242.13	\$388.18	\$8,853.95	\$107,967.10
49	July 1, 2029	\$107,967.10	\$9,242.13	\$375.06	\$8,867.06	\$99,585.11
50	50	\$99,585.11	\$9,242.13	\$344.40	\$8,897.73	\$90,687.38
51	51	\$90,687.38	\$9,242.13	\$313.63	\$8,928.50	\$81,758.88
52	52	\$81,758.88	\$9,242.13	\$282.75	\$8,959.38	\$72,799.50
53	53	\$72,799.50	\$9,242.13	\$251.76	\$8,990.36	\$63,809.14
54	54	\$63,809.14	\$9,242.13	\$220.67	\$9,021.45	\$54,787.69
55	55	\$54,787.69	\$9,242.13	\$189.47	\$9,052.65	\$45,735.04
56	56	\$45,735.04	\$9,242.13	\$158.17	\$9,083.96	\$36,651.08
57	57	\$36,651.08	\$9,242.13	\$126.75	\$9,115.38	\$27,535.70
58	58	\$27,535.70	\$9,242.13	\$95.23	\$9,146.90	\$18,388.80
59	59	\$18,388.80	\$9,242.13	\$63.59	\$9,178.53	\$9,210.27
60	60	\$9,210.27	\$9,242.13	\$31.85	\$9,210.27	\$0.00
Totals (1-60)			\$554,527.61	\$54,528.61	\$499,999.00	
61	61	\$0.00	\$1.00	\$0.00	\$1.00	\$0.00
Final Totals (1-61)			\$554,528.61	\$54,528.61	\$500,000.00	

Totals reflect the total payments, interest, and principal paid over the five-year term, including the \$1 bargain purchase option.

EXHIBIT C
APPRAISAL OF 151 LAWS AVENUE
APN 003-420-47

An Appraisal Report

of

151 Laws Ave

A Single-tenant Office Building

located in
Ukiah, California

Effective date of report: December 09, 2025

Effective date of value: December 05, 2025

for

Maya Simerson
Project Administrator
City of Ukiah
300 Seminary Ave
Ukiah, CA 95482



Keith Sablik, MAI
Certified General Appraiser
203 Photinia Place
Petaluma, CA 94952
(707) 559-5551

December 09, 2025

Maya Simerson
Project Administrator
City of Ukiah
300 Seminary Ave
Ukiah, CA 95482

Re: 151 Laws Ave
Ukiah, CA 95482

Dear Ms. Simerson:

Per your request of November 13, 2025, and as required by the Appraisal Institute's Standards of Valuation Practice, Standard A, I have made the necessary inspection and analysis to appraise the above referenced property. The attached report provides essential data and detailed reasoning employed in reaching my opinion of value.

The purpose of the following report is to develop an opinion of market value of the fee simple interest in the property, as-improved, as of December 05, 2025. The intended use of the report is for negotiations in a potential purchase of the property. The intended user and client of the report is City of Ukiah. This report is not intended for any other use or user.

The property being appraised is an 20,940-sf (0.48-acre) commercially-zoned parcel improved with an average quality/appeal, 3,974-sf, single-tenant office building located within an unincorporated portion of the city of Ukiah, in Mendocino County, California.

The value reported is qualified by certain definitions, limiting conditions, and certifications that are set forth in the attached report. The analysis contained in the report that follows is presented as a summary Appraisal Report.

Based on my analysis, the opinion of market value of the subject property, as set forth, documented, and qualified in the attached report under conditions prevailing on December 05, 2025, is:

**FIVE HUNDRED THOUSAND DOLLARS
(\$500,000)**

It has been a pleasure doing business with you. Should you have any questions, please do not hesitate to contact me at (707) 559-5551.

Respectfully submitted,



Keith Sablik, MAI
Certified General Appraisal
CA Lic #AG008653



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SUMMARY OF SALIENT FACTS

Assessor's Parcel Number	<i>003-420-47</i>
Street Address	<i>151 Laws Ave</i>
	<i>Ukiah, CA 95482</i>
County	<i>Mendocino</i>
Census Tract Number	<i>113.00</i>
Client	<i>City of Ukiah</i>
Owner/Seller	<i>Willow County Water District</i>
Buyer	<i>City of Ukiah</i>
Occupant	<i>To be owner-occupied</i>
Site Area	<i>20,940 sf (0.48 acre)</i>
Year Built	<i>Circa mid-1900s</i>
Gross Building Area	<i>3,974 sf</i>
Improvements	<i>Average quality & appeal, 3,974-sf, single-story, single-tenant office building in average condition.</i>
General Plan Land Use	<i>SR: Suburban Residential</i>
Zoning	<i>C-1: Limited Commercial</i>
Flood Hazard	<i>FEMA map reference #06045C1514G, Zone X (areas determined to be outside the 0.2% annual chance floodplain), dated 09/19/2025</i>
Earthquake Hazard	<i>Per the California Dept. of Conservation's <u>California Geological Survey</u>, the property is situated in the Ukiah Quadrangle, but is not located on a known fault.</i>
Environmental Hazard	<i>Per the State Water Resource Control Board's Geotracker website, there are 6 environmental hazard sites identified within a 1,000' radius of the subject. All are marked completed-case closed. There are no known or noted environmental hazards at the property.</i>

SUMMARY OF SALIENT FACTS

Present Use	<i>Single-tenant office building</i>
Highest and Best Use	<i>Single-tenant office building</i>
Property Rights Appraised	<i>Fee Simple</i>
Extraordinary Assumptions	<i>A preliminary title report was not provided. The appraisal is made under the extraordinary assumption no adverse conditions are to be found in a current title report. The use of any extraordinary assumption may alter the outcome of an appraisal if proven false.</i>
Hypothetical Conditions	<i>N/A</i>

VALUE INDICATORS	
Indicated Value via Sales Comparison Approach	<i>\$500,000</i>
Indicated Value via Income Approach	<i>\$495,000</i>
Opinion of Value	<i>\$500,000</i>
Pending Purchase Price	<i>\$499,999</i>

Date of Property Inspection	<i>December 05, 2025</i>
Date of Value Conclusion	<i>December 05, 2025</i>
Date of Appraisal Report	<i>December 09, 2025</i>

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the fee simple interest in the property described hereinafter, subject to the Limiting Conditions later set forth, as of December 05, 2025. Evaluation of the property is made as-improved.

This is an *Appraisal Report* as defined by Standards Rule 2.2 in the Uniform Standards of Professional Appraisal Practice (USPAP) effective January 01, 2024.

INTENDED USE and USER OF THE APPRAISAL

The intended use of the report is for negotiations in a potential purchase of the property. The intended user and client of the report is City of Ukiah. This report is not intended for any other use or user.

INTEREST APPRAISED

The property interest(s) appraised are identified below:

- A *fee simple estate* is defined as follows:
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.
- A *leased fee estate* is defined as follows:
An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.
- A *leasehold estate* is defined as follows:
The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.
- Personal property* is defined as follows:
Identifiable portable and tangible objects that are considered by the general public to be "personal", e.g., furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all property that is not classified as real estate. Personal property includes movable items that are not permanently affixed to, and part of, the real estate.

Taken from the Dictionary of Real Estate Appraisal, 4th Edition, 2002

SCOPE OF WORK

The following steps were followed in arriving at the estimate of value included in the appraisal report of the subject property:

- *After receiving the assignment, a preliminary search of all available resources was made to determine market trends. A study was made of the area, community, and neighborhood and other significant factors pertinent to the subject property.*
- *A physical inspection of the property was performed on December 05, 2025. Although due diligence was exercised while at the subject property, the appraiser is not an expert in such matters as hazardous waste, soil contamination, etc., and no warranty is given or implied as to these or other elements outside of analysis of market data. Inspections by various professionals within these fields may be recommended with the final estimate of market value subject to their findings.*
- *The appraiser collected data from a variety of sources, including the property owner, owner's representative, BAREIS (North Bay Multiple Listing Service), county assessor's office, real estate brokers, and/or the appraiser's own files.*
- *The highest and best use was then determined considering zoning, the general plan, economic considerations, and surrounding land use.*
- *A more detailed review of the collected data was then performed with the most relevant factors extracted and considered. Comparable properties were examined and, when possible, confirmed with parties involved with the transactions. Additionally, a physical inspection of the front-exterior of the properties was also performed. All appropriate data was then analyzed to arrive at a conclusion of value.*
- *The appraisal report was prepared in accordance with standards dictated by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practices (USPAP), as well as in accordance with Title XI of FIRREA. The intent of the report is to lead the reader systematically through the appraisal process leading to conclusions similar to those of the appraiser.*
- *The report is intended to comply with 1) Interagency Appraisal and Evaluation Guidelines; and 2) USPAP.*
- *The appraiser did not take into consideration any prohibited basis, such as race, color, religion, sex, familial status or national origin, in developing and reporting the appraisal.*
- *Delivery of the appraisal report to the client constituted the completion of the assignment.*

DEFINITION OF VALUE

Market Value¹ is defined as follows:

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 interests;
- (3) A reasonable time is allowed for exposure in the open market;
- (4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

¹ Code of Federal Regulations, revised January 01, 2009: Title 12-Banks and Banking, Chapter V-Office of Thrift Supervision, Department of the Treasury, Part-(Appraisals) 564.2g, including verbatim the grammatical and punctuation errors.

ASSUMPTIONS AND LIMITING CONDITIONS

Assumptions and Limitations of Appraisal

This appraisal is for no other purpose than property valuation, and the appraiser is neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analyses contained in the appraisal. Before making any decisions based on the information and analyses contained in this report, it is important to read this entire section to understand these limitations.

Appraisal is Not a Survey

It is assumed that the utilization of the land improvements is within the boundaries of the property lines of the property described and that there are not encroachments or easements unless noted within the report.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plat maps, or drawings reproduced and included in this report are intended only for the purpose of showing area relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be accurate. A surveyor should be consulted if there are any concerns about boundaries, setbacks, encroachments, easements, or other survey matters.

Legal Aspects of the Appraisal

No responsibility is assumed for matters of a legal nature that affect title to the property, boundaries, encumbrances, easements, or other defects of title. The appraiser was not provided with an abstract of title for the property being appraised and the appraiser has not made an examination of one.

It is assumed that the real property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

It is assumed that all applicable zoning, use regulations, and restrictions have been complied with, unless stated otherwise. Information and analyses shown in this report concerning these items is based only on a preliminary investigation. Any questions should be addressed to local zoning or land use officials or other qualified individuals.

It is assumed that all required licenses, permits, or other necessary documentation from the appropriate authority has been or can be obtained or renewed for any use on which the value estimate is based. If any questions arise concerning any area stated in this paragraph, a qualified individual should be consulted.

All mortgages, liens, encumbrances, leases, and servitude have been disregarded unless so stated within the report. The property is appraised as though under responsible ownership and competent management.

ASSUMPTIONS AND LIMITING CONDITIONS

Use and Extent of This Appraisal

The appraiser will not be required to give testimony or appear in court for any reason related to this appraisal unless prior arrangements have been made.

Possession of this report, or copy thereof, does not presume right of publication. The report may not be used by any person other than the party to whom it is addressed without the prior written consent of the appraiser, and only with proper written approval from the appraiser and only in its entirety.

Neither all nor any part of the contents of this report, or copy hereof, shall be conveyed or utilized for advertising purposes, public relations, new sales, or any other media without the prior written consent of the appraiser.

Use of this report is subject to the requirement of the Appraisal Institute relating to review by its duly authorized representative.

Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.

Appraisal Is Not an Engineering or Property Inspection Report

No environmental impact studies were provided in conjunction with this report. It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

The appraiser is not an environmental expert and does not have the expertise necessary to determine the existence of environmental hazards such as the presence of toxic wastes, asbestos, or hazardous building material, or any other environmental hazards noted on the subject or surrounding properties. If the appraiser has any knowledge of any problems of this nature which would create a significant problem, they are disclosed in this report. Nondisclosure should not, however, be taken as an indication that such a problem does not exist; an expert in the field should be consulted if any interested party has questions on environmental factors.

ASSUMPTIONS AND LIMITING CONDITIONS

No chemical or scientific tests were performed by the appraiser on the subject property; it is assumed that the air, water, ground, and general environment associated with the property, present no physical or health hazard of any kind unless otherwise noted in the body of the appraisal report. It is further assumed that the subject does not contain any type of dump site and that there are no underground tanks leaking toxic or hazardous chemicals into the groundwater or environment unless otherwise noted in the report.

Appraisal Is Made Under Conditions of Uncertainty with Limited Data

As evident from the limitations presented, above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser, the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

Before relying on any statement made in this appraisal report, concerned parties should contact the appraiser for the exact extent of data collection on any point which they believe to be important to decision making.

Information provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others, is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analysis of the subject property was neither provided nor made as a part of this appraisal report.

All values shown in the appraisal report projections are based on the appraiser's analysis as of the date of the appraisal. The values may not be valid in other time periods or as conditions change.

Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, they are not represented as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to the appraiser at the time the appraisal was made. The appraiser does not assume any responsibility for incorrect analysis because of incorrect or incomplete information.

Opinions and estimates expressed herein represent the appraiser's best judgment but should not be construed as advice or recommendation to act.

ASSUMPTIONS AND LIMITING CONDITIONS

Appraisal Report Limitations

Appraisal reports are technical documents addressed to the specific technical needs of the client. Casual readers should be cautioned about the limitations and possible misinterpretation of the information contained in this report and further understand that this report does not contain all of the information gleaned by the appraiser concerning the subject property or the real estate market. While no factors believed to be significant were knowingly withheld, the possibility exists that the appraiser may have information of significance to others; due to the appraiser's limited acquaintance of the property and the appraiser's specifically limited expertise, such information may not seem to be of import to the appraiser.

The appraiser should be contacted with any questions before this report is relied upon as a basis for decision making.

IDENTIFICATION OF PROPERTY

Location

The subject property is located in the northern portion of the State of California, within the south-central portion of the County of Mendocino, in an unincorporated, southern portion of the City of Ukiah. Specifically, the property is situated west of US 101, on the south side of Laws Ave, between S State St to the east and S Dora St to the west.

The subject is identified as assessor's parcel number 003-420-47 and is commonly referenced as 151 Laws Ave, Ukiah, CA.

Statement of Ownership/Property History

A preliminary title report was not provided. The appraisal is made under the **extraordinary assumption** no adverse conditions are to be found in a current title report. Per public records, interest in the property is vested in:

Willow County Water District

The property was purchased by the current owner on March 01, 1995 for \$130,000, via document #95-02923.

The City of Ukiah has submitted an offer to purchase the property via a lease-purchase agreement, in the amount of \$499,999. The transaction is between the municipality and a community water district that is being folded into the city jurisdiction.

The property was not listed on the market prior to the current offer being made.

According to available records and data sources, there has been no other market activity or transfer of the property in the past five years.

Legal Description

N/A

IDENTIFICATION OF PROPERTY

Tax and Assessment Data

As result of the passage of California Proposition 13 (or the Jarvis-Gann Initiative) in 1978, real property taxes in the State of California are limited to 1% of market value, based upon the assessor's market value estimate for the 1975 base year; unless there is a transfer of ownership, new construction, or the property is leased on a long-term basis. Whenever any of the foregoing occurs, the property is reassessed at full market value. If there is no reassessment, the assessed value is increased at 2% annually. Proposition 13 limits the annual real property taxes to 1% of the assessed value plus an amortized amount for voter approved bonded indebtedness.

The property resides within tax rate area 154154. Due to its municipal ownership, the property is not subject to current taxes. If it had been so, a tax rate of 1.210% plus direct charges of approximately \$300 are estimated based upon data obtained from nearby properties.

IDENTIFICATION OF PROPERTY

Marketing Period and Exposure Time

The following definitions are taken from the Dictionary of Real Estate Appraisal, 4th Edition, 2002.

Marketing Period

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.
2. Reasonable marketing period is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately **after the effective date of the appraisal**; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.

Assumptions are made that the property will be marketed through professionals experienced with the particular type of property and that all normal marketing tools will be employed during the listing period. Additionally, the property will be offered for sale at a reasonable value relative to its market value and that neither buyer nor seller are under any duress to execute the sale.

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur **prior to the effective date of the appraisal**. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Listing periods for the five properties utilized in the sales comparison approach ranged from 16 days up to 132 days, with an average time of 74 days or approximately 2.5 months on the market. A broader review of the market finds most properties in the region selling within a 3-to-6-month period.

Based upon this analysis, the exposure time for the property at the stated opinion of value is estimated between 3 and 6 months. Anticipating no major changes in market conditions over the next year, a similar time frame is estimated for the marketing period.

AREA DESCRIPTION



Geography and Economics of Mendocino County

Mendocino County is situated in the northwest coastal region of California and is bounded by Humboldt and Trinity Counties to the north; Tehama, Glenn and Lake Counties to the east; Sonoma County to the south; and the Pacific Ocean to the west. Mendocino County is 100 miles north of San Francisco on the U.S. Highway 101 corridor, and covers an area of approximately 3,878 square miles. It ranks 15th in size compared to the 58 counties in the State of California, but falls to 37th rank when relative populations of these counties are compared. There are only four incorporated cities (towns) in the county, in order of size: Ukiah, Fort Bragg, Willits, and Point Arena. Approximately, 70% of the population lives in the unincorporated areas of the county.

The headwaters of the Russian River are located in Mendocino County, and its rich bottomland supports many small and mostly organic farms that grow fruits and vegetables, while ranches raise sheep and cattle. Mendocino County offers a wide variety of topography, climate, and vegetation; from tidal flatlands of the coastline to rugged mountain terrain, with a number of fertile valleys and a large plain. The climate is considered mild with lows rarely dropping below freezing in the winter and highs in the summer average mid to high 90s.

The Coastal Mountain Range presents a significant geographic barrier, and divides the coastal and interior regions of the county. On the eastern side of the Coastal Mountain Range is Mendocino County's interior, which consists of a series of deep valleys running north and south and contains the bulk of the county's population.

Ukiah is the largest city and County seat. Mendocino College, with a 127-acre permanent campus, and an enrollment of +/- 5,000 students, is located 3 miles north of downtown Ukiah, and is a major employer for the area. Just east of Ukiah in the community of Talmage, is the 488-acre 'City of Ten Thousand Buddhas', one of the nation's largest Buddhist universities/colonies. It is situated at the site of the former Mendocino State hospital.

AREA DESCRIPTION

The economic base of the region has been in transition for decades. The following table indicates some of the largest employers in Mendocino County (ranked by number of full-time employees):

County of Mendocino
Ukiah Unified School District
Mendocino College
Georgia Pacific West
Productive People Empl. Services
Retech
Mendocino Co. Office of Education
Rainbow Construction
Harwood Products Inc.
Mendocino Coast Hospital
City of Ukiah
Savings Bank of Mendocino County
AM&D
Howard Frank R. Memorial Hospital
Fetzer Vineyards

Source: Upstate California Economic Development Council
Source: www.cityofukiah.com

The economy of Mendocino County has historically been centered on agriculture and resource extraction – primarily timber and fishing. However, both the timber and fishing industries have been in decline for several decades due to the over-extraction and consequent dwindling of these resources. Of the three dozen former mills in the county, only a handful remain open, and these are mainly remanufacturing mills that turn sawn logs into molding and other products. The timber and fishing industries have been replaced with tourism within the county. However, it is a cyclical industry that is dependent on worldwide economic conditions. Prior to the recession, the Transient Occupancy Tax (TOT) collections for the county peaked in 2007-08 at \$3,846,841. By 2009-10, they had fallen to \$3,255,978 as the full impact of the recession took hold. Subsequent years saw near-steady growth until 2022-23, when TOT began to decline, leading to a 2023-24 figure of \$8,145,097 (Mendocino County Tax Collector).

Other visitor-serving businesses such as restaurants, gas stations, and entertainment venues are also trending upward. Indian casinos are another growing visitor-serving service. There are currently four along State Route 101, in or near Hopland, Redwood Valley, Willits and Laytonville.

AREA DESCRIPTION

The table below reflects the change in average monthly industry-occupancy employment levels in the county between 2010 and 2020:

Mendocino County Employment by Industry

Industry	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2023 vs 2024
Farm	1,530	1,460	1,060	1,180	1,230	1,200	1,140	1,530	1,400	1,410	1,390	-1.4%
Mining, Logging and Construction	1,320	1,330	1,280	1,560	1,630	1,600	1,420	1,550	1,580	1,630	1,760	8.0%
Manufacturing	2,490	2,520	2,550	2,460	2,380	2,290	2,130	2,500	2,510	2,400	2,220	-7.5%
Wholesale Trade	830	730	810	800	780	740	720	760	710	690	590	-14.5%
Retail Trade	4,380	4,620	4,750	4,760	4,960	4,830	4,330	4,710	4,500	4,370	4,110	-5.9%
Transportation, Warehousing & Utilities	650	680	770	760	770	800	750	880	830	880	930	5.7%
Information	270	260	240	240	230	210	200	190	210	210	180	-14.3%
Financial Activities	1,050	1,040	1,030	1,070	1,090	1,060	1,020	1,010	920	980	920	-6.1%
Professional & Business Services	1,660	1,670	1,660	1,740	1,850	1,960	1,790	1,860	1,790	1,970	1,910	-3.0%
Educational & Health Services	5,570	5,490	5,720	5,790	5,830	5,890	5,570	5,590	5,940	6,100	6,580	7.9%
Leisure & Hospitality	4,230	4,250	4,240	4,330	4,260	4,320	2,970	3,920	4,010	3,950	3,950	0.0%
Other Services	770	780	790	820	770	730	610	600	720	680	710	4.4%
Federal Government	260	270	270	260	270	270	290	250	260	260	250	-3.8%
State & Local Government	6,770	6,870	7,000	7,130	6,880	6,910	6,100	6,370	6,630	6,820	7,030	3.1%
Total: All Industries	31,780	31,970	32,170	32,900	32,930	32,810	29,040	31,720	32,010	32,350	32,530	0.6%
% Private	77.9%	77.7%	77.4%	77.5%	78.3%	78.1%	78.0%	79.1%	78.5%	78.1%	77.6%	
% Public	22.1%	22.3%	22.6%	22.5%	21.7%	21.9%	22.0%	20.9%	21.5%	21.9%	22.4%	

Source: State of California Employment Development Department

Government employment is the largest single source of employment in the county, followed by retail trade, leisure/hospitality, and educational/health services. This highlights the shift away from manufacturing, which was once a major employer in the region. The county's employment is now focused upon services with the public sector coming in as number one in employment.

Employment figures declined in all industries between 2019 and 2020, reflecting the on-set of the Covid-19 pandemic in early 2020 and its devastating impact upon all sectors of employments, but most notably in Leisure & Hospitality, which was down 31.3%. By 2024, employment has returned to near pre-pandemic levels.

AREA DESCRIPTION

The table below reflects the historical labor force totals for Mendocino County since 2003:

Year	Labor Force	Employment	Unemployment	Unemployment Rate
2003	45,310	42,190	3,120	6.9%
2004	44,033	41,198	2,835	6.4%
2005	43,926	41,389	2,537	5.8%
2006	43,351	41,097	2,254	5.2%
2007	43,179	40,804	2,375	5.5%
2008	43,287	40,321	2,966	6.9%
2009	43,325	38,878	4,447	10.3%
2010	43,347	38,461	4,886	11.3%
2011	42,755	38,077	4,678	10.9%
2012	42,776	38,623	4,153	9.7%
2013	43,497	40,126	3,371	7.7%
2014	41,000	38,160	2,840	6.9%
2015	40,207	37,853	2,354	5.9%
2016	39,644	37,555	2,089	5.3%
2017	39,628	37,842	1,786	4.5%
2018	39,715	38,151	1,564	3.9%
2019	38,934	37,388	1,546	4.0%
2020	37,015	33,723	3,292	8.9%
2021	36,920	34,622	2,298	6.2%
2022	37,183	35,653	1,530	4.1%
2023	37,377	35,621	1,756	4.7%
2024 (Prelim.)	38,361	36,381	1,979	5.2%

Source: Bureau of Labor Statistics

The data indicates a moderate annual decline in the total workforce over the past ten years. As of 2019, Mendocino County's unemployment rate was 4.0%; down from a recent peak of 11.3% in 2010 and below its pre-recession low of 5.2% in 2006. This followed the general pattern observed within most counties in the state: a sharp increase in unemployment figures as the recession takes hold in late-2008, followed by steady improvement from 2011-onward. Mendocino County's rate of recovery, however, lagged those of the nine Bay Area counties, which benefited from much stronger job growth throughout multiple industries.

In April 2020, unemployment increased dramatically to 14.7% in the county (16.1% in California), reflecting the on-set of the covid-19 pandemic and its devastating impact on short-term unemployment figures due to government mandated business closures and shelter-in-place orders. By the end of 2020, unemployment had risen to an average rate of 8.9%. As businesses were allowed to re-open, the rate fell to a normalized-level of 5.2% for 2024.

AREA DESCRIPTION

Demographics

Approximately 68% of the population lives in the unincorporated areas of the county. The 2000 Census saw a county population of 86,265. By January 01, 2025, this figure had by 4.1% to 89,827.

COUNTY/CITY	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Mendocino County											
Fort Bragg	7,633	7,672	7,449	7,540	7,494	7,451	7,409	7,153	7,014	7,179	7,187
Point Arena	444	448	437	438	430	438	435	443	439	445	452
Ukiah	16,156	16,186	15,889	16,081	15,942	15,951	15,526	16,080	15,929	16,108	16,325
Willits	4,860	4,879	5,092	5,133	5,107	5,065	5,040	4,920	4,858	4,830	4,838
Balance Of County	59,070	59,193	60,225	59,350	59,232	58,803	58,259	61,403	60,924	60,914	61,025
Incorporated	29,093	29,185	28,867	29,192	28,973	28,905	28,410	28,596	28,240	28,562	28,802
County Total	88,163	88,378	89,092	88,542	88,205	87,708	86,669	89,999	89,164	89,476	89,827

(California Department of Finance: E-5 Population and Housing Estimates)

The state's Dept. of Finance data indicates there were 888,250 households in the county as of January 01, 2025. The median household income was \$67,454 in 2023, with a December 2024 cost-of-living index of 90.6 (below the U.S. average of 100), making it a notably more affordable environment than the Bay Area.

Housing

Housing in Mendocino County is predominantly detached single-family units, making up approximately 70% of the total stock. They include modern subdivisions, custom homes, and small and large acreage rural properties, such as ranch homes or cabins.

According to BAREIS (Multiple Listing Service) statistics, the average price for a single-family residence, countywide in 2024, was \$589,738 (median price \$500,000) for a 1,529-sf, 3-bedroom/2-bathroom residence. Manufactured homes account for approximately 13% of the housing stock. These dwellings are the preferred primary residence of many persons in the area due to their affordability and low maintenance. Multi-family housing is limited, accounting for 13.8% of the housing stock with most situated in the four incorporated communities. The county has ample vacant land that is planned for residential development; however, the rate of countywide residential growth is expected to remain moderate due to limited infrastructure of its communities and the availability of sewer and water services. Many of the unincorporated residential areas must rely on private water sources and septic systems, and natural gas is not available in the county.

AREA DESCRIPTION

Transportation

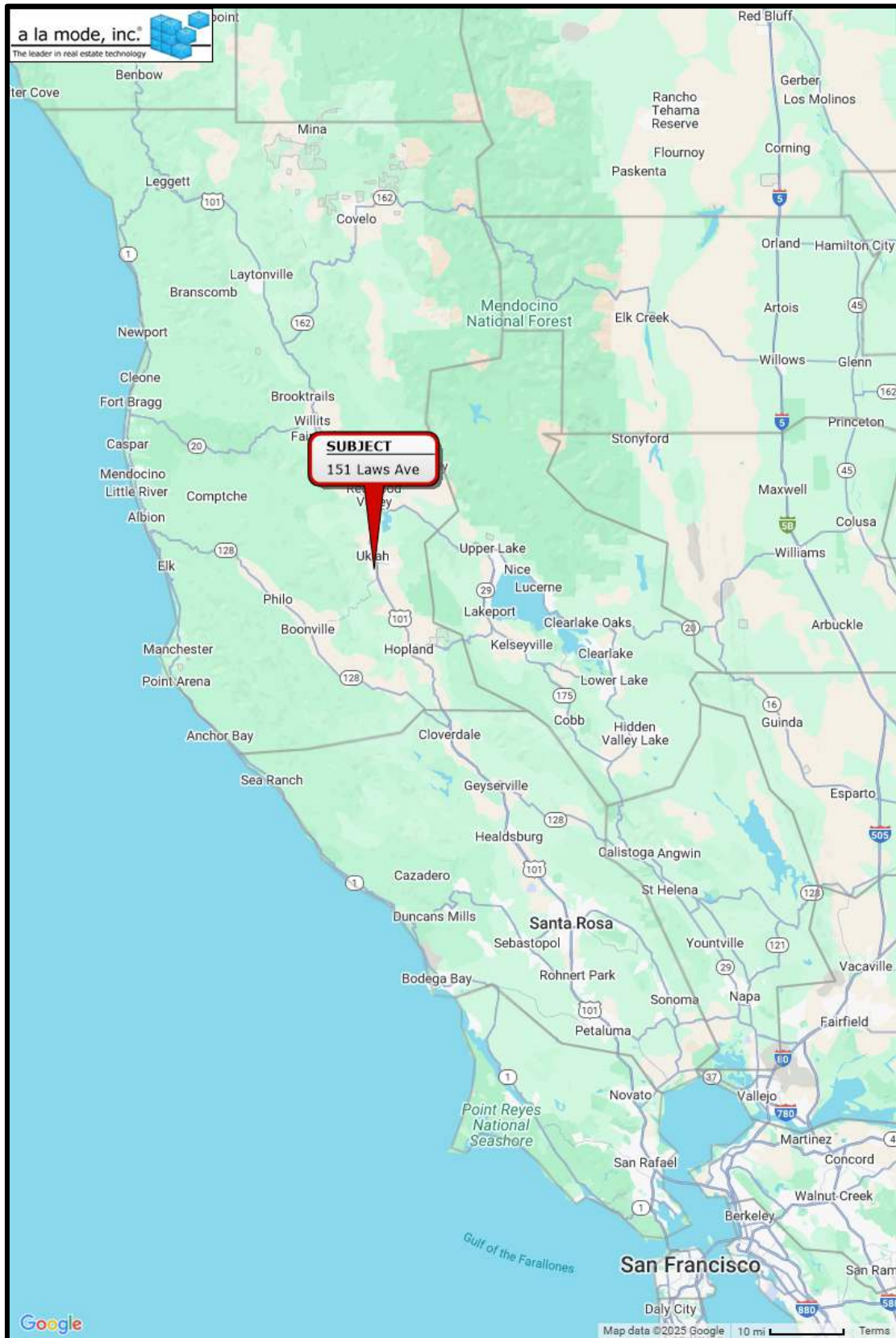
Mendocino County is served by the major roadway U.S. Highway 101. Local bus service is provided by Mendocino Transit Authority, and regional service is provided by Golden Gate Transit system. Railway access in Mendocino County is currently not in service. The former Northwestern Pacific Rail line holdings, which have historically served the area have been acquired by the State of California. Some 316 miles of rail right-of-way located in northern California are currently managed by the North Coast Railroad Authority (NCRA), which was created in 1989. This agency has been under-funded since inception, and there is currently significant deferred maintenance to the railway lines. However, the California Transportation Commission recently approved funding as part of the \$286 billion Transportation Equity Act approved by congress in 1985, to begin restoration work to the railroad line in phases with the eventual aim of providing a viable rail operation thru the southern portion of the rail line (including portions of Mendocino County). Ukiah Municipal public airport currently offers no major carrier service, and it has been forced to restrict the scope of its activities due to recent construction of “big box” retailers in the vicinity of established flight patterns. It is unlikely that major carrier service will be allowed at the current airport location, although there has been some discussion in local news services about re-locating the municipal airport to a location northeast of the current city limits.

Conclusion

Typical of most of California, the economic base of Mendocino County has recovered from the recent recession, whose lingering effects had put all sectors of the economy on hold for several years. Continued improvement in the economy will most likely continue the economic growth at both the local and regional level.

The attendant problems of growth, such as sewage collection, treatment, and disposal, water supply, and traffic congestion, are all matters currently being studied by local governmental agencies. Resolution of these infrastructure constraints will be determinative of future growth, both short- and long-term, within the county and its communities.

AREA DESCRIPTION: Area Map



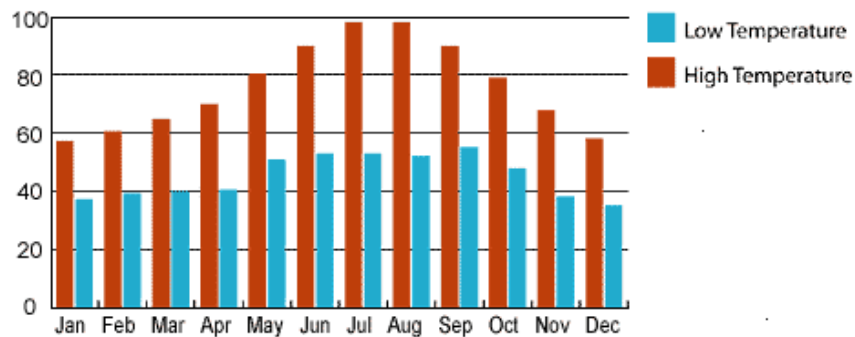
CITY/NEIGHBORHOOD DESCRIPTION

Geographically, Ukiah is situated in a small agricultural valley 614 feet above sea level. The town is located 110 miles North of San Francisco and 60 miles from the Mendocino coast. Ukiah was incorporated in 1876. Ukiah has excellent recreation facilities including Lake Mendocino just to the north and Cow Mountain Recreation area to the west. In addition Ukiah has numerous city and regional parks.

Freeway mileage from Ukiah to:

San Francisco:	113	Eureka:	160
Santa Rosa:	62	Ft. Bragg:	60
Seattle:	754	Lakeport:	32
Willits:	25	Los Angeles:	520
Williams:	79	Sacramento:	148

Climate



Source: Ukiah Chamber of Commerce

Unlike many other cities close to the coast, Ukiah is relatively fog-free. This fact, coupled with warm days and cool evenings, gives Ukiah an ideal climate for those who want four seasons but don't want extreme temperatures. Summer temperatures are regularly in the mid-90s with cooling in the evenings. Winter temperatures are in the 50s with lows in the 30s-40s. Average total annual rainfall is approximately 38.5 inches a year.

Population

Ukiah has experienced slow population growth with only a 1% increase between 2004 and 2014. As of January 01, 2025, the population of Ukiah proper was 16,325. According to the 2020 Census data, per capita income in the city was \$28,282 with an average household income of \$50,207. Approximately 21.7% of its population lived below the poverty level versus 15.3% statewide. As to higher education, 18.2% of the residents have a bachelor's degree or higher. As to age, 24.8% of the population is under 18 years versus 14.5% 65 years and over.

CITY/NEIGHBORHOOD DESCRIPTION

Industry Employment

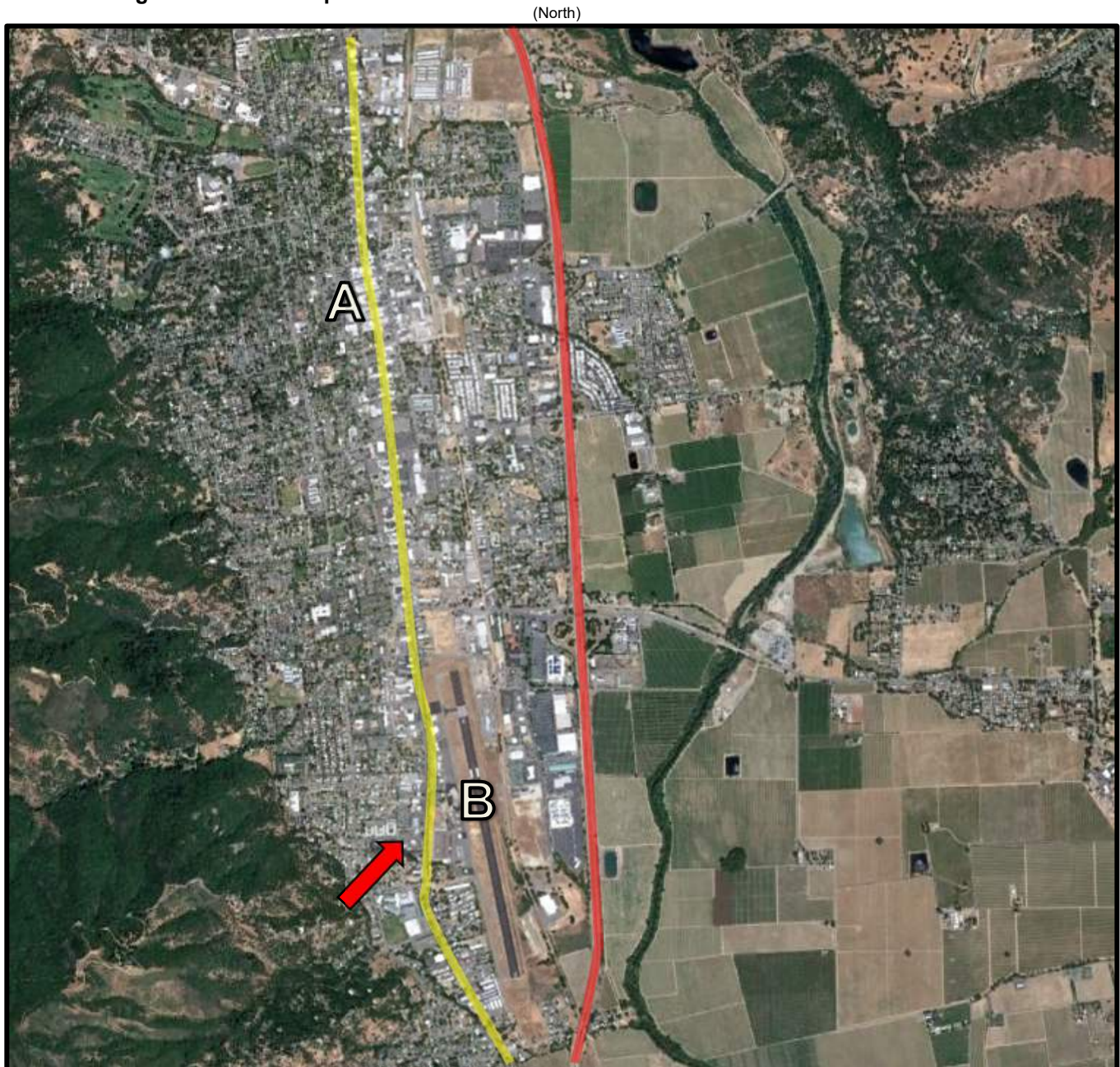
Industry employment in Ukiah and the surrounding area is mixed with government, retail & service, manufacturing, and timber industry workers. Agriculture also plays a role in the employment for the area; industries include wineries, vineyards, pear orchards and wood products. Ukiah is the largest producer of Bartlett pears in the world, and has large packing and export operations in support of this crop. The number of small non-agricultural types of manufacturers and service industries continue to rise while timber industry activities are in decline. As with many rural communities, State and local government agencies also constitute a significant part of local employment.

Housing

Overall, housing in the Ukiah area is mixed with older individual construction homes and newer suburban-type developments. As of January 01, 2025, there were 7,066 housing units in the city, of which 60% (4,256) were single-family residences (both attached and detached), 440 were mobile homes, and the remainder comprised of multi-family residential properties. The housing vacancy rate at that time was 5.3% versus a countywide vacancy of 9.8%.

CITY/NEIGHBORHOOD DESCRIPTION

Neighborhood Description



(GoogleEarth, dated 06/02/2021. Keith Sablik, MAI)

The subject is located in an unincorporated neighborhood lying on the southern outskirts of the city of Ukiah, approximately 2-miles south of the city's central business district (star). Its immediate neighborhood is defined by city limits to the north, US 101 (yellow line) to the east, rural residential lands to the south, and a ridgeline to the west. Land uses are comprised of approximately 30% residential, 10% commercial, and 60% vineyard or rural-residential lands.

The Ukiah Municipal Airport (A) – a single-runway facility with maintenance and storage facilities for civilian aircraft (and home to a CalFire airbase and an air ambulance service) – is located ¼-mile east of the subject. The property is subjected to increased noise levels; though minimal flight traffic mitigates its impact upon the area.

CITY/NEIGHBORHOOD DESCRIPTION

Most commercial activity, including the Mendocino County Superior Court, is concentrated along State St or School St. The former is the only major commercial corridor through the city. Within the downtown core, most uses range from small single-tenant structures to two-story multi-tenant buildings. Many were developed in the late-1800s to early-1900s and are of generally average to good-average quality. Design/appeal varies from fair to good, with those that have retained their vintage architecture retaining the greatest appeal. Most properties display average maintenance levels.

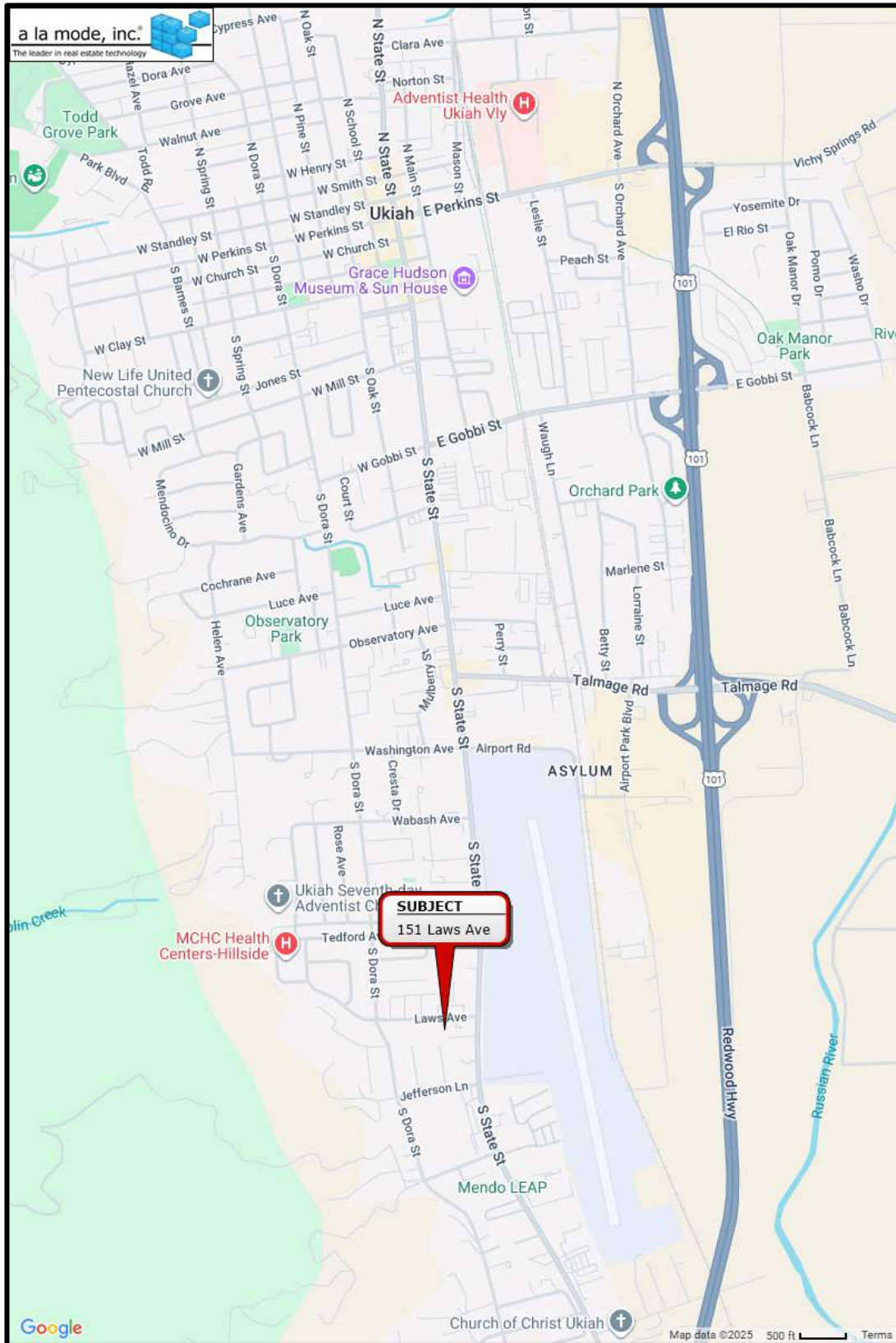
Residential uses are predominantly situated west of State St, though several pocket areas are situated between State St to the west and US 101 to the east. Subject's specific neighborhood is comprised of a single-family residential tract development on the west side of State St. Developed between the 1950s and 1970s, most are average quality, single-story residences displaying average maintenance levels. Multi-family residences, like the subject, are limited to a few former motels/inns that have been converted into fair quality/appeal housing.

The limited commercial activity in the neighborhood is situated along State St, interspersed amongst other uses. In general, the segment is comprised of fair to average quality single- and multi-tenant properties developed from the mid-1900s onward. Most are of average design/appeal and display average maintenance levels.

The bulk of the land use to the south of the subject is comprised of rural-residential and vineyard lands.

Overall, subject's general location has average appeal to the commercial markets due to the quality and care of existing properties and its proximity to the downtown.

CITY/NEIGHBORHOOD DESCRIPTION: Location Map



SITE DESCRIPTION

<u>Site Summary:</u>	
Assessor's Parcel Number	003-420-47
Street Address	151 Laws Ave
	Ukiah, CA 95482
Site Area	20,940 sf (0.48 acre)
Shape	Rectangle
Topography	Level
Street Frontage	Approximately 150' on the south side of Laws Ave
General Plan Land Use	SR: Suburban Residential
Zoning	C-1: Limited Commercial
Flood Hazard	FEMA map reference #06045C1514G, Zone X (areas determined to be outside the 0.2% annual chance floodplain), dated 09/19/2025
Earthquake Hazard	Per the California Dept. of Conservation's <u>California Geological Survey</u> , the property is situated in the Ukiah Quadrangle, but is not located on a known fault.
Environmental Hazard	Per the State Water Resource Control Board's Geotracker website, there are 6 environmental hazard sites identified within a 1,000' radius of the subject. All are marked completed-case closed. There are no known or noted environmental hazards at the property.
Utilities	Municipal water & sewer provided by the City of Ukiah; gas & electricity provided by PG&E; trash collection by Ukiah Waste Solutions; telecommunication services provided by a variety of private carriers.
Drainage	Appears adequate

SITE DESCRIPTION

Present Use	<i>Single-tenant office</i>
Easements	<i>A title report was not provided for review. It is assumed there are no known or noted adverse easements at the subject that would impact its use or value.</i>
Off –Site Improvements	<i>Illuminated, asphalt streets w/ concrete curbs, gutters, & sidewalks</i>
Soils	<i>No soils study has been reported; soils appear adequate to support existing use; no soil contamination apparent from initial inspection.</i>

Overview

The subject parcel is identified as APN: 003-420-47 and is commonly referenced as 151 Laws Ave. It is situated west of US 101, on the south side of Laws Ave, between S State St to the east and S Dora St to the west. Laws Ave is secondary, east/west street providing ingress & egress to and from a residential neighborhood lying west of S State St. At the subject, it is an illuminated, 2-lane asphalt roadway with concrete curbs, gutters, & sidewalks. Parallel parking is available on both sides of the street.

The subject maintains approximately 150' along the south side of the street. Traffic volume at the subject is light throughout the day. Subject's visibility is rated fair-average based upon the light traffic volume.

Per public records, this is an 20,940-sf (0.48-acre) parcel. It is a rectangle-shaped, interior lot with level topography throughout. Landscaping is limited to a few bushes. Additional site improvements include full public utilities, grading and an asphalt parking lot with striped-parking for 22 vehicles, plus a gated/fenced side yard with additional, unmarked vehicle parking. The former produces a better-than-average parking ratio of 5.5 spaces per 1,000 sf of gross building area (GBA). Based upon a gross building area of 3,974 sf, the property has a floor area ratio (FAR) of 0.19, resulting in some surplus land.

Based upon the attributes cited above, the subject has good site utility and average appeal.

SITE DESCRIPTION

Land Use and Zoning

The property resides within the *SR: Suburban Residential* land use designation under the county's existing General Plan. Specifically, it is zoned: **C-1: Limited Commercial District**. The following excerpt is taken from the county planning department's web site:

C-1: Limited Commercial District

This district is intended to create and enhance areas where public facilities and services are available. It is also intended to facilitate a balance between jobs and housing, provide for the possibility of live/work spaces, and provide additional opportunities for affordable housing. A limited number of retail commercial goods and services are desired primarily to meet day to day needs of local residents and to facilitate livable/walkable communities and live/work opportunities. Typically this district would be applied in conjunction with residential uses and would permit only those uses which do not significantly increase traffic, noise or other impacts

The regulation emphasizes a broad range of retail and office uses, as well as single- & multi-family residences.

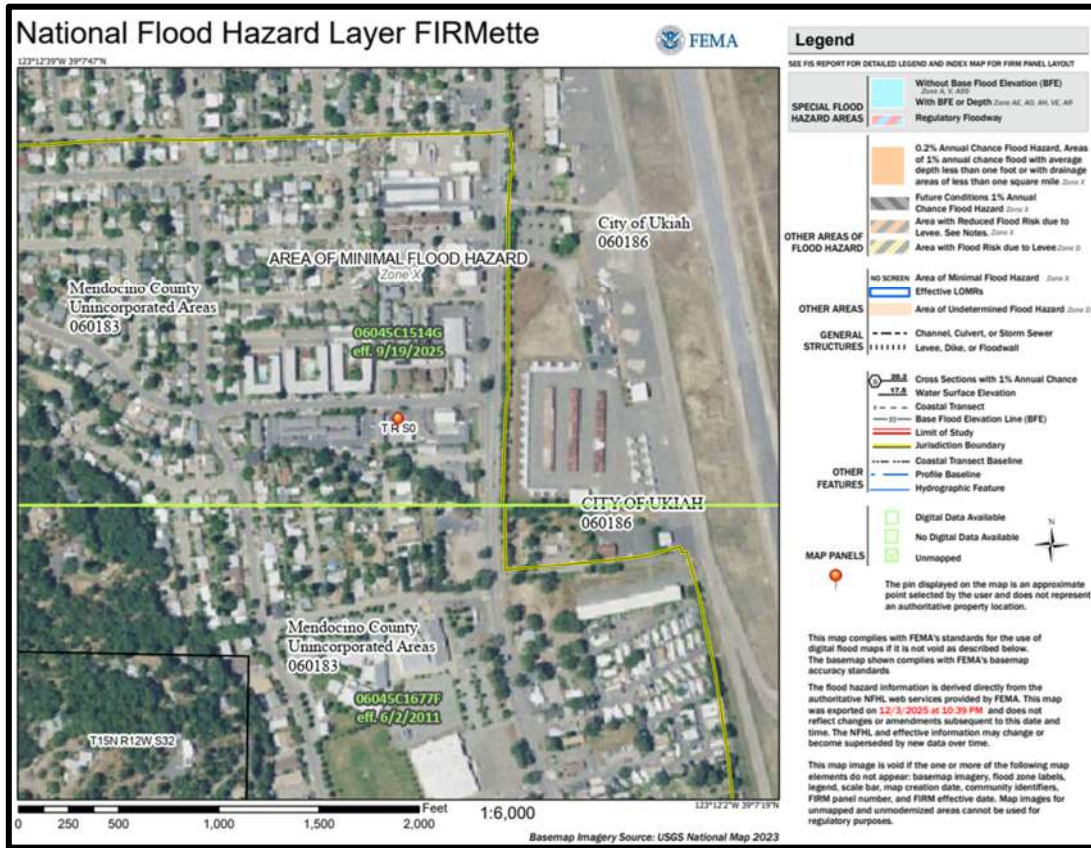
Development standards under the C-1 zoning include:

1. *Minimum lot size:*
 - a. *Parcels with water & sewer districts: None*
 - b. *Residential: 6,000 sf*
 - c. *Parcels with water or sewer districts: 12,000 sf*
 - d. *Parcels outside of a water or sewer district: 40,000 sf.*
2. *Maximum Dwelling Density, for parcels within municipal water & sewer districts:*
 - a. *1 single-family residence per 6,000 sf parcel*
 - b. *1 Multi-family residential unit per 1,600 sf*
3. *Building Height Limits: 35'*
4. *Setbacks*
 - a. *Front: 20'*
 - b. *Side: None required, except that any side or rear yard contiguous to any district other than commercial or industrial shall have a minimum side yard of five (5) feet*
 - c. *Rear: None required, except that any side or rear yard contiguous to any district other than commercial or industrial shall have a minimum side yard of twenty (20) feet*
 - d.
5. *Parking:*
 - a. *Retail and Office: 1 space per 300 sf of gross floor area*

Based upon these regulations, the subject site and use are legal and conforming.

SITE DESCRIPTION

Flood Hazard



Subject is located in FEMA map reference #06045C1514G, Zone X (areas determined to be outside the 0.2% annual chance floodplain), dated 09/19/2025.

The property is not located in a FEMA-designated flood-hazard area.

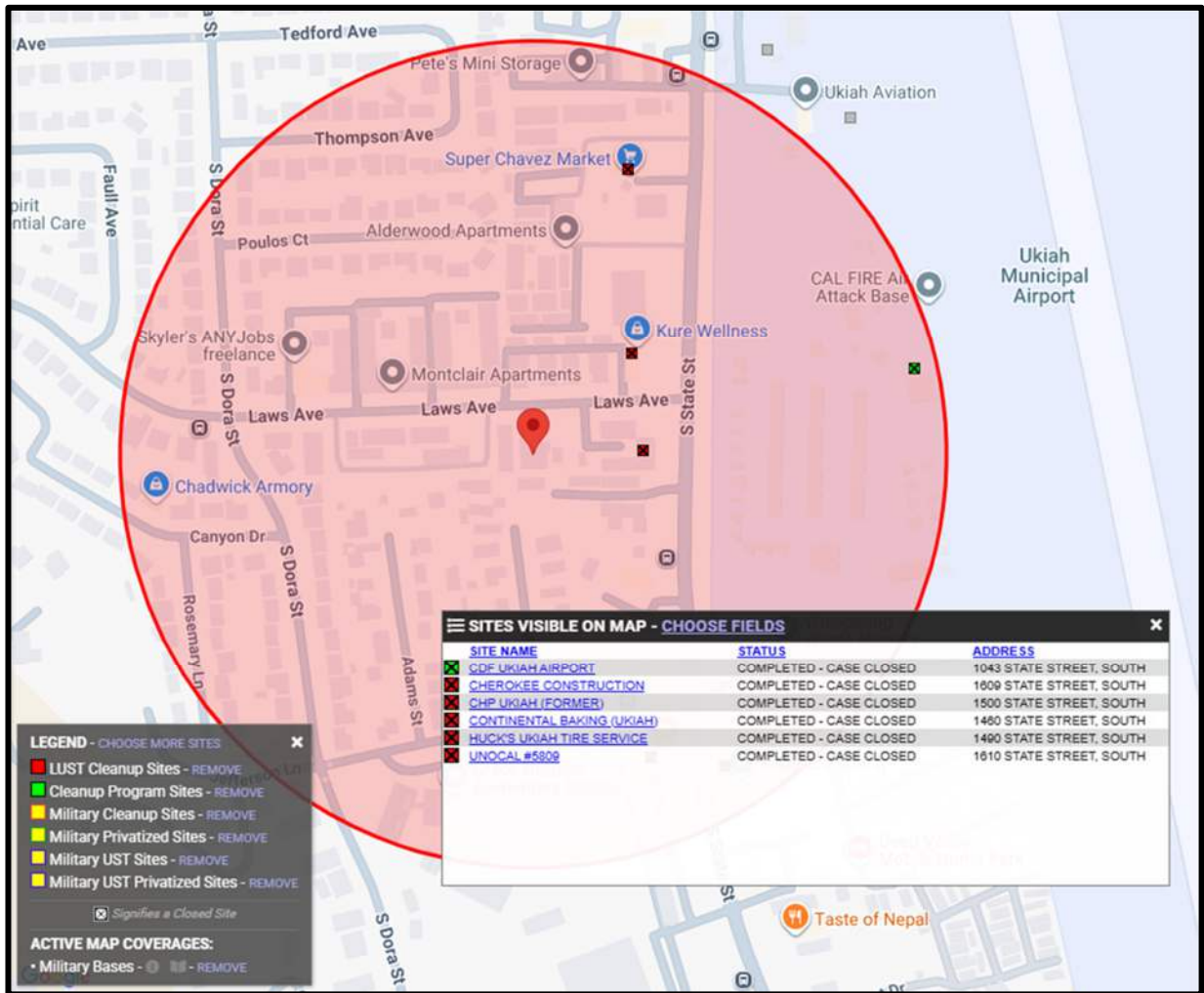
Earthquake Hazard

Per the California Dept. of Conservation's California Geological Survey, the property is located in the Ukiah Quadrangle, but is not situated on a known fault zone.

In general, much of California is traversed by numerous faults – including many as-yet-known – that produce frequent and sometimes notable seismic activity. The proximity to a fault has proven to have little or no impact upon an area's marketability; though it may trigger additional building requirements to mitigate damage from an earthquake.

SITE DESCRIPTION

Environmental Hazard



Per the State Water Resource Control Board's Geotracker website, there are 6 environmental hazard sites identified within a 1,000' radius of the subject. All are marked completed-case closed.

Though it is noted the appraiser is not an expert in the detection of such matters, a cursory inspection finds no known or noted environmental hazards at the subject.

SITE DESCRIPTION: Aerial Photograph

(North)



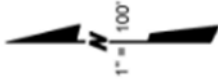
(GoogleEarth. Date 04/12/2025. Keith Sablik, MAI)

The approximate shape of the subject is shown in red. Adjacent and nearby uses include multi- and single-family residential properties to the north, south and west; and a fire station (A) to the east, followed by S State St (yellow line) and the Ukiyah municipal airport (B).

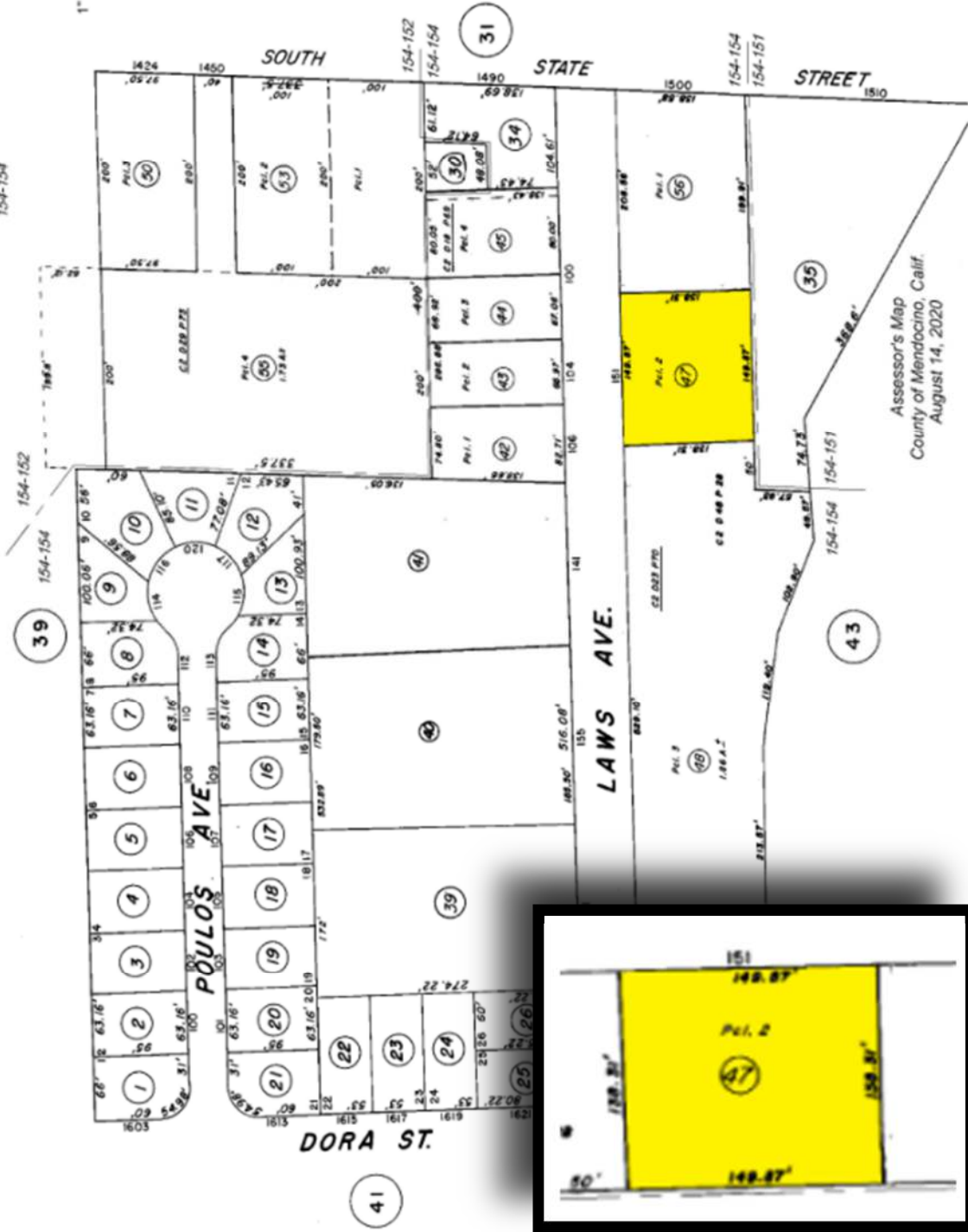
The subject has unimpeded vehicular access to and from Laws Ave.

SITE DESCRIPTION: Assessor's Parcel Map

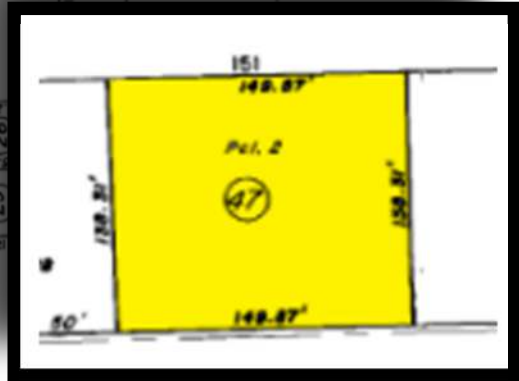
3-42



Frc. Lot 78 Yokayo Rancho & Ukiah Village Add. no. 4



Assessor's Map
County of Mendocino, Calif.
August 14, 2020

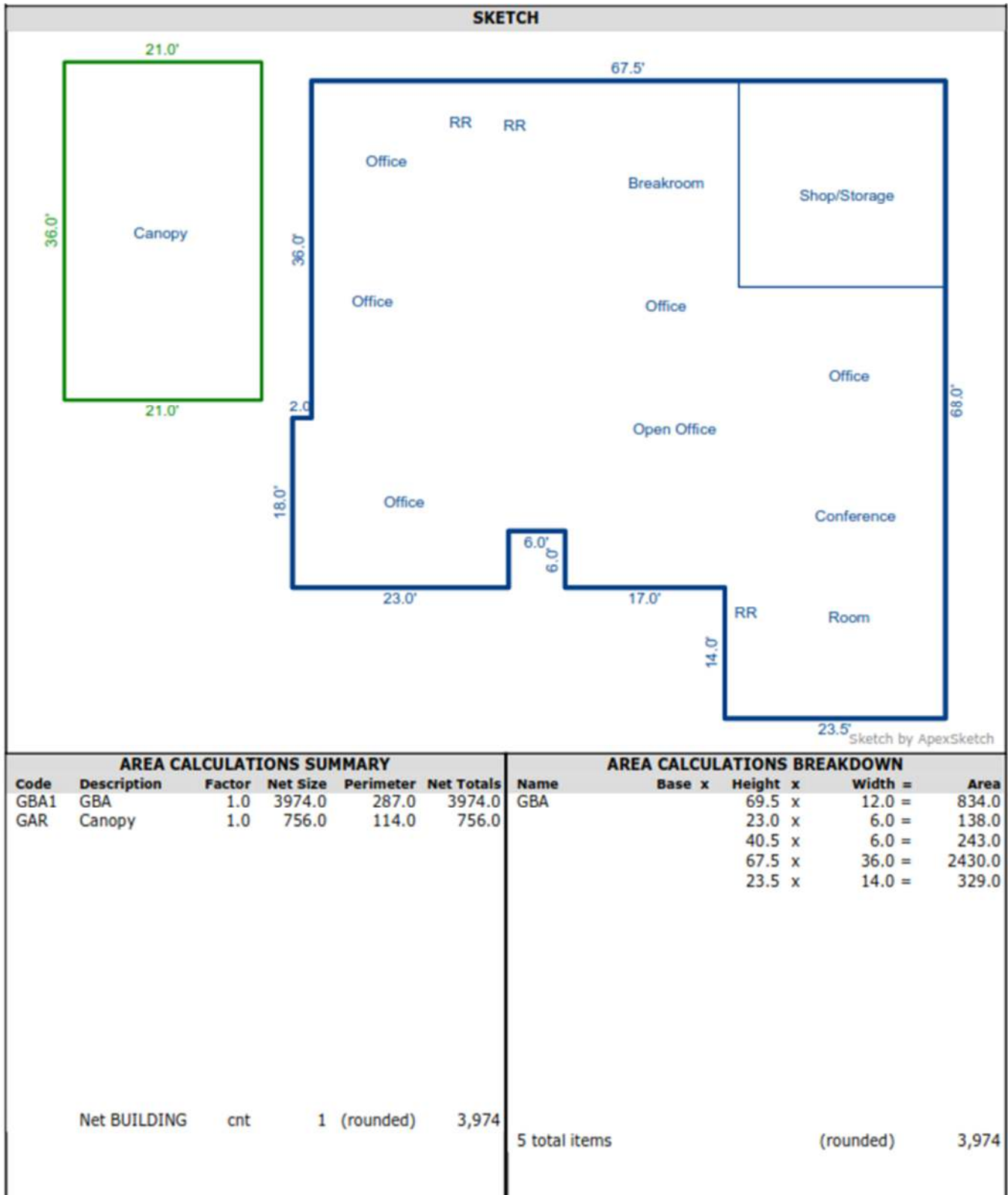


IMPROVEMENT DESCRIPTION

<u>Building Summary:</u>	
Type	<i>Single-story, single-tenant office building</i>
Gross Building Area	<i>3,974 sf</i>
Year Built	<i>Circa mid-1900s</i>

<u>Construction Detail:</u>	
Foundation	<i>Concrete slab</i>
Construction Type	<i>Masonry (concrete block) & wood frame</i>
Roof Covering	<i>Composition shingle (new)</i>
Siding	<i>T-111 wood paneling & concrete block</i>
Windows	<i>Single-pane, aluminum sash & dual-pane, vinyl sash</i>
Interior Walls	<i>Finished sheetrock & concrete block</i>
Ceiling	<i>(8') Finished sheetrock & (9') acoustic drop-panel</i>
Floor Coverings	<i>Linoleum tile, carpet & ceramic tile</i>
HVAC	<i>(3) roof-mounted HVAC units (per aerial images) providing warmed/cooled air to the building</i>
Lighting	<i>Fluorescent lighting units</i>
Plumbing Fixtures	<i>Standard grade (three 2-fixture restrooms & break room)</i>
Electrical	<i>Standard grade (unknown capacity; assumed adequate for use)</i>
Insulation	<i>Unknown</i>
Security	<i>Standard locks</i>
Other	<i>756-sf metal canopy for covered storage of vehicles, equipment and/or materials</i>

IMPROVEMENT DESCRIPTION: Building Sketch



IMPROVEMENT DESCRIPTION



Improvement data was obtained from a physical inspection of the interior and exterior of the property on December 05, 2025. Building areas are calculated by an automated sketch program (Apex IV) based upon measurements taken during the inspection.

The subject is improved with an average quality, single-story, single-tenant office building estimated to have been constructed mid-1900s. Its design has no significant architectural detailing, as is common of the era, and has average appeal to the market.

The structure has a gross building area of 3,974 sf and is 100% efficient.

Construction is masonry (concrete block) & wood framing over a concrete slab foundation. Exterior materials include T-111 wood panel & concrete block siding; a composition shingle roof; and a combination of single-pane, aluminum sash & dual-pane, vinyl sash windows.

The floor plan includes a central lobby, customer counter, open office space, five private offices, conference room, breakroom, storage/shop room and three 2-fixture restrooms.

The floor plan functions well for its intended use with no noted obsolescence in its design.

IMPROVEMENT DESCRIPTION

Interior materials include finished sheetrock & concrete block; 8' to 9' finished sheetrock & acoustic drop-panel ceilings; carpet, linoleum tile & ceramic floors; fluorescent lights; and three roof-mounted HVAC units (per aerial images) providing warmed/cooled air to the building. Security measures include standard door locks.

Additional improvements include a 756-sf metal canopy for covered storage of vehicles, equipment and/or materials.

The roof and one of the HVAC units are newly installed. Overall, the property appears to be well maintained and is in average condition with no apparent major repairs needed at the time of inspection.

The actual age of the improvements is unknown, but have an effective age of 20 yrs. Based upon a 50-yr economic life (Marshall Valuation Service cost index depreciation tables: Offices, Average, Class C), the building has an anticipated remaining economic life of 30 yrs

MARKET ANALYSIS

Office Trends

The subject is located in Northern California in Mendocino County – a largely rural county whose main industries are government service, retail, agriculture and tourism. Specifically, the subject is located in the downtown core of the incorporated city of Ukiah – the largest city in the county and home to the county seat. The city's commercial markets – retail and office – are of moderate size with the both sectors largely serving the local populace.

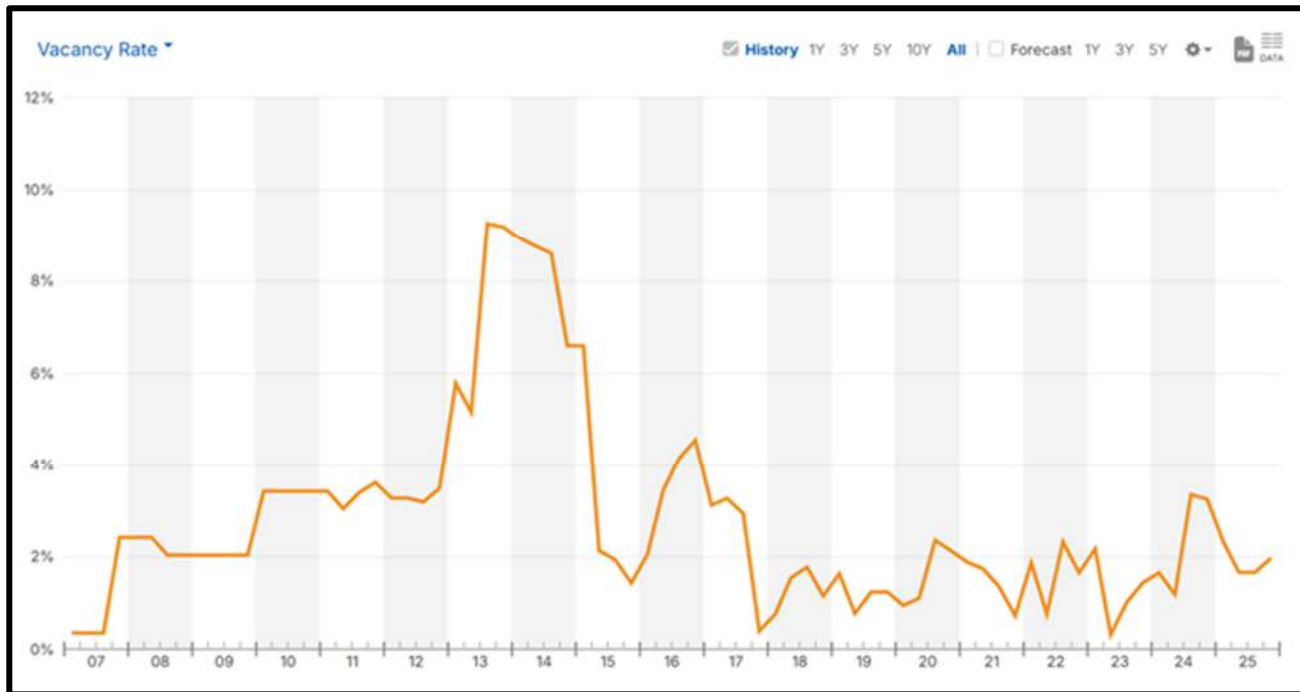
National and local markets in nearly all industries have recovered from the recent recession, which was rooted in the collapse of the housing market in 2005/2006. Rising mortgage defaults subsequently triggered a collapse within the financial markets by the summer of 2008, cementing it as the country's worst recession since the 1930s.

The recession's impact upon unemployment figures was significant within Mendocino County. Vacancy levels, elevated in the early 2000s because of the softening economy attributed to the events of September 11, 2001 and the dot-com bust, declined by mid-decade as the local economy benefited from an overall improvement of economic conditions on both the local and national levels. By 2006-2007, however, the evolving collapse of the residential real estate market was starting to be felt in unemployment numbers, which began to climb from low 5%-levels. The 2008 collapse of the financial markets and economic recession resulted in a peak county unemployment rate of 11.3% in 2010. Since then, the rate steadily improved to a 2019 average rate of 4.0%.

In April 2020, unemployment increased dramatically to 14.7% in the county (16.1% in California), reflecting the on-set of the covid-19 pandemic and its devastating impact on short-term unemployment figures due to government mandated business closures and shelter-in-place orders. By the end of 2020, unemployment had risen to an average rate of 8.9%. As businesses were allowed to re-open, the rate fell to a normalized-level of 5.2% for 2024.

MARKET ANALYSIS

CoStar is reporting a Q3-2025 office base of 571,425 sf for Ukiah, with a vacancy rate of 1.66% on 9,480 sf. Countywide, there is a total base of 851,556 sf with a vacancy rate of 1.39% on 11,825 sf. Ukiah accounts for 67.1% of the countywide office space and 80.17% of the total vacancy, indicating it is performing below market expectations relative to its size.

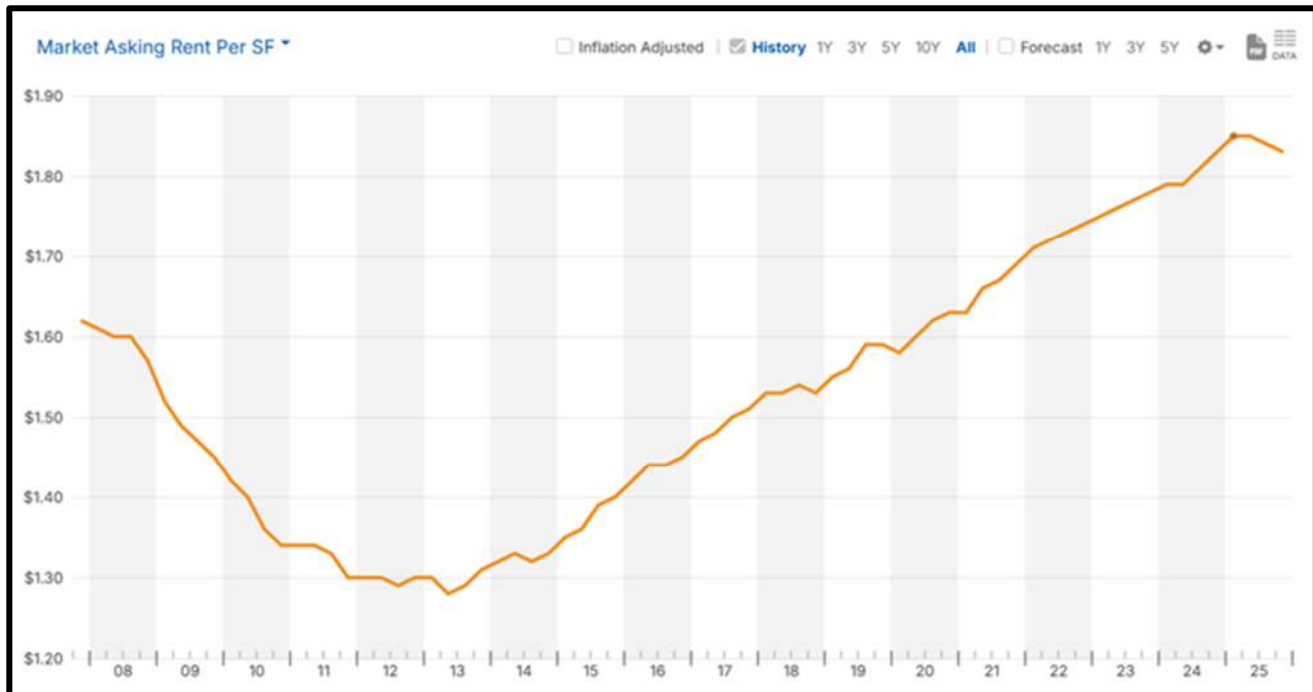


Vacancy rates trended upward during the recession and immediately thereafter, with a downward trend commencing by 2014 as was typical of most markets. Post-recession economic gains resulted in the near-steady decline in vacancy rates until late 2018. Since then, vacancy levels have generally trended upward. Initially, this was likely due to a slowing economy after multiple years of strong growth, only to be followed by the on-set of the pandemic by early 2020. By late-2021, vacancy rates began to stabilize only to trend upward again by mid-2022, this time driven by economic concerns and the Federal Reserve's aggressive campaign to battle inflation via quarter-over-quarter interest rate increases that have had a slowing effect upon most real estate markets.

One aspect that has come to light since the pandemic is the decline in demand for medium to large office space. The proven viability of mass telecommuting during the pandemic has allowed many large companies to re-think their office space requirements, with many shifting to full-time telecommuting or a hybrid work environment (employees working remotely with limited days in office) that demand less office space.

MARKET ANALYSIS

Corresponding to the rise and fall of vacancy rates, lease rates in the Ukiah market followed an inverse path as seen in the following chart (CoStar).

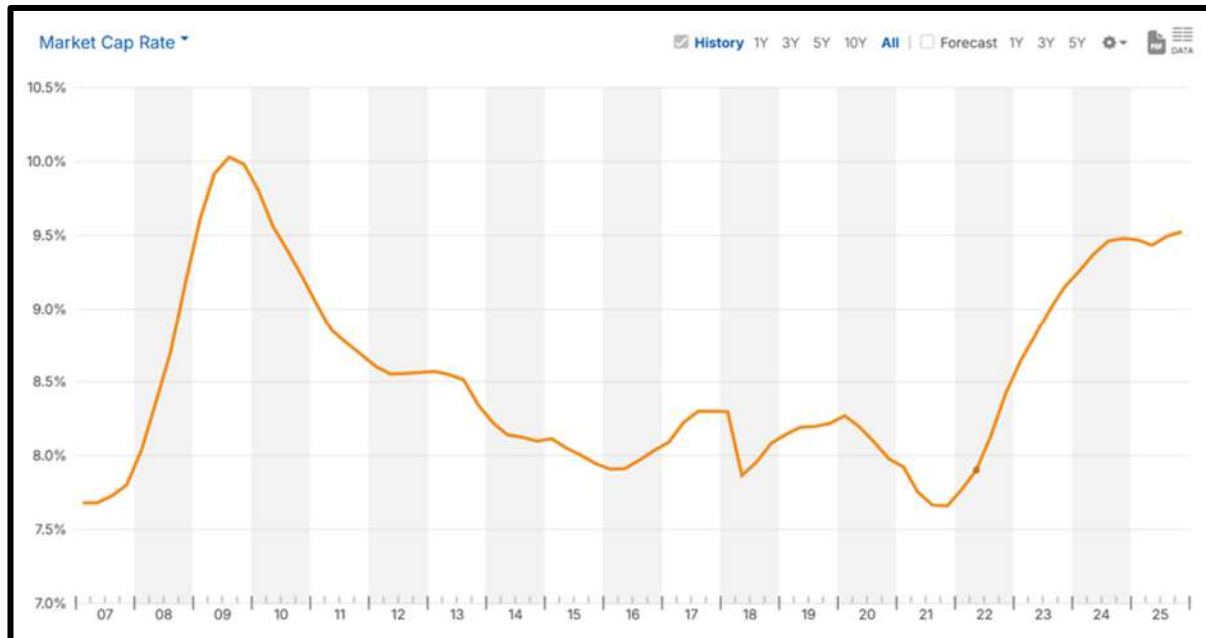


Lease rates declined 20%-plus during- and post-recession, excluding owner concessions which increased (free rent and/or allowances) over the same period. At their lowest point in recent years, office lease rates fell to an average of \$1.28/sf in Q3-2012. Improving economic conditions and vacancy rates in the interim years resulted in a Q3-2025 average of \$1.84/sf, marking a 43.8% increase from its recessionary low. Currently, lease rates range from NNN to full service with most falling between \$1.00 to \$2.00 per square foot. The typical lease includes some provisions for tenant improvements and/or free rent; though the degree of concessions/allowances has diminished in light of the improving market conditions. Most include annual rent adjustments (either flat or tied to CPI) and at least one renewal option.

A continued slow decline, specifically related to medium- & large-tenant office space, is forecasted over the coming year due to the pandemic-related shift in the work-force environment; though some recent return-to-the-office announcements (primarily on a hybrid schedule) amongst the business community may signal a stabilization of the market.

MARKET ANALYSIS

Capitalization rates for office space throughout Mendocino County spiked during the recession, climbing to a high of 10.0% in Q3-2009. As seen in the chart, rates slowly returned to stabilized levels in the mid-7.00% range by 2017.

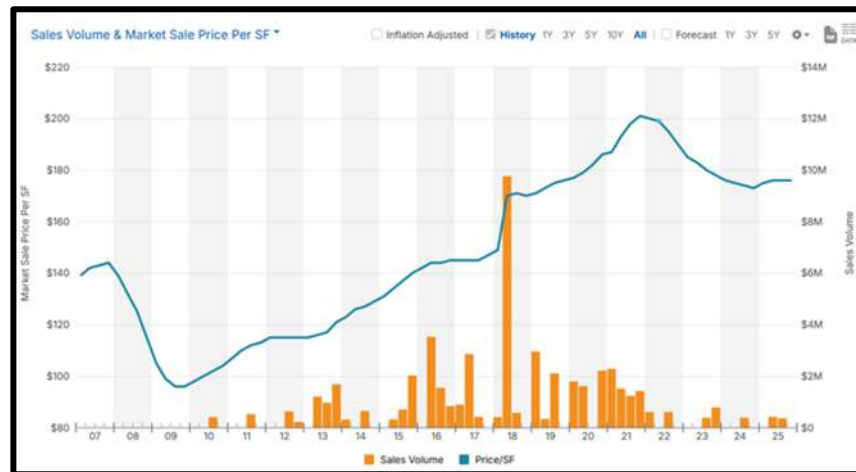


By 2016, capitalization rates began a climb that was originally attributed to concerns over the economy, only to be followed by the on-set of the pandemic, which saw a notable, negative shift in the demand for medium-to-large office properties. Most recently, the Federal Reserve's aggressive policy against inflation has caused lending rates to climb, adding to concerns that some form of recession may be looming on the near horizon. Together, these factors have resulted in a Q3-2025, countywide capitalization rate of 9.49%, with a stable-to-upward trend anticipated over the next couple of years – again, specifically related to medium- and large-office market environment.

Amongst the small owner-occupied offices, such as the subject, capitalization rates remain in the 5% to 7% range, reflecting market-participants who place little to no emphasis on the potential income of a building when making a purchasing decision.

MARKET ANALYSIS

With the recession, office market values saw declines of 30%-plus since their peak in 2007 with increased marketing periods observed in the face of limited buyers and tightening credit. Post-recession, positive signs within the market included a steady, low unemployment rate, increases in leasing activity, and rising lease rates, resulting in upward pressure upon property values. Ukiah's office market values responded favorably to this environment, rising to an average price/sf of \$176/sf by Q3-2025 – an 83.3% increase over Q4-2009's low of \$96/sf, but down 12.4% from a high of \$201/sf in Q4-2021



Overall, the Ukiah office market had benefitted from strong consumer confidence levels, low unemployment rates, and a positive business environment. By late 2019, signs of a softening of the market had surfaced, with many analysts warning that the overall economy was due for a correction after an extended, post-recession period of growth; and that the then-environment was fragile and could falter in light of concerns over national & international debt levels, continued unrest/fighting in the world, a lack of confidence in government leaders, and/or a worsening of unemployment figures.

In early 2020, this environment was exacerbated by the on-set of the world-wide pandemic. Most communities and many industries were initially, severely depressed by the evolving, ongoing threat of the covid-19 (corona) virus pandemic and government-enacted mandates to curb transmission. As vaccines became commonly-available by early 2021, easing of social-distancing mandates alleviated the financial distress amongst some, but not all industries.

Currently, rising inflation driven by pandemic-related supply-chain issues and the recent, ongoing war in Ukraine have added to the economic uncertainty of both national and regional economies. In mid-2022, the Federal Reserve began an aggressive campaign to battle these trends via quarter-over-quarter, interest rate increases that appear to have had a slowing effect upon most real estate markets.

Looking at the long-term prognosis for medium-to-large office properties, it is anticipated that space requirements for larger companies will continue to decline for a period as forced-telecommuting during the pandemic has illustrated to many that telecommuting – either fully or under a hybrid system (limited in-office days & shared employee work space) – is a viable alternative to the traditional office environment.

Smaller, typically owner-occupied office space has proven more stable within the current environment and are anticipated to fare better than their larger counterparts in the coming years.

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*

To determine the highest and best use, the appraiser needs to complete the following analysis:

1. What are the possible physical uses of the site?
2. What legal restrictions or limitations are being imposed as a result of zoning and/or deed restrictions?
3. What uses would feasibly produce the highest present value for the site?
4. What is the highest and best use from among the feasible uses?

*Taken from the Dictionary of Real Estate Appraisal, 4th Edition, 2002, Appraisal Institute

HIGHEST AND BEST USE: As If Vacant:

Legal Permissibility – The property resides within the *SR: Suburban Residential* land use designation under the county's existing General Plan. Specifically, it is zoned: **C-1: Limited Commercial District**. The regulation emphasizes a broad range of retail and office uses, as well as single- & multi-family residences.

The subject parcel is legal and conforming to regulations.

Physical Possibility – The physical characteristics of the site appear to be adequate for any of the allowable uses cited above. Topography is level; drainage appears to be adequate; public utilities are available; soil type appears to be adequate based on surrounding development; and, the subject is not located in a known earthquake or flood hazard zone.

Financial Feasibility – The property is situated in a mostly-residential area with uses on its specific block dominated by multi-family residential properties. Allowable multi-family residential development would conform to the general neighborhood. In today's market, however, development costs for a multi-family residence often exceed market values due to the latter's recessionary decline, making most new projects unfeasible.

Maximal Productivity – The maximally productive use of the site is a small multi-family residence conforming to development standards imposed under the zoning regulation. Current economic conditions, however, may make such a development financially infeasible, which would result in an interim highest and best use as hold for development.

HIGHEST AND BEST USE: As Improved

Legal Permissibility – The property resides within the *SR: Suburban Residential* land use designation under the county's existing General Plan. Specifically, it is zoned: **C-1: Limited Commercial District**. The regulation emphasizes a broad range of retail and office uses, as well as single- & multi-family residences.

The subject property is developed with a single-tenant office building and is conforming in both its site and use to current zoning regulations.

Physical Possibility – The structure is configured for single-tenant office occupancy. It is ill-suited to any other use without significant renovation cost; though the number of suites is flexible.

Financial Feasibility – Three options are considered under financial feasibility: leave the property as-is, modify it, or demolish it. The latter is supported with the underlying land value less demolition costs exceeds the value as improved. In today's market, subject's land value does not exceed its value as-improved, precluding the option of demolition.

Subject's existing office use increases the productivity of the site. As improved, it is financially feasible at this time.

Maximal Productivity – The subject's existing use as a single-tenant office property is identified as the most productive considering the legal, physical, and financial aspects of the property.

METHODS OF VALUATION

In the appraisal of real estate, there are three separate appraisal methods that are customarily utilized for the purposes of determining the value of a given property. The nature of the property determines which one or more of these methods is utilized and which receives the greatest emphasis in the reconciliation.

The value concluded via the **cost approach** is comprised of two components: the value of the underlying land as if vacant and available for development and the estimate of the reproduction or replacement cost of the improvements. This method typically receives the greatest emphasis when valuing special purpose or newer properties for which reliable construction costs can be determined. Limited land sales erode the reliability of this method, as does the difficulty in accurately assessing all forms of depreciation. Furthermore, the typical investment buyer within the segment will place much greater weight on the sales comparison and income approaches. The cost approach, though considered, is not utilized in this report in the determination of market value.

The **sales comparison approach** requires several distinct steps. The appraiser must first identify recent sales of similar type properties in the competing market place. These sales must then be confirmed and qualified to determine that they represent "arm's length" transactions with no unusual conditions attached. The resulting data must then be compared with the appraised property and supportable adjustments must then be made for any significant variances. The final step is then to correlate the adjusted data to provide an indicated market value for the subject. The approach is essential in the process of appraisal for most real property. This approach is given much consideration by market participants and is utilized within this appraisal.

Value via the **income approach** can be determined through the use of direct capitalization or yield capitalization (discounted cash flow) analysis. The former requires the appraiser first determine the economic income capable of being generated by the subject, commensurate with its highest and best use. A stabilized pro-forma operating statement is developed based on this economic income and the anticipated operating expenses required to secure the stabilized income stream. This anticipated net operating income is then converted to value estimate via a capitalization rate determined derived from the market. Both methods are given much considered by participants within subject's market segment.

Direct capitalization is utilized in the appraisal of the subject property.

SALES COMPARISON APPROACH

The sales comparison approach is defined as:

A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison.²

Traditionally, an estimate procedure in which the market value estimate is predicated upon the price paid in actual market transactions with current listings setting the upper limits of value. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable selling price for the subject property under the conditions set forth within the appraisal report. The reliability of this process is dependent upon:

1. the availability of comparable data
2. the verification of that data
3. the degree of comparability and the extent of necessary adjustments for the differences
4. the absence of non-typical conditions affecting the sales price of the properties.

The following pages summarize the sales used in this approach to value. In turn, they are followed by a quantitative comparison analysis and the final estimate of value derived from this approach.

As is typical of market participants, a price-per-square foot unit of comparison is utilized.

² The Dictionary of Real Estate Appraisal 4th Edition, Appraisal Institute

SALES COMPARISON APPROACH**Comparable #1**

Address	780 S Dora St Ukiah, CA
Sale Price	\$407,725
Price/SF	\$135.91
Date of Sale	04/25/2025
Document #	25-03378
Lot Size	19,166 sf
Year Built	1960
Construction	Wood Frame
Quality/Appeal	Average
Condition	Average
Gross Building Area	3,000 sf
FAR	0.16
Use	Office
Parking	12 spaces
Seller	Redwood Childrens Services Inc
Buyer	William B Binns And Michaela M Binns Revocable Trust
Data Sources	MLS 325012190/Public Records

Comments: Sale of an average quality/appeal, single-tenant, office building located on a secondary roadway in Ukiah. The wood frame building was constructed in 1960 and was in average condition at time of sale; selling after 63 days on the market.

SALES COMPARISON APPROACH**Comparable #2**

Address	115 E Smith St Ukiah, CA
Sale Price	\$381,000
Price/SF	\$138.24
Date of Sale	08/20/2024
Document #	24-07124
Lot Size	5,450 sf
Year Built	1921
Construction	Masonry
Quality/Appeal	Average
Condition	Good-Average
Gross Building Area	2,756 sf
FAR	0.51
Use	Office
Parking	4 spaces
Seller	Thomas F Parducci Charitable Remainder Trust
Buyer	Mendocino County Resource Conservation District
Data Sources	MLS 324022549/Public Records

Comments: Sale of an average quality/appeal, single-tenant, office building located on a secondary roadway in Ukiah. The masonry building was constructed in 1921 and was in good-average condition at time of sale; selling after 63 days on the market.

SALES COMPARISON APPROACH**Comparable #3**

Address	166 E Gobbi St Ukiah, CA
Sale Price	\$495,000
Price/SF	\$221.97
Date of Sale	02/02/2024
Document #	24-00905
Lot Size	9,009 sf
Year Built	1930
Construction	Wood Frame
Quality/Appeal	Average
Condition	Average
Gross Building Area	2,230 sf
FAR	0.25
Use	Office
Parking	8 spaces
Seller	David Groezinger
Buyer	LS Health Properties LLC
Data Sources	MLS 323930092/Public Records

Comments: Sale of an average quality/appeal, dual-tenant, office building located on an arterial roadway in Ukiah. The wood-frame building was constructed in 1930 and was in average condition at time of sale; selling after 16 days on the market.

SALES COMPARISON APPROACH



Comparable #4

Address	1367 S Dora St Ukiah, CA
Sale Price	\$500,000
Price/SF	\$106.38
Date of Sale	08/28/2023
Document #	23-06841
Lot Size	27,617 sf
Year Built	1966
Construction	Wood Frame
Quality/Appeal	Average
Condition	Average
Gross Building Area	4,700 sf
FAR	0.17
Use	Office & Medical Office
Parking	22 spaces
Seller	Vineyard Valley Inn LLC
Buyer	J & L Valley Properties LLC
Data Sources	MLS 323019105/Public Records

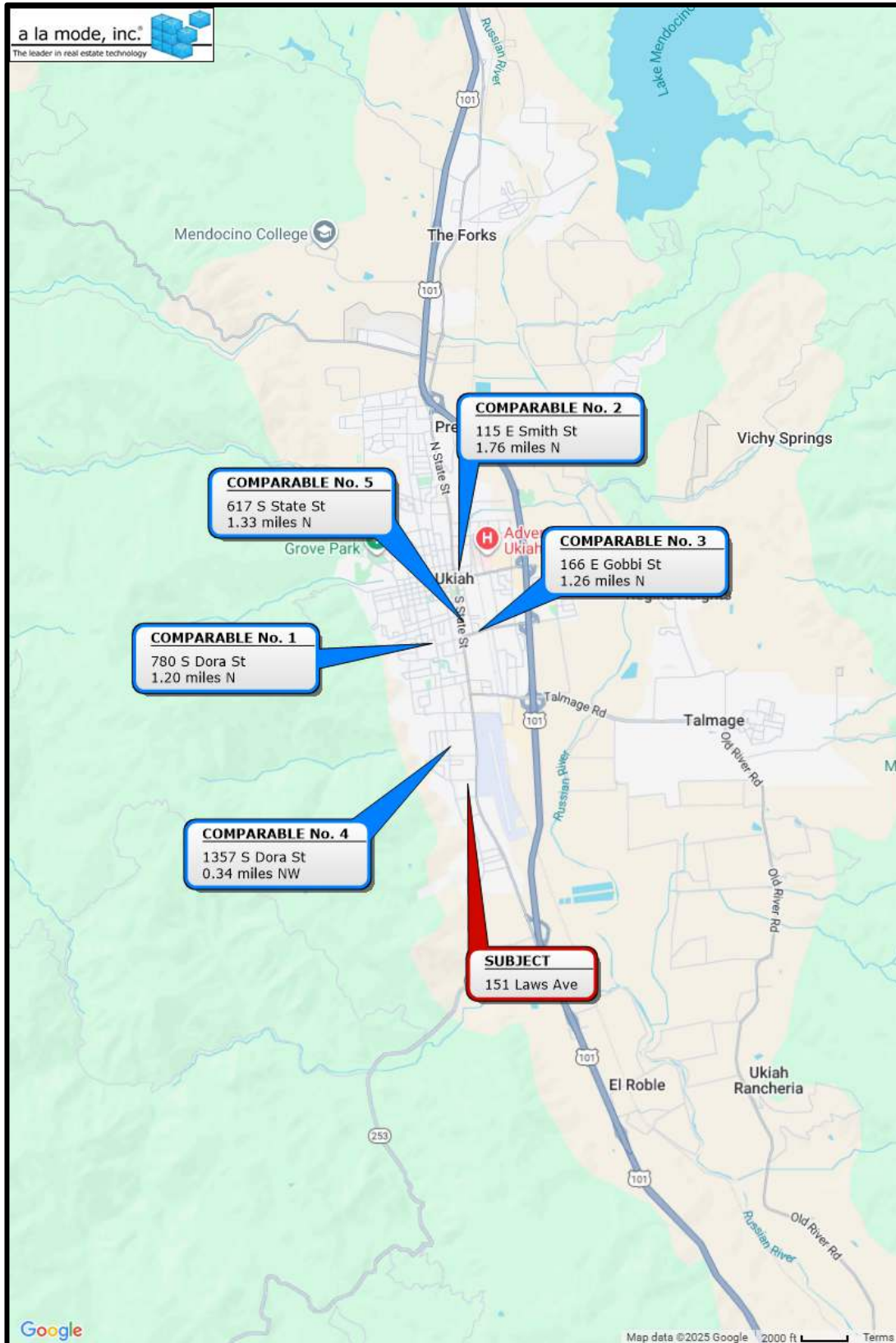
Comments: Sale of an average quality/appeal, two-building, multi-tenant, office complex located on a secondary roadway in Ukiah. The wood frame buildings were constructed in 1966 and were in average condition at time of sale; selling after 132 days on the market.

SALES COMPARISON APPROACH**Comparable #5**

Address	617 S State St Ukiah, CA
Sale Price	\$675,000
Price/SF	\$192.86
Date of Sale	02/15/2023
Document #	23-01200
Lot Size	13,416 sf
Year Built	Unknown
Construction	Masonry & Wood Frame
Quality/Appeal	Average
Condition	Good-Average
Gross Building Area	3,500 sf
FAR	0.26
Use	Office
Parking	Unknown, ample
Seller	Frederick Wong Living Trust
Buyer	Benjamin & Anela Kobetz
Data Sources	MLS 322090026/Public Records

Comments: Sale of an average quality/appeal, single-tenant, office building located on an arterial roadway in Ukiah. The wood-frame & masonry building was in good-average condition at time of sale; selling after 96 days on the market.

SALES COMPARISON APPROACH



SALES COMPARISON APPROACH

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Address	151 Laws Ave	780 S Dora St	115 E Smith St	166 E Gobbi St	1367 S Dora St	617 S State St
City	Ukiah	Ukiah	Ukiah	Ukiah	Ukiah	Ukiah
Data Source	Inspection Public Records	MLS 325012190 Public Records	MLS 324022549 Public Records	MLS 323930092 Public Records	MLS 323019105 Public Records	MLS 322090026 Public Records
Gross Bldg Area	3,974	3,000	2,756	2,230	4,700	3,500
Site Size (sf)	20,940	19,166	5,450	9,009	27,617	13,416
FAR	0.19	0.16	0.51	0.25	0.17	0.26
Year Built	Unknown	1960	1921	1930	1966	Unknown
Construction Type	Masonry/Wd Frame	Wood Frame	Masonry	Wood Frame	Wood Frame	Masonry/Wd Frame
Quality/Appeal	Average	Average	Average	Average	Average	Average
Condition	Average	Average	Good-Average	Average	Average	Good-Average
Parking Spaces	22	12	4	8	22	Ample
Use	Office	Office	Office	Office	Office/Medical Office	Office
Date of Sale	Pending	04/25/2025	08/20/2024	02/02/2024	08/28/2023	02/15/2023
Doc #		25-03378	24-07124	24-00905	23-06841	23-01200
Exposure Time (days)	N/A	63	63	16	132	96
Sale Price	\$499,999	\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Sale Price/SF	\$125.82	\$135.91	\$138.24	\$221.97	\$106.38	\$192.86
Transactional Adjustments						
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Fee Simple
Adjusted Price		\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Financing	N/A	Conventional	All Cash	All Cash	Conventional	Conventional
Adjusted Price		\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Conditions of Sale	Lease Purchase	Typical of Mkt	Typical of Mkt	Typical of Mkt	Typical of Mkt	Typical of Mkt
Adjusted Price		\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Expenditures After Sale	N/A	N/A	N/A	N/A	N/A	N/A
Adjusted Price		\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Market Conditions	Average	Similar	Similar	Similar	Similar	Similar
Adjusted Price		\$407,725	\$381,000	\$495,000	\$500,000	\$675,000
Adjusted Price/SF		\$135.91	\$138.24	\$221.97	\$106.38	\$192.86
Property Adjustments						
Location	Average	Superior -10.0%	Superior -10.0%	Superior -10.0%	Similar	Superior -10.0%
Quality/Appeal	Average	Similar	Similar	Similar	Similar	Similar
Condition	Average	Similar	Superior -5.0%	Similar	Similar	Superior -5.0%
Size (sf)	3,974	Smaller -4.9%	Smaller -6.1%	Smaller -8.8%	Larger 3.1%	Smaller -2.4%
Use	Office	Office	Office	Office	Office/Medical Office -5.0%	Office
Other	Canopy & Lot	Lot 2.0%	N/A 12.0%	N/A 7.0%	Lot 2.0%	Lot 5.0%
Parking	Ample	Similar	Inferior 1.0%	Inferior 1.0%	Similar	Similar
Total Adjustments		-12.9%	-8.1%	-10.8%	0.1%	-12.4%
Indicated Price/SF		\$118.38	\$127.04	\$198.00	\$106.49	\$168.95

SALES COMPARISON APPROACH

Overview

Comparable selection emphasized average to good-average quality/appeal office buildings in the Ukiah market area, having sold from 2023-onward. Greatest consideration was given to properties ranging in size from 2,000 sf to 6,000 sf.

The five closed sales utilized in the analysis are the best available indicators at this time, requiring the fewest adjustments. As is the practice of market participants, a price-per-square-foot unit of comparison is employed in the approach.

Market Conditions

The five sales occurred between February 2023 and April 2025. Analysis finds there has been no significant change in market values during or since this period, precluding the need for adjustment.

Location

The subject is situated on a secondary roadway in an unincorporated portion of southern Ukiah. Its location has average appeal to the office market.

Comparable 4 is located in subject's general market area and has similar location appeal.

Comparables 1, 2, 3 and 5 are located within central Ukiah, amongst greater concentrations of commercial uses that result in superior location appeal.

Quality/Appeal

The subject has average build quality and design/appeal attributes, as do all five indicators.

Condition

Average condition levels are observed on the subject and Comparables 1, 3 and 4. The good-average condition levels of Comparables 2 and 5 are superior to the subject and are adjusted accordingly.

Size

The comparables are adjusted for size differences based upon the inverse relationship of size to price (i.e., larger properties typically sell for a lower price/sf and vice versa). At 3,974 sf, subject's gross building area falls between the comparables, which range in size from 2,230 sf to 4,700 sf. It is smaller than Comparable 4 and larger than all others.

Use

The subject is configured for general office use, as are all four of the five indicators. Comparable 4 has a mix of general- and medical-office uses. Adjustment is made for the greater cost and value associated with its medical-office space.

Other

The subject parcel includes surplus land area, as well as a metal canopy for covered storage. Comparables 1 and 4 are the best match of its parcel, but lack a similar or off-setting improvement to subject's canopy. Comparables 2, 3 and 5 are adjusted for varying degrees of inferior parcel size and their lack of a canopy or off-setting improvement.

SALES COMPARISON APPROACH

Parking

Parking is evaluated on the basis of number of spaces relative to building size and use. Subject has ample parking, as do Comparables 1, 4 and 5. Comparables 2 and 3 are adjusted for their inferior, limited on-site parking.

Summary

The adjusted range of the comparables is approximately \$105 to \$200 per square foot, with four of the five sales ranging from \$105 to \$170. All are good representatives of subject's competitive market segment with weight distributed fairly evenly amongst them.

In the final analysis, subject's \$499,999 pending purchase price equates to a price of **\$125.82/sf**, falling at the predominant midrange of the market data, indicating the property is selling at a fair-market level.

$$3,974 \text{ sf} \quad @ \quad \$125.82/\text{sf} \quad = \quad \$500,009, \text{ rounded to } \$500,000$$

*The indicated value of the subject, via the sales comparison approach, is **\$500,000**.*

SALES COMPARISON APPROACH

Income Data and Ratios:

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Fee Simple/Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Fee Simple
Gross Potential Income	\$45,000	\$39,686	\$33,450	\$62,040	\$54,600
Vac & Coll Loss%	5%	5%	5%	5%	5%
Effective Gross Income	\$42,750	\$37,702	\$31,778	\$58,938	\$51,870
Operating Expenses	\$14,963	\$13,196	\$11,122	\$20,628	\$18,155
Expenses/SF	\$4.99	\$4.79	\$4.99	\$4.39	\$5.19
Expense Ratio	35%	35%	35%	35%	35%
Net Operating Income	\$27,787	\$24,506	\$20,656	\$38,310	\$33,715
EGIM	9.54	10.11	15.58	8.48	13.01
Overall Rate	6.82%	6.43%	4.17%	7.66%	4.99%

The above information is utilized in the derivation of market ratios, specifically in the calculation of overall rates of return (OAR). Little or no income and expense data was provided for the comparables. Forecasted data at the time of their sales are utilized in the analysis.

The comparables present of a range of capitalization rates from 4.17% to 7.66%. Based upon current market conditions and the subject's location and physical attributes, a midrange capitalization rate of **6.50%** is applied to the property and utilized in the income approach found later in the appraisal.

INCOME APPROACH

The income approach is defined in the Dictionary of Real Estate Appraisal, 4th Edition, 2002 as:

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

The purpose of the income approach is to determine the present value based on future potential benefits of a property. This is generally measured by the net income which a fully informed person is warranted in assuming the property will produce during its remaining useful life. The property is compared with investments of a similar type and class and the net income is capitalized into a value estimate.

Value via the **income approach** can be determined through the use of direct capitalization or yield capitalization (discounted cash flow) analysis. The former requires the appraiser first determine the economic income capable of being generated by the subject, commensurate with its highest and best use. A reconstructed operating statement is developed based on this economic income and the anticipated operating expenses required to secure the stabilized income stream. The anticipated net operating income is then converted to value estimate via a capitalization rate determined derived from the market.

Direct capitalization is applied to the subject's forecasted income stream.

The following data illustrates competitive leases in the subject's market segment followed by a quantitative analysis and comments on the comparison. All lease rates are displayed as price/sf/month.

INCOME APPROACH: Comparable Lease Analysis**Lease Comparable #1:
2146 S State St
Ukiah, CA**

The indicator is a fair-average quality/appeal, 5,630-sf, single-tenant commercial building located on an arterial roadway in Ukiah. The metal frame building was most recently used as a church but can also function as office space. It was in average condition at the time of leasing.

An undisclosed tenant leased the building on April 01, 2025 for a 5-year term, at an initial rate of \$0.65/sf/gross.

INCOME APPROACH: Comparable Lease Analysis**Lease Comparable #2:
495 E Perkins St
Ukiah, CA**

The indicator is an average quality/appeal, 4,828-sf, single-tenant office building located on an arterial roadway in Ukiah. The wood frame building was in average condition at the time of leasing.

An undisclosed tenant leased the building on May 23, 2024 for a 3-year term, at an initial rate of \$1.24/sf/gross.

INCOME APPROACH: Comparable Lease Analysis**Lease Comparable #3:
154 E Gobbi St, Suite A
Ukiah, CA**

The indicator is part of a good-average quality/appeal, 1,541-sf, dual-tenant office building located on an arterial roadway in Ukiah. The wood-frame building was constructed in 1915 and was in good-average condition at the time of leasing.

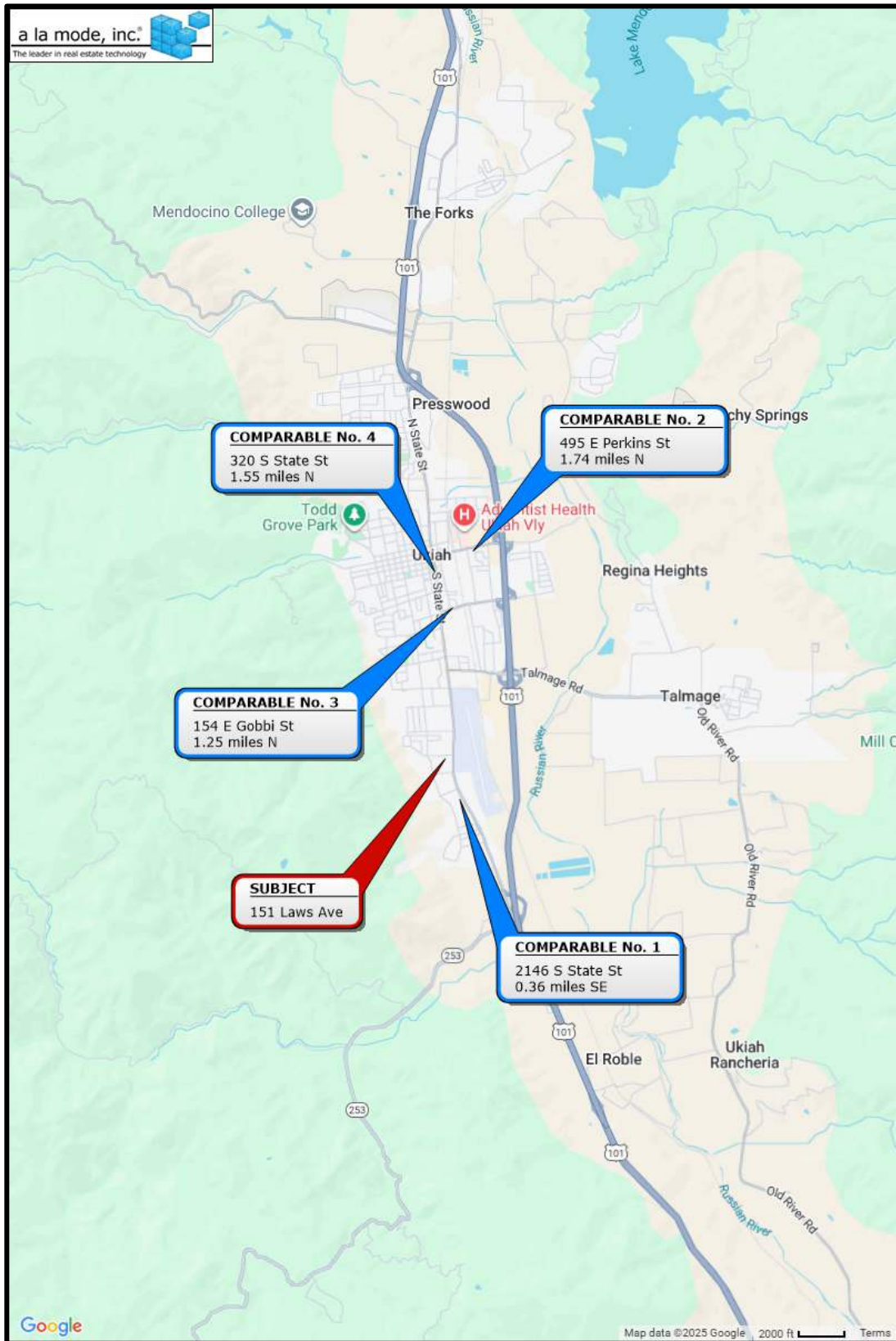
An undisclosed tenant leased a 1,201-sf suite on June 05, 2024 for a 1-year term, at a rate of \$1.25/sf/gross.

INCOME APPROACH: Comparable Lease Analysis**Lease Comparable #4:
320 S State St, 2nd Floor
Ukiah, CA**

The indicator is part of a good-average quality/appeal, approximate-2,400-sf, multi-tenant office building located on an arterial roadway in Ukiah. The masonry building was in good-average condition at the time of leasing.

An undisclosed tenant leased a ~1,200-sf suite on December 13, 2024 for a 1-year term, at a rate of \$1.46/sf/gross.

INCOME APPROACH: Comparable Lease Analysis



INCOME APPROACH: Comparable Lease Analysis

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Address	151 Laws Ave	2146 S State St	495 E Perkins St	154 E Gobbi St, Ste. A	320 S State St, 2nd Floor
City	Ukiah	Ukiah	Ukiah	Ukiah	Ukiah
Year Built	Unknown	Unknown	Unknown	Unknown	Unknown
Gross Building Area	3,974	5,630	4,828	1,541	2,400
Construction Type	Masonry/Wd Frame	Metal Frame	Wood Frame	Wood Frame	Masonry
Quality/Appeal	Average	Fair-Average	Average	Good-Average	Good-Average
Condition	Average	Average	Average	Good-Average	Good-Average
Parking Spaces	22	Ample	Ample	Ample	Limited
Use	Office	(See Cmmts)	Office	Office	Office
Date of Survey	Dec-2025	Dec-2025	Dec-2025	Dec-2025	Dec-2025
Tenant Name	To be owner occupied	(Not disclosed)	(Not disclosed)	(Not disclosed)	(Not disclosed)
GRA (sf)	3,974	5,630	4,828	1,201	1,200
Date Signed		Apr-2025	May-2024	Jun-2024	Dec-2024
Term		5 yrs	3 yrs	1 yr	1 yr
Lease Type	est. Gross	Gross	Gross	Gross	Gross
Rate/SF		\$0.65	\$1.24	\$1.25	\$1.46
<i>Transactional Adjustments</i>					
Type of Lease	est. Gross	Gross	Gross	Gross	Gross
Adj Rent/SF		\$0.65	\$1.24	\$1.25	\$1.46
Concessions	N/A	None	None	None	None
Adj Rent/SF		\$0.65	\$1.24	\$1.25	\$1.46
Market Conditions	Average	Similar	Similar	Similar	Similar
Adj Rate/SF	\$0.00	\$0.65	\$1.24	\$1.25	\$1.46
<i>Property Adjustments</i>					
Location	Average	Similar	Superior -10.0%	Superior -10.0%	Superior -10.0%
Quality/Appeal	Average	Inferior 5.0%	Similar	Superior -5.0%	Superior -5.0%
Condition	Average	Similar	Similar	Superior -5.0%	Superior -5.0%
Size	3,974	Larger 5.9%	Larger 3.5%	Smaller -14.0%	Smaller -14.0%
Use	Office	(See Cmmts) 10.0%	Office	Office	Office
Other	Canopy & Lot	Lot 2.0%	N/A 12.0%	N/A 12.0%	N/A 12.0%
Parking	Ample	Similar	Similar	Similar	Inferior 1.0%
<i>Total Adjustments</i>		22.9%	5.5%	-22.0%	-21.0%
Indicated Rate/SF		\$0.80	\$1.31	\$0.98	\$1.15

INCOME APPROACH: Comparable Lease Analysis

Overview

Comparable selection emphasized average to good-average quality office space within the Ukiah market area, having leased from 2023 onwards. Greatest consideration was given to properties ranging in size from 2,000 sf to 6,000 sf.

Four executed leases are utilized in the analysis. They are the best available indicators at this time, requiring the fewest adjustments. As is typical of market participants, all leases are displayed as rate/sf/month. CAM/net charges, if applicable, are excluded from the displayed rates.

Type of Lease

A gross lease is common to the market and is forecast for the subject. Similar lease types are found on all four comparables.

Market Conditions

The four leases were signed between May 2024 and April 2025. There has been no significant change in market rates since their signings, precluding the need for adjustment.

Location

The subject is situated on a secondary roadway in an unincorporated portion of southern Ukiah. Its location has average appeal to the office market.

Comparable 1 is located in subject's general market area and has similar location appeal.

Comparables 2 thru 4 are located within central Ukiah, amongst greater concentrations of commercial uses that result in superior location appeal.

Quality/Appeal

The subject is an average quality/appeal, office property. In this regard, it is similar to Comparable 2. Comparable 1 is adjusted upwards for its inferior, fair-average design/appeal; Comparables 3 and 4, downward for their superior, good-average quality/appeal attributes.

Condition

Average condition levels are noted on the subject and Comparables 1 and 2. The good-average condition levels of Comparables 3 and 4 are superior and are adjusted accordingly.

Size

Size adjustments are based upon the inverse relationship of rate to size (i.e., larger space will typically lease for a lower price/sf and vice versa). At 3,974 sf, the subject falls between the four indicators, which range in size from 1,200 sf to 5,630 sf. It is smaller than Comparables 1 and 2; larger than Comparables 3 and 4.

Use

The subject is configured for general office use, as are Comparables 2 thru 4. Comparable 1 was most recently utilized as a church, but can function as an office. Its floor plan, though, has inferior functional utility due to two large open rooms with limited build-out.

INCOME APPROACH: Comparable Lease Analysis

Other

The subject parcel includes surplus land area, as well as a metal canopy for covered storage. Comparable 1 is the best match of its parcel, but lacks a similar or off-setting improvement to subject's canopy. Comparables 2 thru 4 are adjusted for parcel size and their lack of a canopy or off-setting improvement.

Parking

Parking is evaluated on the basis of number of spaces relative to building size and use. Subject has ample parking, as do Comparables 1, 2 and 3. Comparable 4 is adjusted for its inferior, limited on-site parking.

Summary

The analysis produces an adjusted lease rate range of \$0.80 to \$1.31 per square foot on a gross basis. As a group, they are good indicators of subject's competitive market segment with weight distributed fairly evenly amongst them.

In the final analysis, the estimated fair-market rate of the subject is based upon a midrange figure of **\$1.05/sf/gross**.

Subject Lease Analysis

The subject is currently owner-occupied and will continue to be so upon completion of the proposed sale.

Based upon the preceding analysis, forecasted income is estimated as follows:

$$3,974 \text{ sf} \quad @ \quad \$1.05/\text{sf/gross} \quad = \quad \$4,173/\text{mo.}$$

For purposes of the appraisal, a **projected gross monthly income** of **\$4,173/mo.** is utilized in the reconstructed operating statement that follows.

INCOME APPROACH: Expense Analysis

Overview

No operating data was provided for the subject. The following expenses are derived from an evaluation of reported expenses within competing properties in the subject's market area/segment.

Vacancy & Collection Loss

Defined in the 4th Edition of the Dictionary of Real Estate Appraisal as:

An allowance for reductions in gross potential income attributable to projected vacancy (physical or economic) and potential collection loss considerations. Vacancy is an expected loss in income as a result of periodic vacant space attributable to unrented space and tenant turnover. Credit loss considers nonpayment of rent and can consider units rented at below-market rates (also known as lag vacancy). Vacancy and collection loss is usually estimated on a property-specific basis as part of the reconstructed operating statement in the income capitalization approach and applied, as a percentage, to potential gross income or as a percentage of rentable area of the property; may also refer to a study of vacancy and collection loss in a defined market or submarket.

Long term trend analysis finds a stabilized vacancy rate of 5% is anticipated by knowledgeable market participants, accounting for losses described above in a well maintained, professionally managed property.

A stabilized 5% vacancy and collection loss is utilized in the subject's income analysis.

Operating Expenses: A gross lease is forecast for the subject. The following estimates are derived from market costs.

Property taxes are derived from a formula by which the indicated value via the approach is multiplied by the estimated tax rate of 1.210%, plus direct charges of approximately \$300. The formula requires Excel to utilize a forced circular reference in the calculation.

Insurance costs amongst competitive properties in the region range from \$0.50/sf to \$0.75/sf. A forecasted rate of \$0.50/sf is applied in the analysis based upon the size and quality of improvements found at the property.

Utility costs are a tenant obligation under a typical gross-lease structure, as are *janitorial* costs.

Maintenance and repair (M/R) range from \$0.50/sf for newer properties to \$1.50 for older properties in poor condition. Based upon subject's age, condition, and size, a stabilized figure of \$1.00/sf (GBA) is applied.

Landscape maintenance is included in maintenance & reserves due to its limited size and low-maintenance nature of its plantings.

INCOME APPROACH: Expense Analysis

Management is assumed to be professionally handled. Based upon conversations with leasing agents at *Keegan & Coppin and Orion Partners*, two leading commercial brokerage firms in the region, expenses are typically based upon a graduated scale starting at 5-7% in the first year with subsequent reductions until a stabilized rate of 3% to 6% is attained. The management rate is estimated to be 5% of effective gross income (EGI) based upon subject's lease type, occupancy, and size.

Replacement reserves are forecasted for the subject. They represent the prudent operation/management of the building and are put in place in anticipation of any future, sudden expenses and/or the normal deterioration and needed replacement of items. Based upon subject's age, condition, size, and amenities, a 2% reserve is applied.

Capitalization Rates: Capitalization rates are derived from a single year's net income of a property divided by sale price. This is the most common method used in the valuation of subject's market segment via the income approach.

	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Overall Rate	6.82%	6.43%	4.17%	7.66%	4.99%

The comparables present of a range of capitalization rates from 4.17% to 7.66%. Based upon current market conditions and the subject's location and physical attributes, a midrange capitalization rate of **6.50%** is applied to the property and utilized in the following reconstructed operating statement.

INCOME APPROACH: Reconstructed Operating Statement

The reconstructed operating statement is derived from forecasted expenses with a stabilized occupancy, producing an estimated gross potential monthly income of \$4,173 under a gross lease structure.

Reconstructed Operating Statement			
POTENTIAL GROSS INCOME			\$50,076
Less Forecasted Vacancy and Collection Loss	5%		(\$2,504)
EFFECTIVE GROSS INCOME			\$47,572
<i>Fixed Expenses</i>			
Real Estate Taxes	12.100%	(See prior comments)	\$6,229
Insurance	\$0.50	Estimated per GBA	\$1,987
<i>Operational Expenses</i>			
Utilities:		Tenant obligation under gross lease terms	
Janitorial		Tenant obligation under gross lease terms	
Maintenance & Repairs	\$100	Estimated per GBA	\$3,974
Supplies		Included in maintenance & repairs	
Landscape		Minimal cost (included in Maint. & Repairs est.)	
Management	5%	EGI	\$2,379
<i>Replacement Reserves</i>	2%	EGI	\$951
TOTAL EXPENSES	Expense Ratio 32.75%		\$15,520 (\$15,520)
NET OPERATING INCOME			\$32,052

Forecasted operating expenses of \$15,520 produce a market-typical expense ratio of 32.75% of effective gross income, resulting in a net operating income of \$32,052. Applying direct capitalization to the latter, based upon an OAR of 6.50%, value is derived as follows:

$$\$32,052 \text{ NOI} \quad / \quad 6.50\% \text{ OAR} \quad = \quad \$493,108, \text{ rounded } \$495,000$$

The indicated value of the subject, via the income approach, is \$495,000.

RECONCILIATION

Consideration was given to all three approaches to value; though only the sales comparison and income approaches were deemed most relevant to the valuation of the subject.

The sales comparison approach is considered a good indicator of value as direct comparisons are possible. Data within subject's market segment and market area was felt to be of sufficient quality and quantity as to give much weight to its value conclusion.

The income approach is typically given much weight when appraising income producing properties. The weakness of the approach is the difficulty in gathering income and expense data for the comparable sales. The strength of the approach is that it allows consideration to the subject's net income, which is the actual income to an investor. In this analysis, adequate office lease data from subject's market area was available, resulting in good reliance upon the value conclusion.

The two approaches faced similar limitations in their development and indicate a narrow value range. Weight is distributed evenly amongst them in the final value conclusion.

Indicated value via the sales comparison approach	\$500,000
Indicated value via the income approach	\$495,000
Opinion of Value	\$500,000

Subject's \$500,000 (rounded) proposed purchase price is well supported by the appraisal, indicating the property is selling at a fair-market value.

Based on my analysis, the opinion of market value of the subject property, as set forth, documented, and qualified in the attached report under conditions prevailing on December 05, 2025, is:

**FIVE HUNDRED THOUSAND DOLLARS
(\$500,000)**

CERTIFICATION

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

- *The statements of fact contained in this report are true and correct.*
- *Unless otherwise noted in writing, the appraiser has done similar assignments to the subject property and has the knowledge and experience to complete this assignment competently.*
- *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 performed no other 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.*
- *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 Uniform Standards of Professional Appraisal Practice.*
- *I have made a personal inspection of the property that is the subject of this report.*
- *No one provided significant real property appraisal assistance to the person signing this certification.*
- *The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*
- *The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.*
- *As of the date of this report, I have completed the continuing education program of the Appraisal Institute.*



Keith Sablik, MAI
 Certified General Appraisal
 CA Lic #AG008653

ADDENDA

1. Subject Photographs
2. Appraiser Qualifications



SUBJECT PHOTOGRAPHS

SUBJECT PHOTOGRAPHS



Front/North Elevation



Side/East Elevation



Rear/South Elevation

SUBJECT PHOTOGRAPHS



Side/West Elevation



Laws Ave looking west



Laws Ave looking east

SUBJECT PHOTOGRAPHS

Interiors



SUBJECT PHOTOGRAPHS

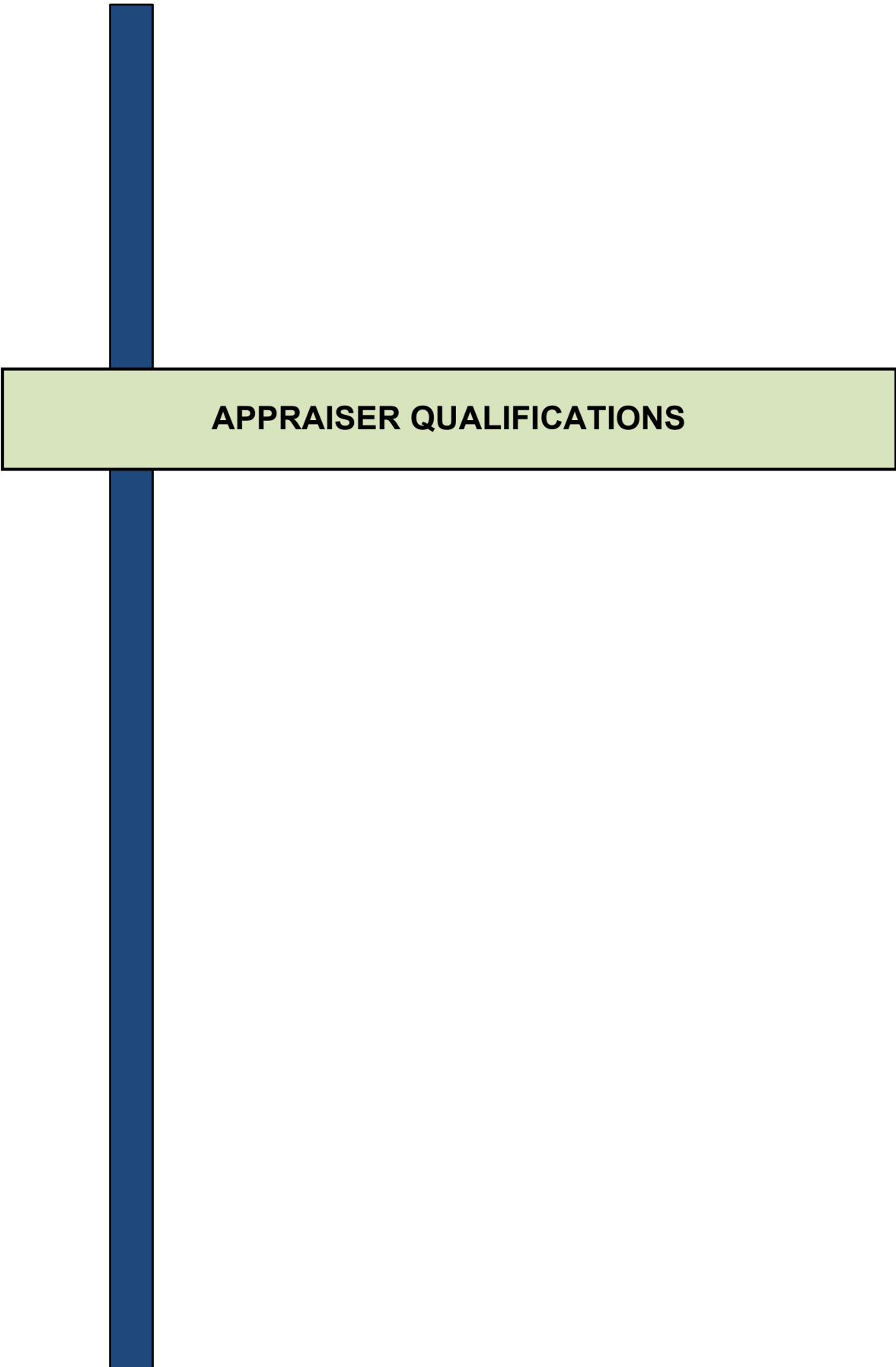
Interiors



SUBJECT PHOTOGRAPHS

Interiors





APPRAISER QUALIFICATIONS

Keith E. Sablik, MAI

203 Photinia Pl, Petaluma, CA 94952
 PHONE (707) 559-5551 □ FAX (707) 204-0837

EXPERIENCE

Keith Sablik (dba) <i>Owner/Appraiser</i> Appraisal of non-residential and residential properties in Sonoma, Napa, and Marin Counties.	Santa Rosa, CA <i>Apr. 2000 to Present</i>
Sonoma County Assessor's Office <i>Appraiser III</i> Appraised residential and non-residential properties for the purpose of ad-valorem property tax assessment.	Santa Rosa, CA <i>Mar. 1997 to Apr. 2000</i>
Keith Sablik (dba) <i>Owner/Appraiser</i> Appraisal of residential properties in Sonoma and Marin Counties.	Rohnert Park, CA <i>Aug 1994 to Mar 1997</i>
Claxton Appraisal Service <i>Staff Fee Appraiser</i> Appraisal of residential properties in San Francisco and Marin Counties.	Novato, CA <i>Jul 1989 to Aug 1994</i>

EDUCATION

California State University-Sacramento <i>Bachelor of Science: Business Administration/Real Estate and Land Use Affairs</i>	Sacramento, CA 1984 to 1988
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CREDENTIALS & DESIGNATIONS

MAI, Designated Member of the Appraisal Institute
 Certified General Appraiser-California Office of Real Estate Appraisers

EDUCATION

7-Hour USPAP Update
 Cultural Competency & Eliminating Bias in Appraisals
 Appraiser's Guide to Expert Witnessing
 Business Practices and Ethics
 State & Federal Laws
 Condemnation Appraising
 Appraisal of Fast Food Facilities
 Appraisal of Industrial Incubators
 Basic Hotel Appraising - Limited Service Hotels
 Fundamentals of Separating Real Property, Personal Property, ...
 Apartment Appraisal: Concepts and Applications
 General Demonstration Appraisal Report Writing
 Report Writing and Analysis
 Advanced Applications
 General Market Analysis and Highest & Best Use
 Advanced Sales Comparison & Cost Approaches
 Convincing Residential Appraisals
 Analyzing Distressed Real Estate
 Standards of Professional Practice
 Entitlements
 Lease Abstraction and Analysis
 Advanced Income Capitalization: Course 510

RESOLUTION 2026-01

RESOLUTION OF THE BOARD OF DIRECTORS OF THE WILLOW COUNTY WATER DISTRICT DETERMINING THAT CERTAIN REAL PROPERTY PROPOSED TO BE LEASED, WITH AN OPTION TO PURCHASE, TO THE CITY OF UKIAH IS NOT SURPLUS LAND AND, IF SUBJECT TO THE SURPLUS LAND ACT, WOULD QUALIFY AS EXEMPT SURPLUS LAND

WHEREAS:

1. The Willow County Water District ("Willow") has determined to enter the Lease with Option to Purchase ("Lease") between the District and the City of Ukiah ("City") attached hereto as Exhibit A; and

2. The property subject to the Lease is located at 151 Laws Avenue in Ukiah, California, also known as Mendocino County Assessor's Parcel Number ("APN.") 003-420-47 (the "Property"); and

3. The Property is less than one-half acre and includes an office building which Willow has used as its offices for its staff, for maintaining its records, dispatching personnel to perform maintenance and repair of its water system and pursuant to agreements with other water districts, billing and system maintenance services for the other districts and for the meetings of its Board of Directors; and

4. Willow and Millview County Water District, Calpella County Water District and Redwood Valley County Water District and the City have entered a joint exercise of powers agreement under which the Ukiah Valley Water Authority ("UVWA") has been established as a joint powers agency to operate and maintain its members' water systems and to bill and collect fees from their customers; and

5. The City currently uses office space on the Property to service Willow and other members of the UVWA under which the City provides administrative services for the members, including Willow. The administrative services include, but are not limited to, billing member customers for water services and maintaining billing and related records; and

6. The Willow Board of Directors will continue to conduct its meetings on the Property; and

7. The Lease has a term of five years during which the City will have the option to purchase the Property;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors finds and declares, as follows:

1. Under the Surplus Lands Act (Gov. Code §§ 54220 et seq.), land surplus to the District's needs can be declared surplus and leased or sold. If the land qualifies as exempt surplus land, the District can sell it without first issuing a Notice of Availability ("NOA"), to, among others, affordable housing developers, and thereafter, if any qualified entity submits a Notice of Interest within sixty (60) days of issuance of the NOA, the local agency must negotiate in good faith for at least ninety (90) days with any such submitting entities before pursuing alternative disposition.

2. The Property is not surplus Land and independently qualifies as exempt surplus land which does not require the issuance of a NOA.

3. The Property is not surplus to Willows' needs, because under the UVWA, the City will provide billing and collection services and system maintenance and repair services to Willow,

using the Property pursuant to the Lease and the Willow Board will continue to conduct meetings on the Property.

4. The Property would also qualify as exempt surplus property under the following exemptions:

a. The Lease is for a term of less than 15 years which qualifies it for the exemption in Gov. Code § 54221 (d)(1)(A).

b. Under the option to purchase in the Lease, as a sale to the City, it is exempt surplus land under Gov. Code § 54221(f)(1)(D) which exempts a sale of real property by a local agency, such as the District to another local agency, such as the City.

c. As a property which is less than ½ acre, it is exempt under Gov. Code §544221(f)(1)(B).

5. The approval of the Lease is exempt from environmental review under the California Environmental Quality Act ("CEQA") because the Lease will not change the use of the Property and the purchase option in the Lease is exempt under 14 California Code of Regulations ("CCR") section 15312.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Willow County Water District on the 13th day of March 2026 by the following roll call vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

_____, Chairperson

ATTEST:

Kim Saylor, Board Secretary