

HIGHEST AND BEST USE OF:

**PROPERTIES SOUTH OF CACHE CREEK
AND NORTH OF THE CITY OF WOODLAND
WOODLAND, CALIFORNIA 95776**

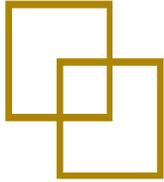
FOR:

**RICHARD REINHARDT
MBK ENGINEERS
455 UNIVERSITY AVENUE, SUITE 100
SACRAMENTO, CALIFORNIA 95825**

AS OF:

MARCH 20, 2017

BRI 16-302



BENDER ROSENTHAL, INC.

COMMERCIAL VALUATION AND RIGHT OF WAY SERVICES

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March 20, 2017

Mr. Richard Reinhardt
MBK Engineers
455 University Avenue, Suite 100
Sacramento, California 95825

Re: Lower Cache Creek Feasibility
Highest and Best Use Study

Dear Mr. Reinhardt:

We have completed the Highest and Best Use Study of the properties south of Cache Creek and north of the City of Woodland, within the specified study area as defined by the client. The purpose of this study is to provide an opinion as to the whether there will be an impact on agricultural values within the study area due to the proposed levee project. The agricultural properties within the study area are currently within a 100-year flood plain and based on hydrographs provided by MBK Engineers for the Modified Alternative 2A project plan (proposed levee project), these properties will not see an increase in the existing flood risk. The study area is further refined as those properties where there is no increase in the flood risk, including those areas not flooded during existing and project conditions and those areas that are subject to flooding but where there is no change in the depth of flooding as a result of the project.

The following report contains the scope of the assignment, investigation, data and analyses upon which conclusions of the study are based.

We are pleased to have this opportunity to assist you with this project.

BENDER ROSENTHAL, INC.

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California Certified General
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EXECUTIVE SUMMARY & FINDINGS

MBK Engineers has retained Bender Rosenthal Inc. for a Highest and Best Use Study of properties within a specified study area, south of Cache Creek and north of the city of Woodland. The purpose of this study is to provide an opinion as to the whether there will be an impact on agricultural values within the study area due to a proposed levee project. A full description of the proposed project is provided in the Addenda.

As will be shown in the data provided by the client, there is no increase in the flood depth or duration of flooding from existing conditions in the study area and in some areas of the study there is a decrease/improvement in flooding depth and duration. The flood zone designation for the study area also does not change from the existing designation. Interviews with individuals involved in the financing of agricultural real estate also indicated that there were no anticipated impacts to the cost or availability of financing as a result of the flood control project.

With no changes from existing conditions, the Highest and Best Use conclusions are the same as pre-project conclusions and as a result, our opinion is that there will be no impact on agricultural values within the study area.

The following report provides the data and narrative summary of our study and conclusions.

INTRODUCTION

The City of Woodland, together with the California Department of Water Resources (DWR) and the US Army Corps of Engineers (USACE), are engaged in studies to identify a project to address flooding from the right (south) bank of Cache Creek north of the city of Woodland. Due to the limited capacity of the Lower Cache Creek, flooding is anticipated to occur on a once-in-twenty-year to once-in-thirty-year recurrence interval due to the limited capacity of Lower Cache Creek.

The primary objective of the project is to improve flood protection for the City of Woodland. Several preliminary plans have been studied in an effort to provide an economically feasible and environmentally sensitive method of preventing flood related damages. Public workshops were held in 2000 and 2001 and public opinions and concerns regarding these project alternatives were received by the city from both concerned property owners as well as lending institutions with secured agricultural assets in the area. Some of the concerns identified through communications with the public, which is the purpose for this study, was that the installation of a flood wall would have negative impacts on agricultural properties in the area.

Potential impacts presented by the respondents were in general, that as a result of the project all lands north of the city would be placed into a “bypass”, which would impact the ability and cost to obtain financing and diminish the value of agricultural properties and assets currently financed. The purpose of this study is to provide an opinion as to the whether there will be an impact on agricultural values within the study area due to the proposed levee project.

SCOPE OF WORK

The study consists of a highest and best use analysis of the properties both “before” the project and “after” the project. The study includes research for the area, community, and neighborhood to determine physical conditions and market influences. An overview of the agricultural market and value trends for agricultural properties located in existing flood zones is presented in the Addenda and utilized in our determination of the existing highest and best uses of properties within the study area. Flood data provided by MBK Engineers for the Modified Alternative 2A project plan (proposed levee project) is utilized in our analysis of the flood risks both “before” and “after” the project and interviews with market participants such as farmers, brokers and individuals from lending institutions were also utilized in our final determination of potential value impacts.

STUDY AREA NEIGHBORHOOD OVERVIEW

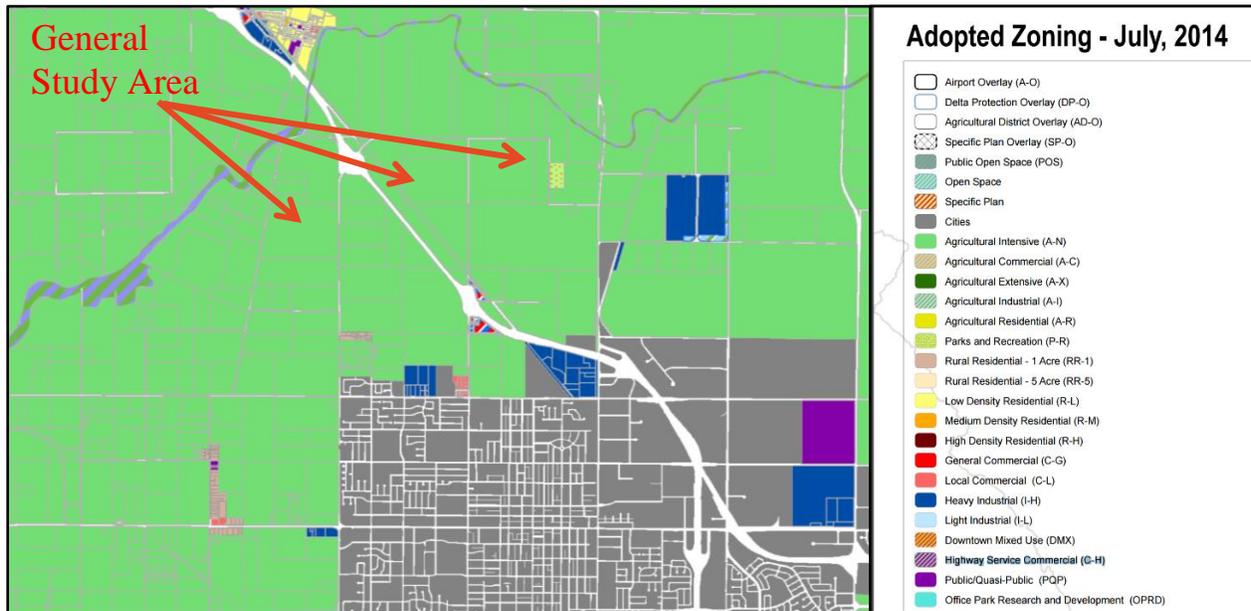
The general neighborhood area is the area confined by Cache Creek to the north and west, the Cache Creek Settling Basin to the east and Woodland city limits to the south. This area consists predominantly of agricultural lands with a few smaller commercial and industrial parcels not included in our study. A map of the neighborhood is presented below.

NEIGHBORHOOD MAP



The specific focus of the study is the area bounded on the north and west by Cache Creek, by the City boundary on the south and by Highway 113 on the east. The study area is further refined as those properties where there is no increase in the flood risk, including those areas not flooded during existing and project conditions and those areas that are subject to flooding but where there is no change in the depth of flooding as a result of the project. These areas are depicted in hydrographic maps provided later in the report.

Overview of Land Uses. The study area's neighborhood is characterized by agricultural lands with field and row crops, orchard developments, minimal single family residential properties and grazing ranches. While there are a few sites zoned for commercial and industrial uses, this study only includes analysis of the agricultural land areas. A review of the Yolo County Zoning Map dated 2014 indicates that the predominant zoning designation within the study area neighborhood is the Agricultural Intensive (A-N) Zone as shown in the map below.



The Agricultural Intensive (A-N) Zone is applied by the county to preserve lands best suited for intensive agricultural uses typically dependent on higher quality soils, water availability, and relatively flat topography. The purpose of the zone is to promote those uses, while preventing the encroachment of non-agricultural uses. Uses in the A-N Zone are primarily limited to intensive agricultural production and other activities compatible with agricultural uses. This includes allowing agriculturally-related support uses, excluding incompatible uses, and protecting the viability of the family farm. Minimum lot size for newly created parcels in the A-N Zone is 40 acres for irrigated parcels primarily planted in permanent crops, such as orchards; 80 acres for irrigated parcels that are cultivated; 160 acres for parcels that are generally uncultivated and/or not irrigated.

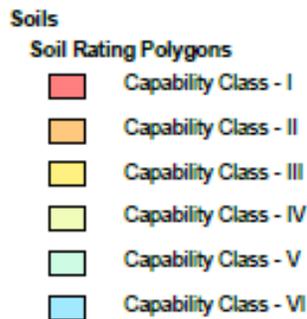
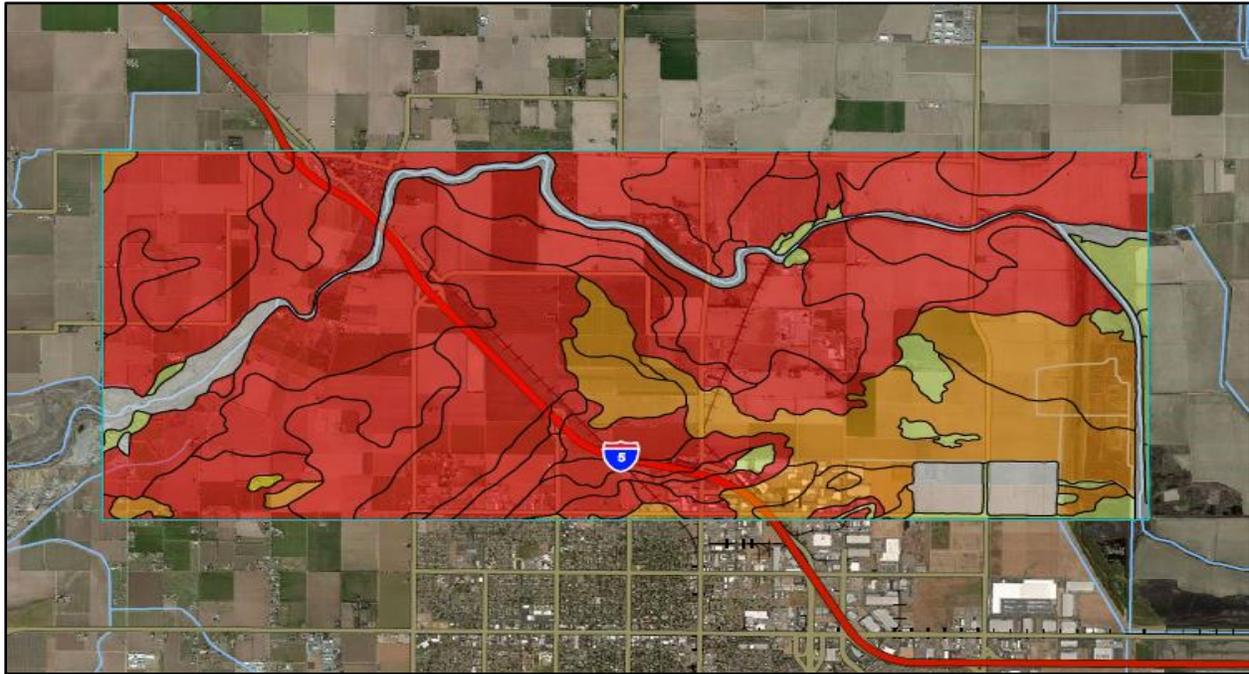
The General Plan designation for these Agricultural Intensive Zoned properties is Agriculture (AG), which allows for the full range of cultivated agriculture, such as row crops, orchards, vineyards, dryland farming, livestock grazing, forest products, horticulture, floriculture, apiaries, confined animal facilities and equestrian facilities. It also includes agricultural industrial uses (e.g. agricultural research, processing and storage; supply; service; crop dusting; agricultural chemical and equipment sales; surface mining; etc.) as well as agricultural commercial uses (e.g. roadside stands, "Yolo Stores," wineries, farm-based tourism (e.g. u-pick, dude ranches, lodging), horseshows, rodeos, crop-based seasonal events, ancillary restaurants and/or stores) serving rural areas. Agriculture also includes farmworker housing, surface mining, and incidental habitat.

Soils. There are several sources and ways to characterize land and soil resources. For agricultural purposes soil surveys are often utilized to understand the characteristics of soils, beginning with the types of soils and their suitability for a range of agricultural uses. According to the Agriculture & Economic Development Element of the *County of Yolo 2030 Countywide General Plan*, two of the most widely used systems, the U.S. Department of Agriculture Natural Resources Conservation Service (NRCS) Land Capability Classification system and the California Department of Conservation Farmland Mapping and Monitoring Program, are used to describe Yolo County farmland and soil resources. The NRCS Land Capability Classification System is based on the limitations of soils for irrigated field crops, the risk of damage if soils are used for crops and the way soils respond to management. Land capability classes for irrigated land are designated by the numbers I through VII, indicating progressively greater limitations and narrower choices for agricultural use and are defined as follows.

- Class I soils have slight limitations that restrict their use.
- Class II soils have moderate limitations that restrict the crop selection or that require moderate conservation practices.
- Class III soils have severe limitations that restrict the choice of plants or that require special conservation practices, or both.
- Class IV soils have very severe limitations that restrict the choice of plants or that require very careful management, or both.
- Class V soils are subject to little or no erosion but have other limitations, impractical to remove, that restrict their use mainly to pasture, rangeland, forestland and/or wildlife habitat. There are no Class V soils in Yolo County.
- Class VI soils have severe limitations that make them generally unsuitable for cultivation and that restrict their use mainly to pasture, rangeland, forestland, or wildlife habitat.
- Class VII soils have very severe limitations that make them unsuitable for cultivation and that restrict their use mainly to grazing, forestland and/or wildlife habitat.

The distribution of NRCS soils classifications in Yolo County is presented in the map on the following page.

IRRIGATED LAND CAPABILITY CLASSIFICATION MAP



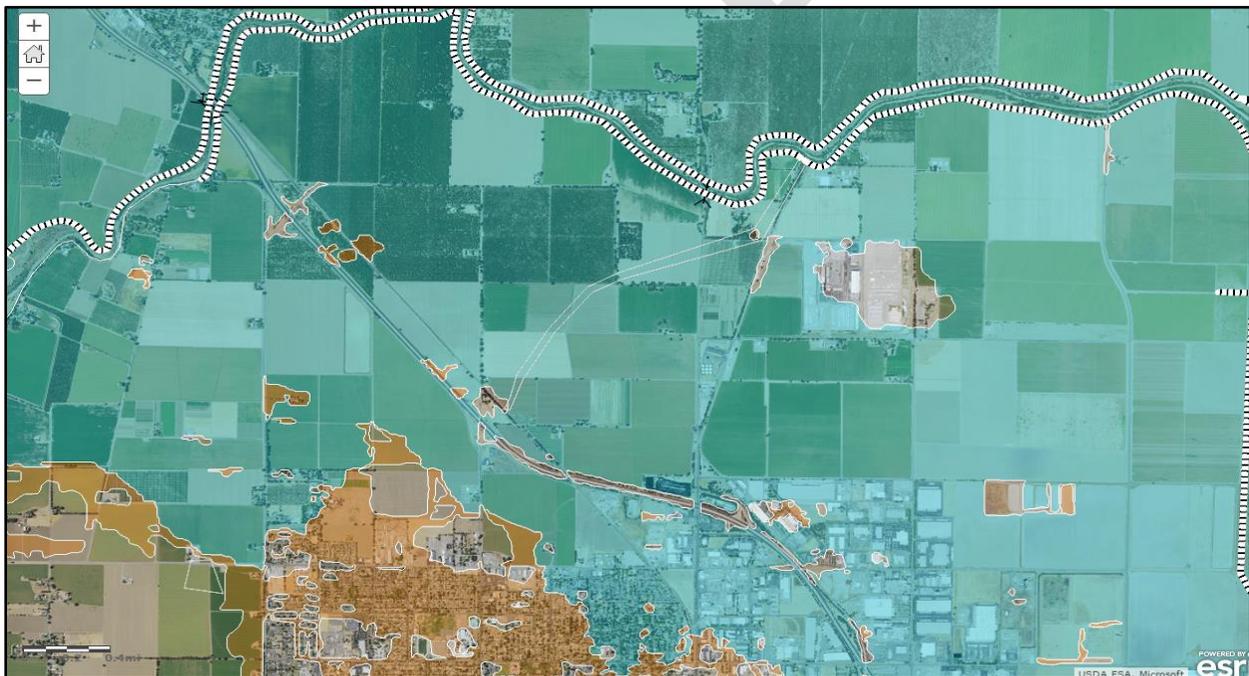
As can be seen in the soil classification exhibit above, the study area consists predominantly of Class 1 soils with some Class 2 and minimal areas of 3 and 4 soils. The study area is also primarily Prime Farmland as designated by the California Department of Conservation Farmland Mapping and Monitoring Program. This land is considered to have the best combination of physical and chemical soil characteristics, growing season and moisture supply needed to sustain long term, high-yield agricultural production and has been used for production of irrigated crops.

According to data provided through Web Soil Survey, the Class 1 soils within the study area consists mostly of Brentwood silty clay loam, Reiff very fine sandy loam and Yolo silt loam. These soils are well to moderately well drained and most areas are irrigated and are used for tree fruit, nut crops, vegetables, and field crops. The Class 2 and 3 soils consist of mainly Marvin silty clay

loam, Merritt silty clay loam (deep), Maria Silt loam (deep) and Rincon silty clay loam which are characterized as poorly drained; slow runoff; moderately slow permeability. These soils are under intensive cultivation and are irrigated, producing a wide variety of field and row crops.

Flood Zone & Existing Flood Conditions. The primary objective of the proposed levee project is to improve flood protection for the City of Woodland. Currently the Lower Cache Creek channel and existing levee system do not provide sufficient conveyance capacity to provide protection from floods that have a 1 in 100 chance of occurring in any given year and flooding is anticipated to occur on a once-in-twenty-year to once-in-thirty-year recurrence interval. Lower Cache Creek has a history of flooding, with four major flood periods documented for the Cache Creek basin during the last half of the 20th century.

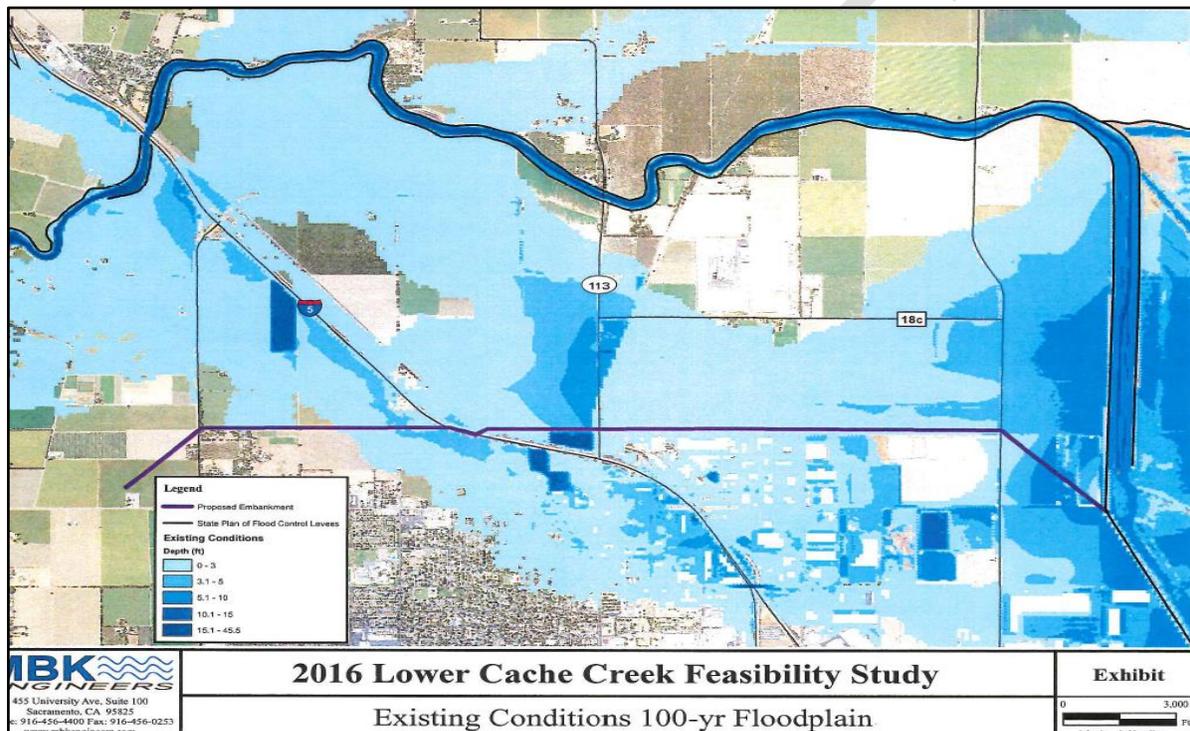
In the late 1990's, new Federal Emergency Management Agency (FEMA) maps placed the City of Woodland within the Cache Creek floodplain, particularly if levees failed. The map below depicts FEMA's National Flood Hazard layers within the study area and general neighborhood. Areas shaded blue are in Flood Zone designation AE, areas within 1% annual chance flood hazard.



In 1998, the Federal Emergency Management Agency (FEMA) issued its preliminary flood maps for the Cache Creek Basin and placed all land downstream of I-5 and south of Cache Creek in an "unnumbered A" zone, meaning that it was susceptible to flooding but that exact depths were still to be determined. In 2001, FEMA completed its study of the basin and issued new flood maps to take effect in April 2002.

According to the FEMA Flood Insurance Study dated April of 2001, the city of Woodland has no recorded history of flooding. In 1958, 1983 and 1995 Cache Creek overflowed its banks and in 1983 flood waters reached the easterly part of what is now an industrial area within the city limits of Woodland. These flood waters were due to a levee break downstream from County Road 102, just west of the settling basin. In 1995 flood waters came within one block of Woodland.

The following hydrologic maps prepared by MBK Engineers show existing flood conditions and projected flood depths based upon a forecasted 100-year and 200-year flood event.



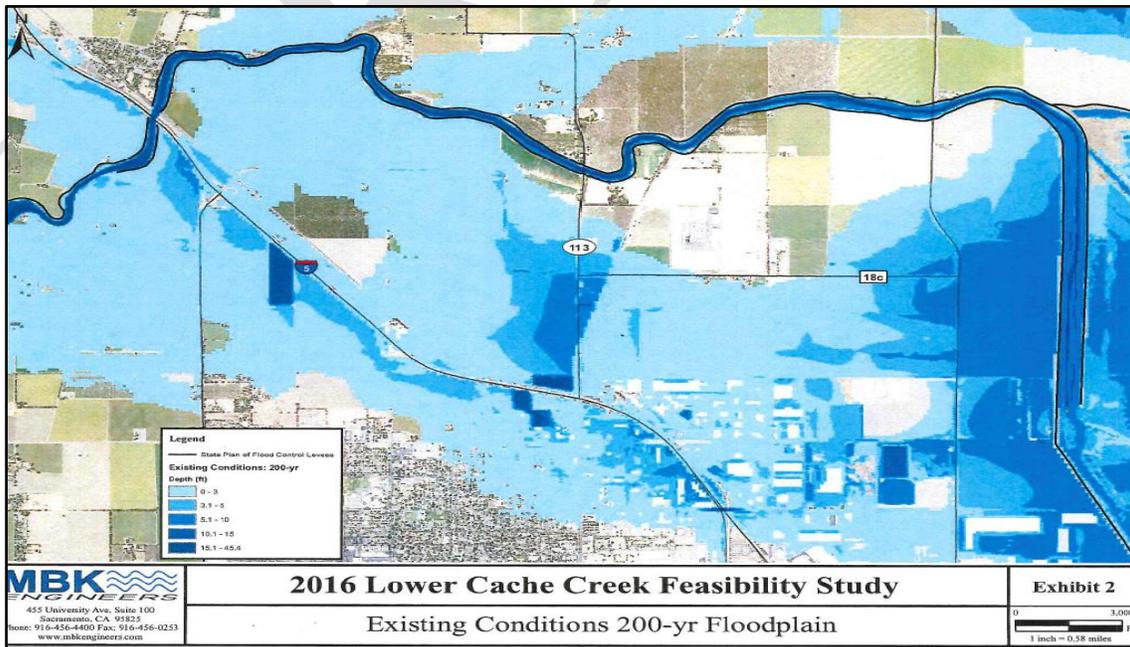
These maps depict the flood depths anticipated during the flood event and range from 0 to about 7 feet in depth within the study area. Flooding typically sheets from east to west and south. As can also be seen in these exhibits, the elevated grades of I-5 and the California Northern Railroad, in addition to the west levee of the Cache Creek Settling Basin cause the deepest flooding along these embankments, as waters are not able to pass through.

Land Value Trends. The study area is an area predominantly utilized for agricultural production. The agricultural market weathered the recent economic recession better than the other real estate sectors. Generally, commodity prices have risen over the last nine years, with steady demand for inexpensive vacant and improved agricultural land. In the past year the agricultural market has shown a slight decline, primarily due to drought conditions and water conservation restrictions. Almonds, one of the top commodities, have softened in price within the past year, as well as walnuts and tomatoes. Properties with reliable water sources are anticipated to remain in high demand.

The following information was obtained from the American Society of Farm Manager’s and Rural Appraisers 2016 trends in Agricultural land values. They note that strong demand for nearly all types of irrigated cropland properties in the North State area continued throughout the past year with values remaining stable to increasing. Supply of available properties for sale; however, was very limited. Most of the market participant interest was for irrigated cropland property that was adaptable to permanent plantings development, namely for almonds and walnuts. The transactions that have occurred indicate strong upward trends in value, driven by the lack of supply, statewide demand, and stable and strong nut commodity prices over the past five years.

The significant decline in walnut commodity prices and slight decline in almond commodity prices in the later part of 2015 could have a negative impact on irrigated cropland values- though none were noted to date. Drought concerns have also been added to the equation as there are at least two counties in the North State area that enacted well drilling moratoriums in 2015. The moratoriums are to remain in place until normal rainfall resumes and the drought ends.

Although recent rains in Northern California provided an encouraging start to the 2016-2017 water year (Oct. 1, 2016 – Sept. 30, 2017), many areas continue to experience the effects of drought, including Central Valley communities that still depend on water tanks and bottled water. Groundwater, the source of at least a third of California’s water supplies, remains significantly depleted in many areas. California has undergone more than five years of extreme drought with significant impacts to communities, agriculture, and fish and wildlife. The State Water Board announced February 7, 2017 that they will continue to monitor conservation levels and water supply conditions, and have extended emergency conservation regulations. This conservation effort helps to create a stronger demand for those properties with existing, relatively reliable, irrigation water sources.



Recent transactions indicate a value range of \$11,000 to upwards of \$23,500 per acre for Class I and II soil types suitable for orchard development. Yolo County land sales for orchard development have been within the lower end of this range from \$11,000 to \$14,000 per acre. Sales of marginal Class III and Class IV irrigated cropland properties over the past year have also seen a significant increase in value, ranging from \$5,250 to \$14,500 per acre; the result of market participants looking for any type of ground with permanent plantings adaptability.

Land Values South Sutter, Western Placer, Solano and Yolo Counties			
Crop	Low Range Price / Acre	High Range Price / Acre	Activity / Trend
Rice	\$7,500.00	\$13,000.00	Moderate- Increasing
Vegetable Crops: Class 1 & 2	\$13,000.00	\$23,500.00	Strong - Increasing
Irrigated Field Crops: Class 3 & 4	\$5,250.00	\$14,500.00	Strong - Increasing
Rangeland	\$750.00	\$5,000.00	Moderate - Stable
Walnuts	\$18,000.00	\$35,000.00	Very Limited - Increasing
Vineyards	\$13,000.00	\$30,000.00	Limited - Increasing

As seen in the table above, the lowest indicator of land values are the rangeland properties, followed by rice land. Interestingly enough, the Class I and Class II irrigated cropland/vegetable crops are selling for higher prices per acre than improved vineyards in this particular submarket, denoting the strong demand for well irrigated land with good soils. The long-term growth outlook for the area remains positive despite slight declines in the agricultural market, with agricultural properties still making up a sizable portion of the overall local economy.

PRE-PROJECT HIGHEST AND BEST USE ANALYSIS

The definition of Highest and Best Use is defined as the reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.²

Legally Permissible Uses. Possible uses are constrained by legal restrictions on a property both private and public. As previously discussed, the study area is zoned A-N (Agricultural Intensive Zone). This zone is applied to preserve lands best suited for intensive agricultural uses typically dependent on higher quality soils, water availability, and relatively flat topography. The purpose of the zone is to promote those uses, while preventing the encroachment of nonagricultural uses. Uses in the A-N Zone are primarily limited to intensive agricultural production and other activities compatible with agricultural uses. This includes allowing agriculturally-related support uses, excluding incompatible uses, and protecting the viability of the family farm. Minimum lot size for newly created parcels in the A-N Zone is 40 acres for irrigated parcels primarily planted in permanent crops, such as orchards or vineyards; 80 acres for irrigated parcels that are cultivated; 160 acres for parcels that are generally uncultivated and/or not irrigated. The agricultural uses allowed include the full range of cultivated agriculture, such as the on-site production of plant and animal products by agricultural methods, as well as agricultural commercial uses, agricultural industrial uses, and agricultural residential uses, serving the rural areas. This zoning is consistent with the AG General Plan land use designation. Given the general plan designation and zoning, agricultural uses and agricultural rural residential uses are permissible in the study area.

Physically Possible Uses. The size, topography, soil type, drainage and availability of irrigation are important factors in determining the use of the properties. The study area is characterized by agricultural lands with field and row crops, orchard developments, minimal single family residential properties and grazing ranches.

The size of the site can have a significant effect on the type of development that is possible and on the economies of scale. The sizes of the parcels within the study area range in size from 0.14 acres to 469 acres. The AG zoning allows for a rural home site, however, rural residences are not in typical demand and not financially feasible, but are common in conjunction with farming operations. Due to the AE flood zone, any residence or structure to be built must satisfy the requirements of the Floodplain Management Ordinance. The ordinance requires that projects planned for construction within a SFHA must meet development and construction standards specifically designed to prevent or limit flood damage. All new construction and substantial improvements to residential living areas, utility areas, storage areas or any enclosed area, including a basement, must be above the base flood elevation. Also, federally funded loans on structures require the purchase of flood insurance.

² The Dictionary of Real Estate Appraisal, 6th Edition 2015

The immediate area is sparsely populated as demonstrated earlier in the Neighborhood section of the Master Report, with minimal demand for rural residential uses. There has been greater demand for larger properties which accommodate agricultural developments.

According to the U.S.D.A. Natural Resources Conservation Service, the irrigated soils in the study area are of mostly irrigated Class I with some Class II and minimal Class III soils. The soils also have variations of drainage capabilities, with the Class I soils having good drainage while some of the Class II and III soils indicate poor draining soil types. Drainage can also vary based upon the topography of the site. The study area appears to be substantially level throughout the study area.

Irrigation sources in the area are by agricultural wells and/or water pumped from Cache Creek. Based upon aerial photographs, the area appears to have adequate irrigation available.

Those properties that are level, well-draining and have Class 1 or 2 soils are suitable for permanent plantings (walnut, almond or pistachio orchards) or row/field crops. Properties that have poor draining soils are best suited to row/field crop uses such as rice, alfalfa, and tomatoes.

Financially Feasible / Maximally Productive Uses. The proposed property improvement must be able to deliver an income return that generates the market value sufficient to pay for the developmental costs, the risks involved, and profit appropriate for the type of development.

Based on market research, orchard use typically requires higher quality soil than row crop use, and farmers will pay more for land with orchard potential. Commodity pricing, although slightly down this past year, is still substantially higher than historical average pricing. Several recent local sales of orchards and land that can be developed into orchards support the financially feasible use of the properties within the study area which are suitable for orchard development. This is the predominant property category within the study area.

Although crop yields and land prices are not as high for field and row crop properties, there is reasonable demand for these properties in this market area. This use is the financially feasible and maximally productive use for properties where the soils are suitable for such use due to poor drainage.

PROJECT CONDITIONS & EXISTING CONDITIONS

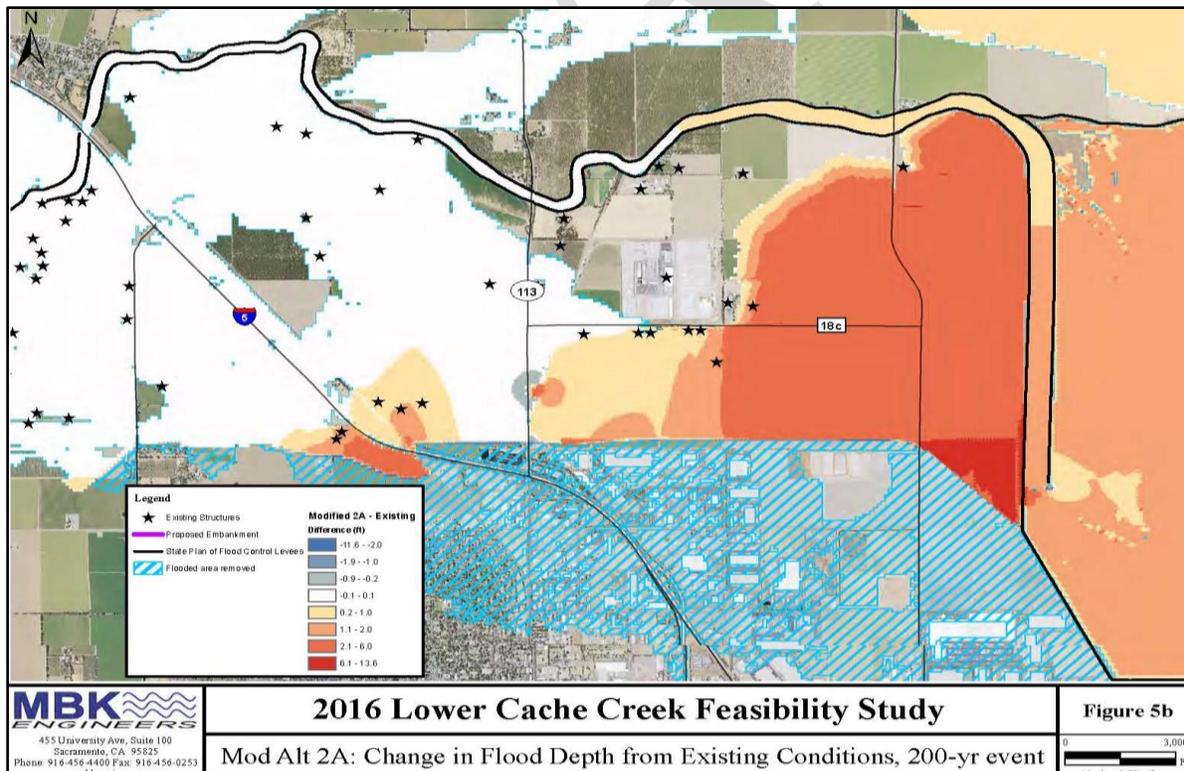
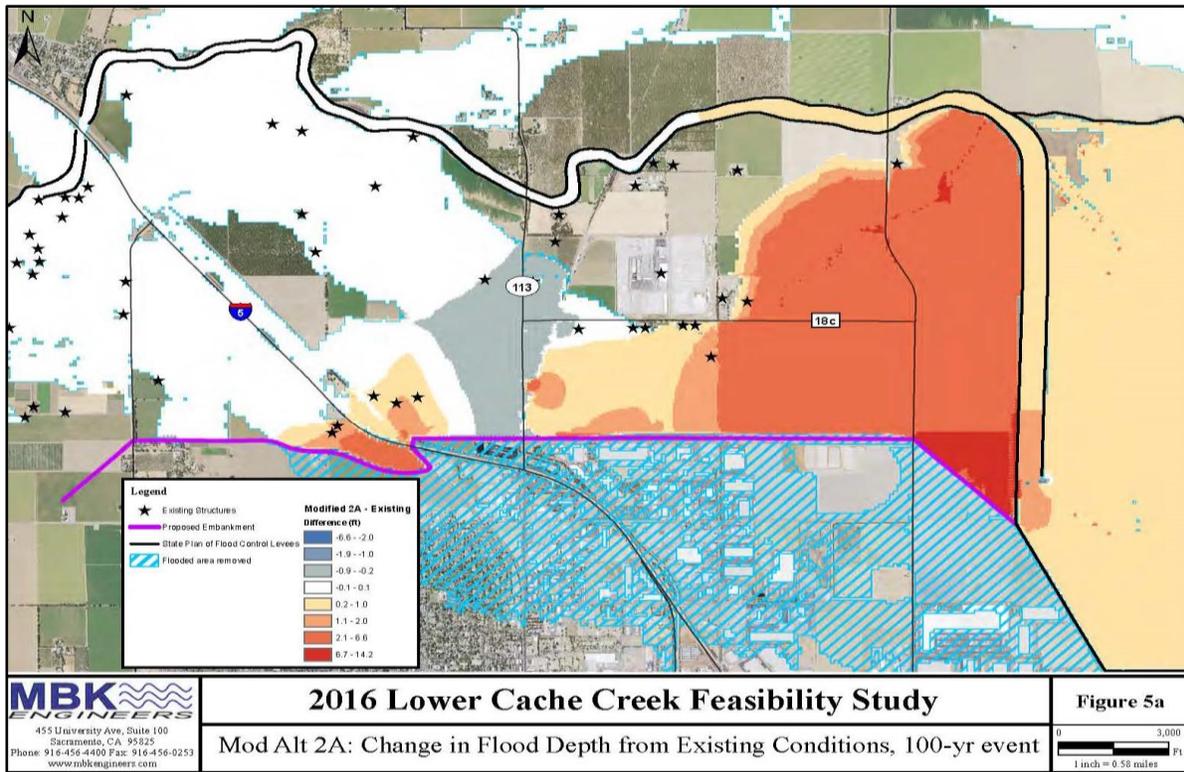
A full description of the project is provided in the Addenda for review. The following information addresses the flood zone and flood conditions with hydrology information for the study area and any changes to these attributes as a result of the project.

Flood Zone Designation. In 2001, FEMA issued new flood maps placing much of the land downstream of I-5 and south of Cache Creek, including approximately 35% of Woodland in the floodplain. The Modified Alternative 2A will provide a 200-year level of flood protection from Cache Creek for the City; there will be no change to the flood plain designation within the study area.

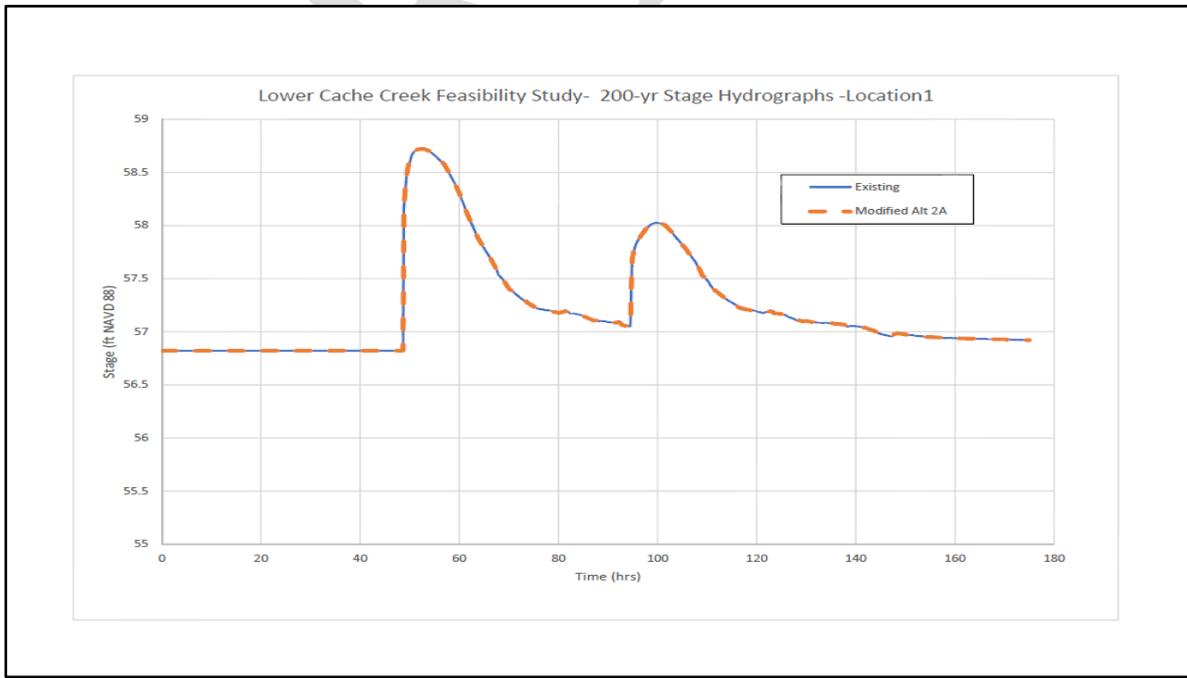
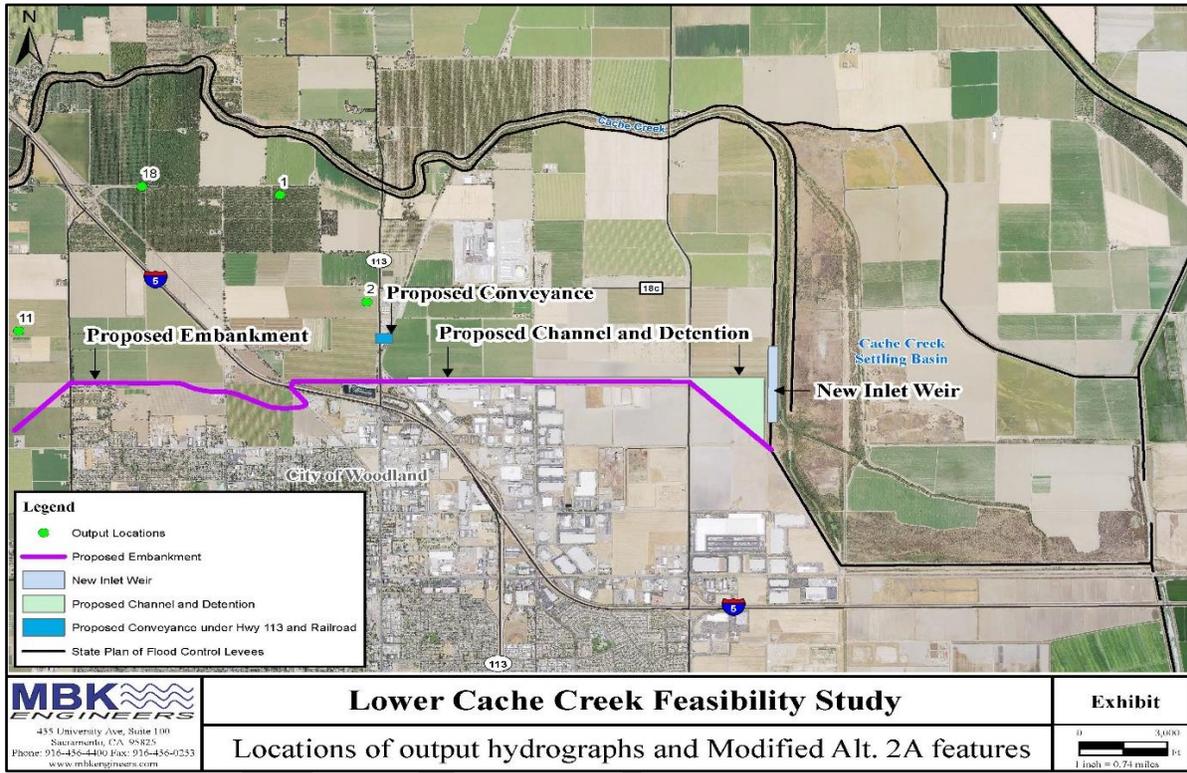
Hydraulic Analysis. The 200-year Design Water Surface Elevation (DWSE) was developed by MBK Engineers, Inc. (MBK) using a coupled one-dimensional and two-dimensional hydraulic model developed in TUFLOW. The basis for the Cache Creek watershed hydrology is described in the USACE Sacramento District report, “Central Valley Hydrology Study, Cache Creek Watershed Hydrologic Analysis,” dated September 2012. Hydrographs are based on scaled versions of the 1964 historic storm pattern for each n-percent ACE flood simulation. They are shifted in time in relation to the Cache Creek hydrographs to maintain the relative timing of the 1964 flood and create a condition whereby flooding in Cache Creek is coincident with flooding in the Sacramento River system.

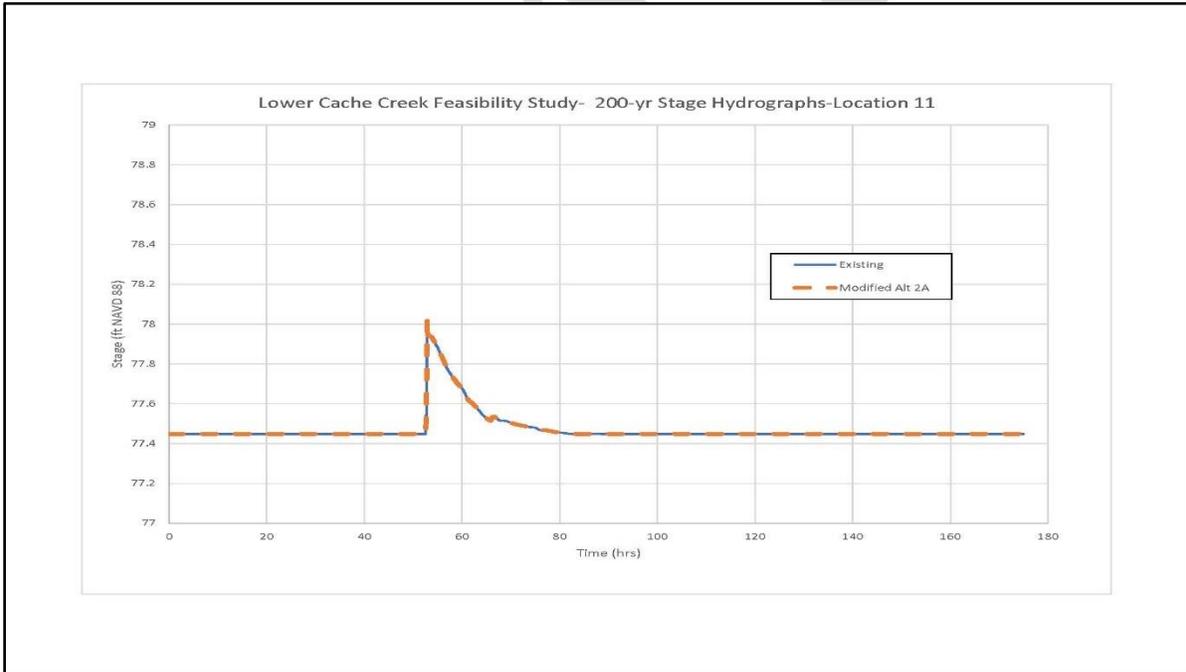
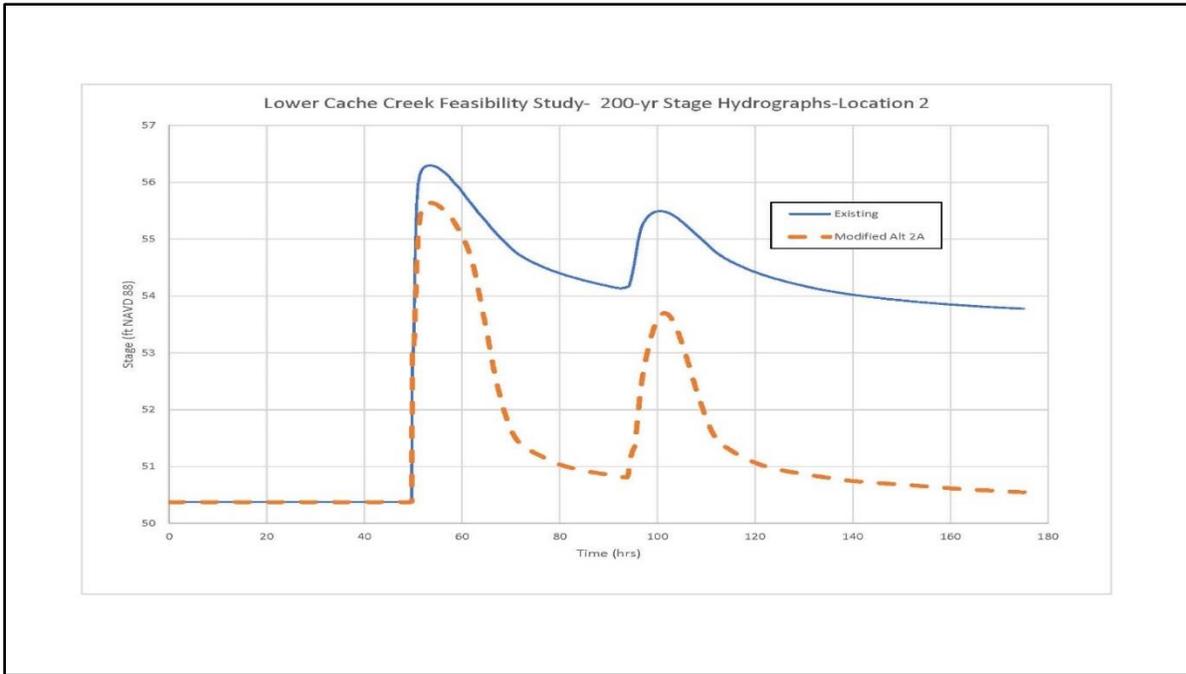
Existing flood conditions in the study area, as shown in the map previously presented, are flood depths ranging from 0 to 3 feet. The results of MBK’s hydraulic evaluation indicate that the study area (areas shown in white) will see no change in the flood depth from existing conditions. Other areas outside of the study will see an increase in the depth of flooding north of the proposed levee east of Highway 113 by as much as 6.6 feet (*Note: These areas are outside of our defined study area*), and will decrease the depth of flooding west of Highway 113 by between 0.2 foot and 0.9 foot during a 100-year flood event.

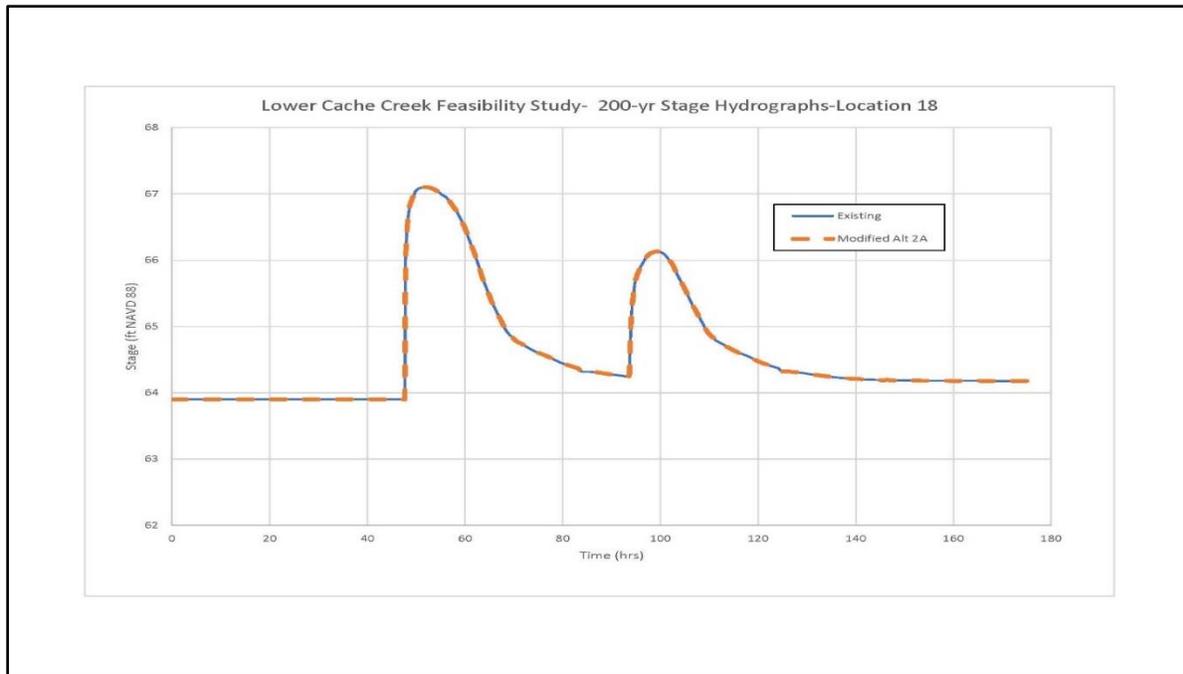
The change in flood depth between project conditions and the existing conditions is shown in the following maps for both a 100-yr Event and 200-yr Event. The study area consists of those areas shown in white.



The following hydrographs provide hydrologic data for different locations north of the proposed floodwall. The first map identifies the locations of the output hydrographs. These maps are followed by the hydrograph charts for these mapped locations identified as Location 1, 2, 11 and 18. Location 2 is not within the study area but is included to show the decreased flooding area.







As can be seen by the data, the results of MBK’s evaluation indicate that in some areas there is a decrease/improvement in flooding depth and duration, and in the study area there is no change in the flood depth or duration of flooding from existing conditions.

Potential Flood Damages as a Result of the Project. The existing flood conditions within the area are due to the physical location being south of Cache Creek, within the flood risk area of this flood source. Some public concern of the project has been that the lands north of the city (which includes the study area) would be placed into a “bypass”. A bypass is designed to divert water from a flood source to another location. The proposed project does not introduce new or additional waters from this existing flood source and divert it through the study area, therefore the project does not place the area into a “bypass”. This is supported by the hydraulic models presented previously, which indicate there is no anticipated increase in flood water or the flood risk within the study area. This includes those areas not flooded during existing and project conditions and those areas that are subject to flooding, but there is no change in the depth or duration of flooding as a result of the project.

It is noted that there will be an increase in depth near the Cache Creek Settling Basin, where flood flows are restricted by the west levee and the settling basin. This area is not within our specified study area and is not included in our impact analysis.

There are no anticipated flood damages or increase in risk of flood damages as a result of the project within the study area.

MARKET PARTICIPANT INTERVIEWS

This study intends to address some of the concerns previously identified by the public, with regard to potential negative impacts on agricultural properties due to the installation of a flood wall. Potential impacts identified were in general, that the project would cause flood damages, impact the ability and cost to obtain financing and diminish the value of agricultural properties and assets currently financed due to an increased flood risk. The potential flood damages were addressed previously in the section above. Potential impacts to financing are addressed as follows.

Potential Impacts to Financing. Our research regarding the potential impacts on financing was conducted through interviews with individuals from lending institutions as well as market participants with experience in farming, appraising, and/or real estate brokerage. The following is a list of the individuals that were interviewed and the questions that were asked of the interviewees.

INTERVIEWEES

Patrick McHone – Executive Vice President/Chief Credit Officer, River City Bank

Greg Peters – Senior Appraiser, Golden State Farm Credit

Stephen W. Kritscher - Agricultural Real Estate Finance, California Agricultural Properties Inc.

Justin Hill – Agricultural Real Estate Broker & Investor, Gary Miller Realty

Johnathan Schrader, MAI, AI-GRS – Vice President & Chief Appraiser, Farmers & Merchants Bank

QUESTIONS

- Have you financed farm lands located in a flood zone? / Do you currently lend on properties located in a flood zone? Examples?
- Are the lending rates similar to other properties not in a flood zone?
- Do lending requirements change for properties located in a flood zone?
- Do lenders consider proximity to the flood source (creek/river)?
- Would you anticipate any impact on financing for agricultural lands/development due to a levee project- even if there is no increase in depth of flooding or duration of flooding when compared to existing conditions?

Synopsys of Interviews. All of the individuals interviewed have had either direct or indirect experience with financing properties located in flood zones (100-year flood hazard area). In their experience, there has been little to no difference in lending rates for properties located in a flood zone. There is however, from a market value perspective, a slight value difference for properties located within a flood zone versus properties outside of a flood zone, with properties outside of a flood zone being superior (slightly higher in value). Lending requirements for properties located in a flood zone area are similar, with the exception to mandatory flood insurance requirements on structures located within a flood zone; this is a requirement for all federally funded loans by the FDIC. There is no flexibility in the flood insurance requirements. If the structural improvements are in a special flood hazard area, flood insurance is required. Proximity to the flood source is not typically a factor in lending decisions, but rather industry norms for the agricultural use are considered. For example, walnut orchards have been developed in some cases in river bottom lands, where flooding is much more frequent than lands situated outside the river. If a farmer were proposing to develop an almond orchard in that same location, a lender would have significant concerns about the risk of such planting as it would be outside of industry norms, which would ultimately impact credit pricing and/or availability. Almond orchards are known for being less tolerant to standing water than walnuts and pistachio orchards.

The primary concern regarding the project from a lending perspective would be to determine whether elements of the flood control project would impact the cash flows of properties. If there were elements of the project that negatively impacted the cash flows, such as additional flooding, delayed planting, damaged crops, then financing costs would increase due to the additional risk of the investment.

With no changes to the existing flooding conditions, there are no anticipated impacts to the cash flows of properties or assets financed. Industry participants indicated there would be no impacts to the costs or availability of financing due to the project.

FINDINGS & CONCLUSIONS

Summary of Project Impacts on Value. We have studied the project construction elements, hydrographs, area flooding history, area soils and drainage characteristics, the study area's agricultural market and interviewed multiple individuals involved in agricultural real estate, appraisal and financing. We have been unable to determine any negative potential impacts on value for properties within the study area as a result of the proposed flood control project.

Highest & Best Use Conclusions. There is no increase in the flood depth or duration of flooding from existing conditions in the study area and in some areas of the study there is a decrease/improvement in flooding depth and duration. The flood zone designation for the study area also does not change from the existing designation. Discussions with individuals involved in the financing of agricultural real estate located in flood zones also indicated that there were no impacts anticipated as a result of the flood control project.

With no changes from existing conditions, the Highest and Best Use conclusions are the same as the Pre-Project conclusions. Those properties that are level, well-draining and have Class 1 or 2 soils have a Highest and Best Use conclusion of orchard use (walnut, almond or pistachio orchards). Properties that have poor draining soils have a Highest and Best Use conclusion of row/field crop use such as rice, alfalfa, and/or tomatoes.

This concludes our report.

DRAFT

ADDENDA

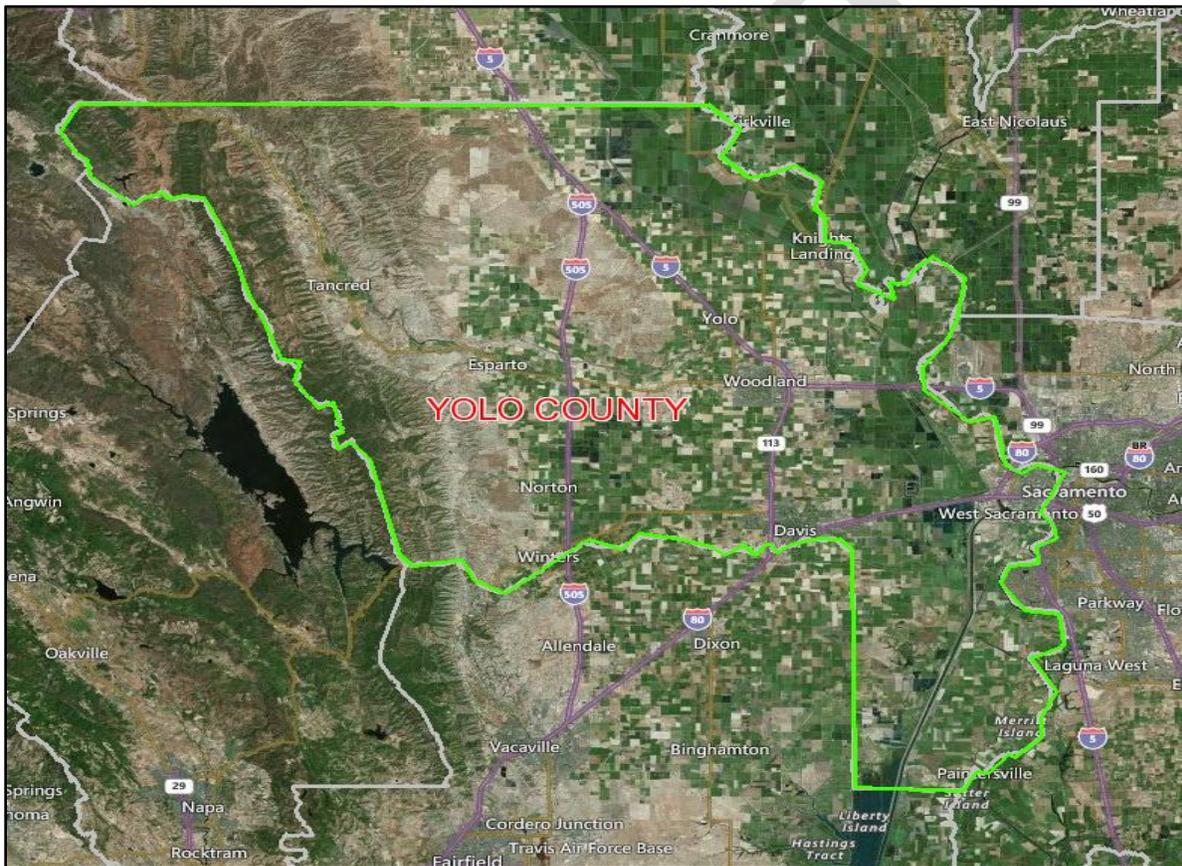
ITEM 1

YOLO COUNTY OVERVIEW

YOLO COUNTY OVERVIEW

General Overview of Yolo County. Located in northern California, Yolo county is close to both the San Francisco Bay Area and Sacramento. Surrounding counties include Colusa to the north, Sacramento and Sutter to the east, Solano to the south, and Napa and Lake to the west. Availability of transportation is a major asset to Yolo County providing access to water, rail, and air transportation facilities, as well as an extensive roadway system, including major interstates 5 and 80. Much of Yolo County remains a relatively rural agricultural region.

YOLO COUNTY MAP



Yolo County was one of the original 27 counties created when California became a State in 1850. The county is located in the rich agricultural regions of California's Central Valley and the Sacramento River Delta. It is directly west of Sacramento, the State Capital of California, and northeast of the Bay Area counties of Solano and Napa. Yolo County is located within the Sacramento-Roseville-Arden-Arcade Metropolitan Statistical Area. Yolo County has experienced, and will continue to experience, tremendous pressures to provide additional residential, commercial, and industrial development. According to the U.S. Census Bureau, the county has a total area of 1,024 square miles of which 1,015 square miles is land and 8.9 square miles (0.9%) is water.

Transportation. The main transportation routes servicing the Yolo County area are Interstate (I)-5, I-505, state route (SR) 113 and I-80. These major transportation corridors allow access from much of the rural agricultural properties lying throughout the county. I-5, which traverses generally north and south through the county, is one of the major routes within this area, along with the I-505, which also travels north and south and bisects the county. I-80 traverses in a generally southwest direction and leads into Solano County. Other minor transportation routes include SR-16 which leads from Woodland into the agricultural properties to the west of the city, and County Road 31, which provides access to the west of the county from Davis. The ease of access provided by the Sacramento International Airport, the Capitol Corridor train, the Port of Sacramento and Interstates 5, 80 and 505, have all exacerbated existing growth pressures in the county.

Population. In January 2016, the population of Yolo County was 214,555. The largest city within the County is the City of Davis with 68,314 residents, or 31% of the County's total population. This is primarily due to the University of California, Davis. UC Davis is the largest campus in the UC system, spanning over 5,500 acres. The second largest city in the county is the City of Woodland with approximately 27% of the county's total population

COUNTY / CITY	2013	12 to 13	2014	13 to 14	2015	14 to 15	2016	15 to 16
		% Ch		% Ch		% Ch		% Ch
California	38,239,207	0.94%	38,567,459	0.85%	38,907,642	0.87%	39,255,883	0.89%
Yolo County	207,380	1.35%	208,961	0.76%	211,813	1.35%	214,555	1.28%
Davis	67,024	1.76%	67,684	0.98%	68,254	0.84%	68,314	0.09%
West Sacramento	50,464	1.47%	51,152	1.35%	51,963	1.56%	53,082	2.11%
Winters	7,074	1.87%	7,134	0.84%	7,200	0.92%	7,214	0.19%
Woodland	56,211	0.68%	56,784	1.01%	57,401	1.07%	57,526	0.22%
Balance of County	26,607	1.36%	26,207	-1.53%	26,995	2.92%	28,419	5.01%

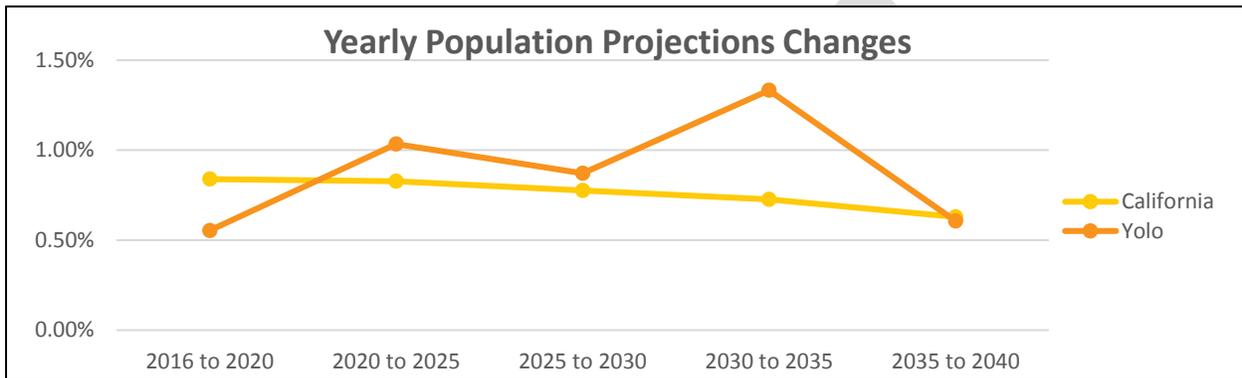
Source: Department of Finance, Demographic Research

The table above shows that all cities, and even the county, are experiencing a period of population increase, in particular the city of West Sacramento. The city of West Sacramento has experienced a large 2.11% increase in population between 2015 and 2016. In addition, outside areas of the county (not within cities) have also experienced large population increases (more than 5%) year over year.

Although the County of Yolo has experienced a period of increasing population, this population indication is anticipated to slow down a bit into coming years as per the Department of Finance.

Area	2020	2016 - 2020 Yearly Change	2025	2020 – 2025 Yearly Change	2030	2025 – 2030 Yearly Change	2035	2030 – 2035 Yearly Change
California	40,619,346	0.84%	42,373,301	0.83%	44,085,600	0.78%	45,747,645	0.73%
Yolo	219,415	0.55%	231,369	1.03%	241,898	0.87%	259,163	1.33%

Source: Department of Finance, Population Projections



Source: Department of Finance, Population Projections

The Department of Finance projects that the yearly growth rate of the County of Yolo will fluctuate in coming years, quite different than the constant state growth rate. In particular, the growth rate between 2020 and 2035 will show large amounts of population increases while the population increase into 2040 is forecasted to be lower and in line with the state's growth rate.

**Lower Cache Creek Feasibility
Highest & Best Use Study
Woodland, California**

Yolo County Major Employers. The Employment Development Department shows the following twenty-five employers as the Major Employers in Yolo County.

Employer Name	Location	Industry	No. Of Employees
University of California-Davis	Davis	Schools-Universities & Colleges Academic	10,000+
Cache Creek Casino Resort	Brooks	Casinos	1,000-4,999
Target Distribution Ctr	Woodland	Distribution Centers (whls)	1,000-4,999
Teachers' Retirement System	West Sacramento	Government Offices-State	1,000-4,999
Pacific Coast Producers	Woodland	Canning (mfrs)	1,000-4,999
Woodland Healthcare	Woodland	Hospitals	1,000-4,999
Woodland Healthcare Foundation	Woodland	Health Services	1,000-4,999
Yolo County District Attorney	Woodland	Government Offices-County	1,000-4,999
Ambius Sacramento	West Sacramento	Plants-Interior Design & Maintenance	500-999
Norcal Beverage Co	West Sacramento	Vending Machines-Manufacturers	500-999
UPS Customer Ctr	West Sacramento	Mailing & Shipping Services	500-999
Walmart Supercenter	Broderick	Department Stores	500-999
Tony's Fine Foods	West Sacramento	Food Products-Retail	500-999
Promega Corp	Madison	Biotechnology Products & Services	500-999
Raley's Family of Fine Stores	West Sacramento	Business Management Consultants	500-999
Raley's Pharmacy	West Sacramento	Pharmacies	500-999
Rite Aid Customer Support Ctr	Woodland	Distribution Centers (whls)	500-999
Seagate Technology	West Sacramento	Computer Storage Devices (mfrs)	500-999
Bel Air Markets	West Sacramento	Grocers-Retail	250-499
Coventry Workers Comp Svc	West Sacramento	Workmen's Compensation Consultants	250-499
Dennis Blazona Construction	West Sacramento	Construction Companies	250-499
Mariani Nut Co	Winters	Nuts-Edible	250-499
Procurement Office	Broderick	State Government-General Offices	250-499
Sutter Davis Hospital	Davis	Hospitals	250-499
UCD Coffee House	Davis	Restaurants	250-499

Source: Employment Development Department- Top Employers

Not surprisingly; the major employers shown in the above chart are primarily located in the areas of Davis, West Sacramento, and Woodland. The largest employer in the county is the University of California, Davis with over 10,000 employees. No other employer in the county has anywhere near that employee count. The latest economic impact report for UC Davis shows that the university is an economic driver for Yolo County and the entire Sacramento region, as well as for California overall.

Yolo County Employment. The unemployment rate in the Yolo County was 5.4 percent in October 2016, up from the month before 5.1 percent in September, but down from the 2015 (annual estimate) of 6.4 percent. This compares with an unadjusted unemployment rate of 5.5 percent for California and 4.9 percent for the nation during the same period.

The County has unemployment levels above those of the statewide average and average wages that are substantially below statewide levels. Despite a shift away from its agricultural base and expansion of the industrial job base, the County continues to lag behind the state in income and employment. The introduction of ever greater numbers of commuters and of service and industrial jobs should raise the educational and income levels of the County's labor force.

ITEM 2

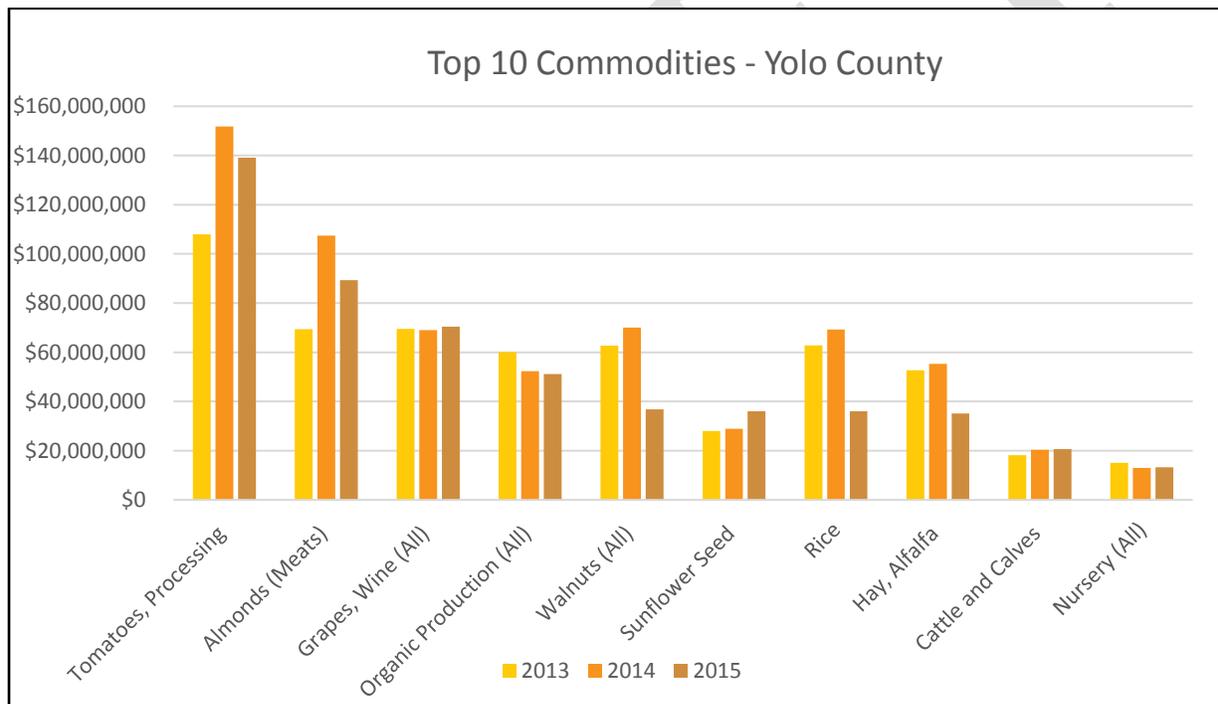
AGRICULTURAL MARKET OVERVIEW

AGRICULTURAL MARKET OVERVIEW

Yolo County Agricultural Market. According to the 2015 Yolo County Crop Report (the most recent available), The \$661,752,000 gross value of Yolo County’s agricultural production for 2015 was below 2014’s value of \$796,963,000; this represents a 17% decrease in value. The majority of this decline is due to continued severe drought conditions coupled with overall lower commodity prices.

Processing tomatoes remain Yolo County’s leading commodity with a gross value of \$139,135,000. Almonds, Wine Grapes, Organic Production, and Walnuts are among the top five commodities based on gross values. Sunflower Seed, Rice, Alfalfa, Cattle, and Nursery Products round out the top ten commodities for 2015. A summary of the top 10 commodities in Yolo County is presented in the next table.

TOP 10 COMMODITIES – YOLO COUNTY



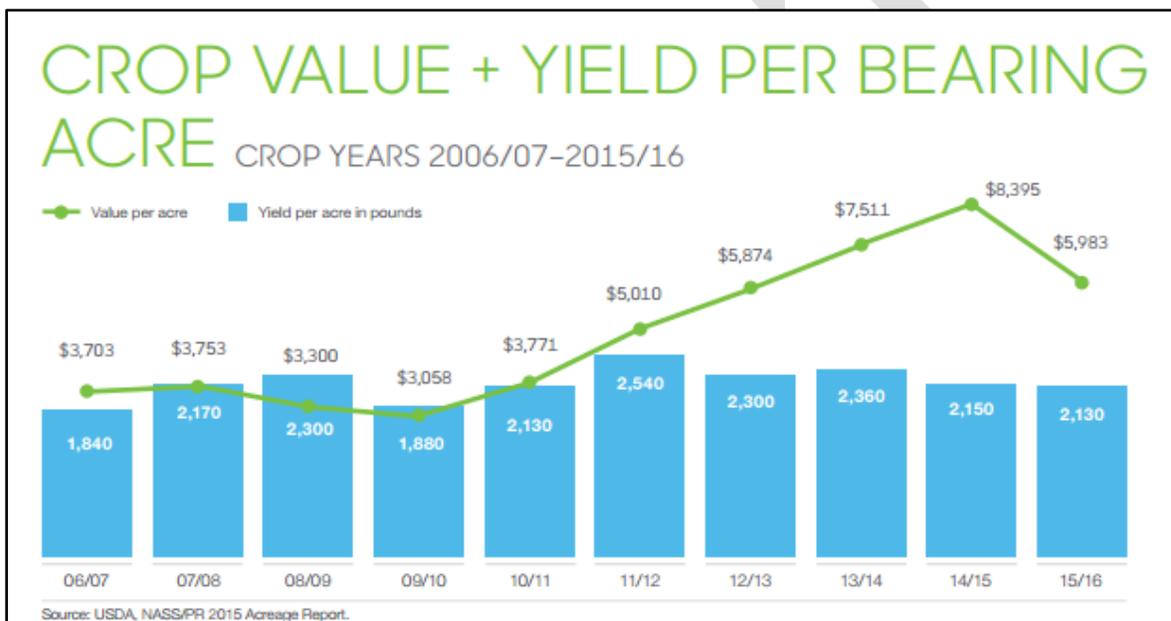
Source: 2015 Yolo County Crop Report

The County’s economy is primarily based on agriculture. This is evidenced by the multibillion-dollar state of California tomato industry that accounts for 90% of the canned and processed tomato production in the United States and 35% worldwide, to which Yolo County is a major contributor.

Although tomatoes are the top commodity for the county, returns per acre are much greater for nut commodities such as almonds and walnuts. This is evident when comparing land values for properties compatible for growing field and row crops versus orchards. Because the subject study area is primarily good quality soils that are well draining and suitable for permanent plantings (orchards) the rest of our agricultural focus will be on the nut market including almonds, walnuts and the newest crop to come into this area- pistachios.

Almond Market Overview. According to the most recent USDA-NASS acreage estimate, California almonds are grown on 1.11 million acres in California. Acreage has nearly doubled over the last two decades and California produces over 80% of the world’s supply of almonds. The largest production of almonds are grown in southern California in the county growing regions of Stanislaus, Kern and Fresno.

Northern California counties produce approximately 16% of the state’s total production, with 27.3 million pounds produced in Yolo County in the 2015/2016 crop year³. According to the 2015 California Almond Acreage Report produced by the California Food and Agriculture Department, there were 1,089 acres of almonds planted in Yolo County during 2015. Bearing acreage is reported at 9,990 acres and 2,419 non-bearing acres.



As can be seen in the chart above, although the crop value per acre has declined since the 14/15 crop year, growers are still earning more than they were five years ago and the yield per acre remains strong with historical average yields per acre.

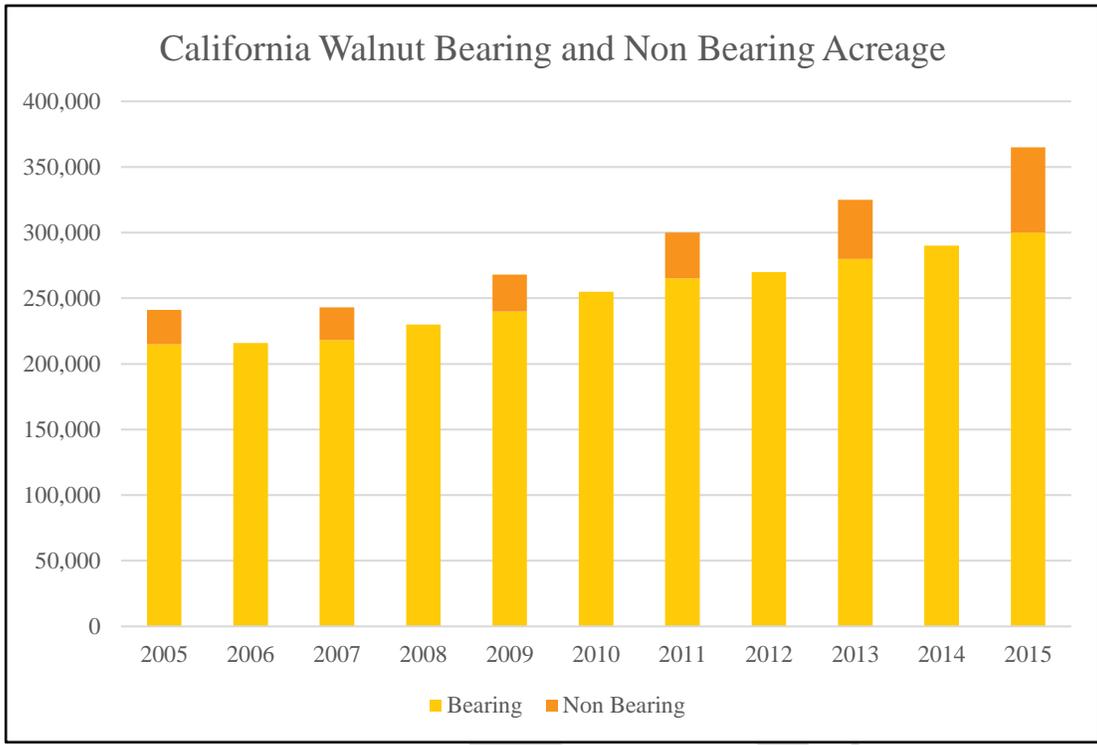
Walnut Market Overview. California’s Sacramento and San Joaquin Valleys have the ideal conditions for growing walnuts, including mild climate, rich soil, and abundant sunshine. Unlike California’s reduced almond crop, the State’s walnut crop for the 2015/16 season is slightly bigger than the last crop. The 2015 California walnut production forecast is at a record 575,000 tons, up 1 percent from 2014's production of 570,000 tons. If realized, this will surpass the 2014 crop and be the largest walnut crop on record. Despite a lack of chilling hours and a drought that continued to impact California, the 2015 walnut crop forecast is at a record level.

³USDA Form FV193, Report of Inedible Content of Almond Receipts

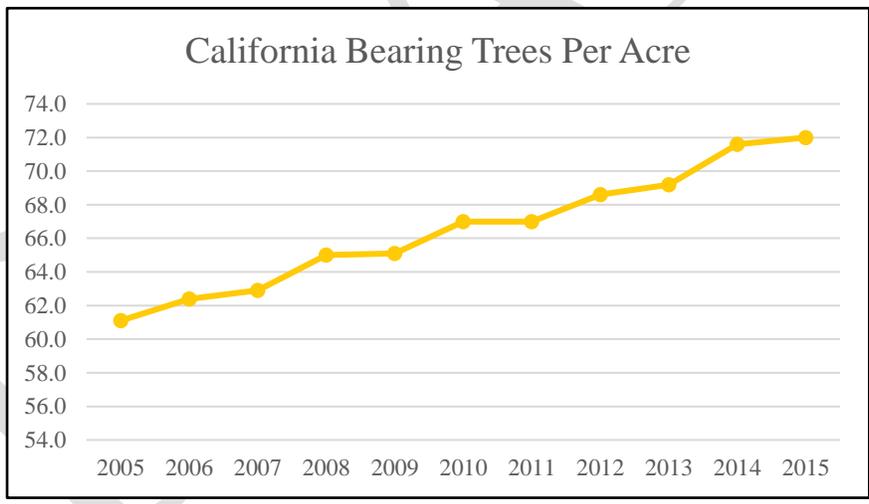
Relatively mild summer temperatures have benefitted the crop. Growers used surface water where available and groundwater when necessary to provide adequate water supply to the trees. Crop quality is reported to be excellent with low disease and insect pressures. Of the walnut acreage reported, Chandler continues as the leading variety with 104,450 bearing acres, followed by Hartley with 33,002 bearing acres. Chandler also accounted for 67 percent of the non-bearing acreage. A summary of the historical bearing acres in California, along with the non-bearing acres are presented in the next table and graph.

California Acreage				
Crop Year	Bearing	Non Bearing	Total	Bearing Trees Per Acre
2005	215,000	26,000	241,000	61.1
2006	216,000	N/A	216,000	62.4
2007	218,000	25,000	243,000	62.9
2008	230,000	N/A	230,000	65.0
2009	240,000	28,000	268,000	65.1
2010	255,000	N/A	255,000	67.0
2011	265,000	35,000	300,000	67.0
2012	270,000	N/A	270,000	68.6
2013	280,000	45,000	325,000	69.2
2014	290,000	N/A	290,000	71.6
2015	300,000	65,000	365,000	72.0

Source: United States Department of Agriculture, NASS, 2015 California Walnut Acreage Report



Source: United States Department of Agriculture, NASS, 2015 California Walnut Acreage Report



Source: United States Department of Agriculture, NASS, 2015 California Walnut Acreage Report

The 2015 Walnut O.M. Survey utilized a total of 745 blocks with two sample trees per block. Survey data indicated an average nut set of 1,272 per tree, down 7 percent from 2014’s average of 1,372. Percent of sound kernels in-shell was 98.5 percent Statewide. In-shell weight per nut was 22.7 grams and the average in-shell width suture measurement was 32.8 millimeters. The in-shell cross-width measurement was 32.8 and the average length in-shell was 38.5 millimeters. All of the sizing measurements were above previous year.

The average PPI for walnuts from September-December 2015, as reported by BLS, showed a significant dip from the same time the previous year, a good gauge that the combined effects of the record-breaking crop and higher-than-average carry-in stocks are likely dampening grower prices this season. Prices at terminal markets, based on AMS data, also reflect the downward pressure on walnut prices for this season. Prices for conventional California English walnuts at the San Francisco and Los Angeles Terminal Markets averaged about \$132 per 50-lb sack, Hartley sub-variety, size jumbo, through December 2015, compared with \$135 for the same period the previous season.

During the 2014/15 season, ending stocks rose to a record 74 million pounds, up sharply from the previous season despite record-high exports, suggesting weakened demand in the domestic market. Due to upward adjustments to ending stocks over the course of the season, U.S. walnut per capita use in 2014/15 has been revised down to an estimated 0.40 pounds, marking a drop from the 2013/14 estimate of 0.49 pounds. This, in combination with record-setting production in 2014/15, lowered walnut grower prices to an average \$3,230 per ton (\$1.62/lb) for the season, down from \$3,710 (\$1.86/lb) in 2013/14.

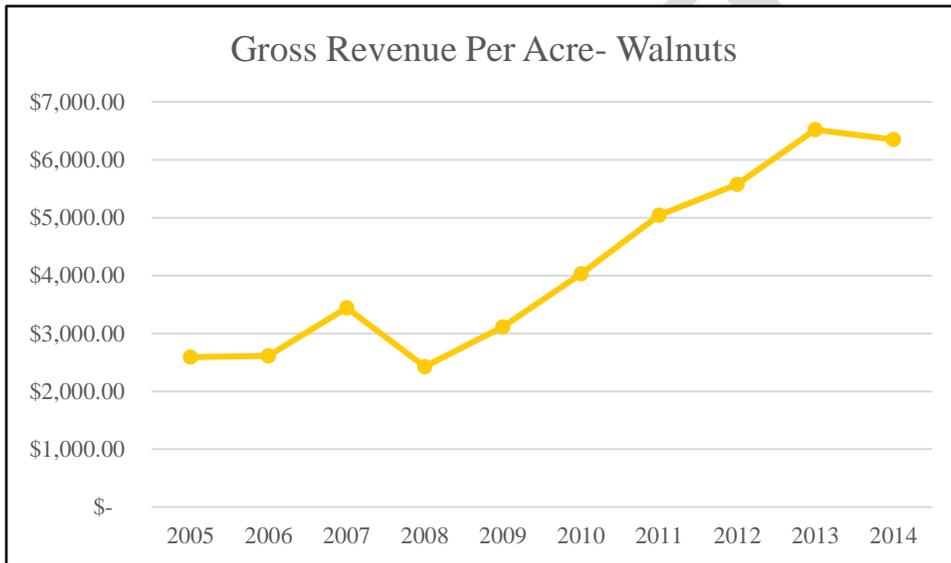
Walnut Commodity Prices, Production & Acreage

Crop Year	Total CA Production (tons)	Average Price (per ton)	Bearing Acre Yield (tons)	CA Acreage		
				Bearing	Non-Bearing	Total
2005	355,000	\$1,570	1.65	215,000	26,000	241,000
2006	346,000	\$1,630	1.60	216,000	N/A	216,000
2007	328,000	\$2,290	1.50	218,000	25,000	243,000
2008	436,000	\$1,280	1.90	230,000	N/A	230,000
2009	437,000	\$1,710	1.82	240,000	28,000	268,000
2010	504,000	\$2,040	1.98	255,000	N/A	255,000
2011	461,000	\$2,900	1.74	265,000	35,000	300,000
2012	497,000	\$3,030	1.84	270,000	N/A	270,000
2013	492,000	\$3,710	1.76	280,000	45,000	325,000
2014	570,000	\$3,230	1.97	290,000	N/A	290,000
2015	603,000	N/A	2.01	300,000	65,000	365,000
10-Yr Avg:	457,182	\$2,339	1.80	252,636	37,333	273,000

Source: USDA National Agricultural Statistics Service & the Almond Board of California

The 2015 USDA Objective Forecast came in at 2.01 tons, which represents a 1.99% increase from the 2014 crop year. Combined with an estimated 3.45% increase in bearing acreage for the 2015 crop. Though prices initially responded by strengthening, prices have lately begun to soften slightly, defying all market signals. Specifically, the average market walnut prices have been increasing every year since 2008, with a dip in 2014 predominantly because of the high bearing acres available in the market.

Based on the average price per ton and bearing acre yield statistics from the USDA National Agricultural Statistics Service, the estimated gross revenue per acre over the last decade is presented in the chart below.

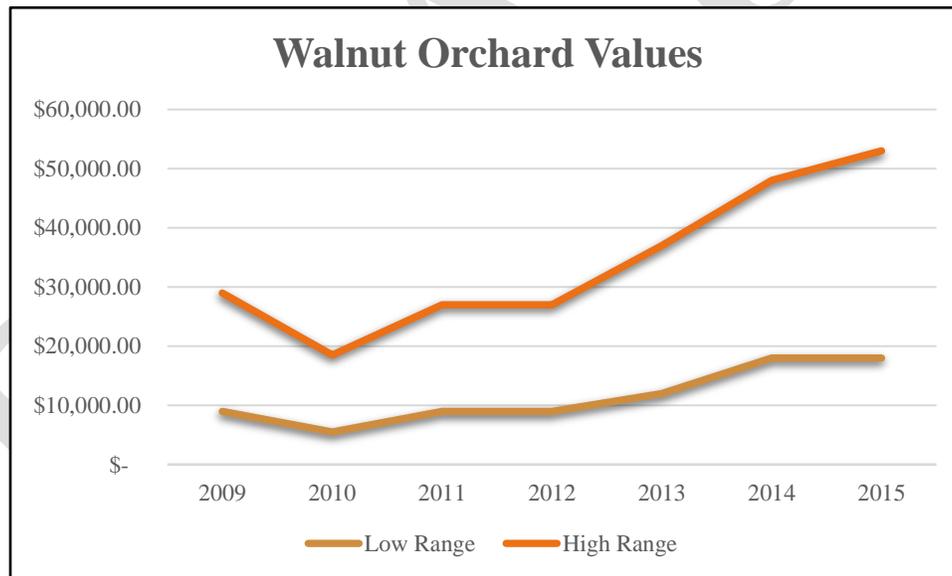


According to the 2016 Agricultural land and lease values, the current market for walnut orchard properties is described as active. When priced appropriately, available walnut orchard offerings readily clear the market. Due to recently enjoyed high commodity prices, orchardists have been reluctant to sell their walnut orchards, particularly orchards in their prime producing years. As a result, the supply of walnut orchard properties available to buyers is minimal. Buyers continue to show a strong desire to purchase quality walnut orchards and have the resources for acquisition. Demand is good to very good. Although walnut commodity prices have reached record levels in recent years, the market saw an abrupt adjustment in 2015.

By years' end Chandler nut prices hovered around \$1.15 per pound, with Howard and Tulare prices being slightly lower. Varieties such as Vina and Ashley nuts typically reflect the lowest prices. Annual total production continues to reach historic highs, due primarily to the increased number of bearing acres as well as stronger yields. The world market favors Chandlers, Howards and Tulare walnuts. This trend was reflected throughout 2015 with new orchards being planted in these varieties. The following chart and graph portray the historical value range (per acre) for walnut orchards in the region.

Walnut Orchards in South Sutter, Western Placer, North Sacramento and Yolo Counties		
Year	Low Range (Price Per Acre)	High Range (Price Per Acre)
2009	\$ 9,000.00	\$ 20,000.00
2010	\$ 5,500.00	\$ 13,000.00
2011	\$ 9,000.00	\$ 18,000.00
2012	\$ 9,000.00	\$ 18,000.00
2013	\$ 12,000.00	\$ 25,000.00
2014	\$ 18,000.00	\$ 30,000.00
2015	\$ 18,000.00	\$ 35,000.00

Source: The 2016 Agricultural land and lease values



As previously presented, values for walnut orchards have been increasing since 2010. The largest increase took place between 2012 and 2013, followed by more modest increases in recent years.

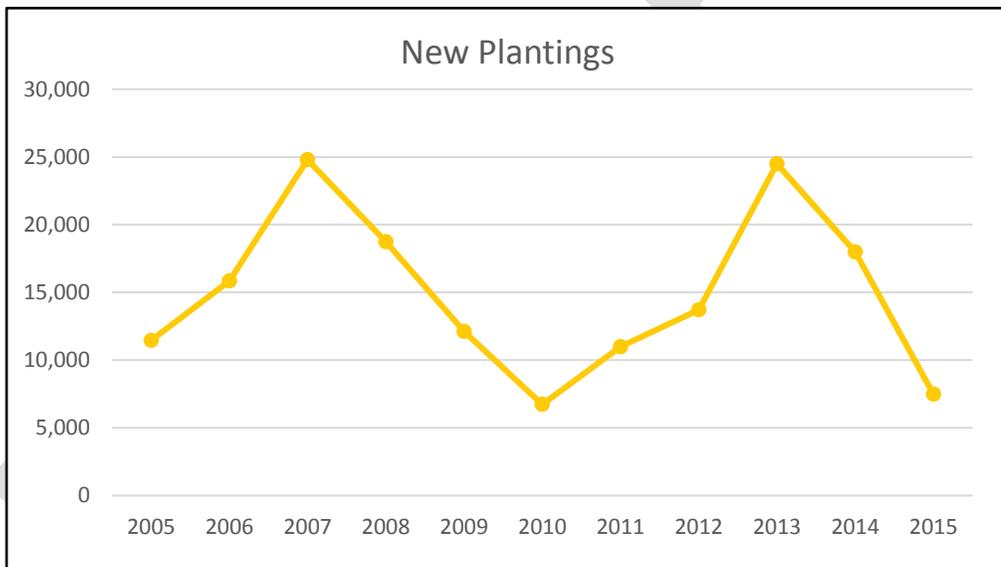
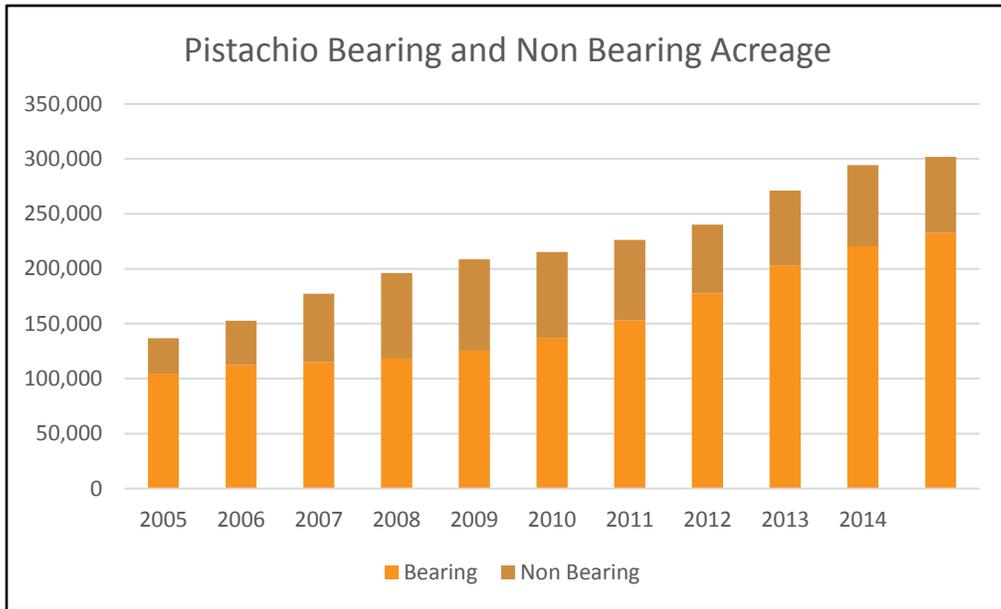
Pistachio Market Overview. Pistachios are a fairly new crop to the Yolo County agricultural market- so new that there are not enough bearing acres to include the crop in the Yolo County Crop Report as of yet. This is expected to change in the next few years due to the influx of pistachio developers who are coming from the drought stricken southern California, where water is a significantly depleted commodity. Brokers familiar with the Woodland area indicated that the county has an ample supply of good soils and water. Although the area is known to have boron in the soils and ground water, pistachio orchards are an attractive permanent planting due to their tolerance to boron.

Approximately 90% of the nation’s pistachio crop is planted in the San Joaquin Valley, which is located south of Yolo County. In general, pistachio plantings in California have expanded rapidly to the including mild climate, rich soil, and abundant sunshine. California produces approximately 98% of the pistachios grown in the United States. Other pistachio producing states included in the marketing order are Arizona and New Mexico. Some counties have been combined to prevent disclosure of individual operations and confidential business information. Most commercial production in California comes from Kern, Madera, Tulare, Kings, Fresno, and Merced Counties and these six counties account for over 95% of the production in California. Pistachio orchard developments are new to this Yolo County agricultural market, as developers have begun to move further north from the southern California area to improve production by increasing the chilling hours that have been insufficient over the past few years, causing major crop failure down south.

Of the pistachio acreage reported, the Kerman (female) and Peters (male) varieties are the prominent crop grown in California. A summary of the historical bearing acres in California, along with the non-bearing acres are presented in the next table and graph. The 2015 statistics were provided by the Administrative Committee for Pistachios.

California Acreage				
Crop Year	Bearing	Non Bearing	Total	New Plantings
2005	104,552	32,295	136,847	11,465
2006	112,532	40,112	152,644	15,842
2007	115,007	62,341	177,348	24,794
2008	118,133	78,155	196,288	18,740
2009	125,637	82,969	208,606	12,128
2010	137,102	78,234	215,336	6,730
2011	152,944	73,392	226,336	11,000
2012	177,738	62,308	240,046	13,710
2013	202,997	68,068	271,065	24,500
2014	220,527	73,940	294,467	18,000
2015	232,655	69,312	301,967	7,500

Source: Administrative Committee for Pistachios 2015 Statistics



Source: Administrative Committee for Pistachios 2015 Statistics

As seen by the data presented above, both the bearing and non-bearing acreage in California has increased largely in the past ten years. The bearing acreage in 2005 was 104,552 which increased 122% within the ten years (2015 data shows 232,655 acres). The increase in bearing acreage has consistently been in the double digits, until 2014. The increase in bearing acreage from 2013-2014 was 7.9%, followed by a smaller 5.3% change between the 2014 and 2015 bearing acreage.

Even more interesting is the drastic decrease in new plantings of pistachios noted in 2014 and 2015. There were only noted to be 7,500 acres of new plantings in 2015, which is the smallest amount of new crop since 2010 (6,730 acres).

NASS will not release the 2015/16 season-average grower price for California pistachios until July 2016, therefore the prices for 2014 are the most up-to-date. One very important factor in 2015 for the pistachio market was the remarkably low yield of the crop overall. According to the Administrative Committee for Pistachios, the crop potential for 2015 was highly impacted by various factors. Initially, the alternate bearing years impacted the crops (2014 was an ‘on year’), however inadequate chilling in most of the growing areas caused significant crop failure.

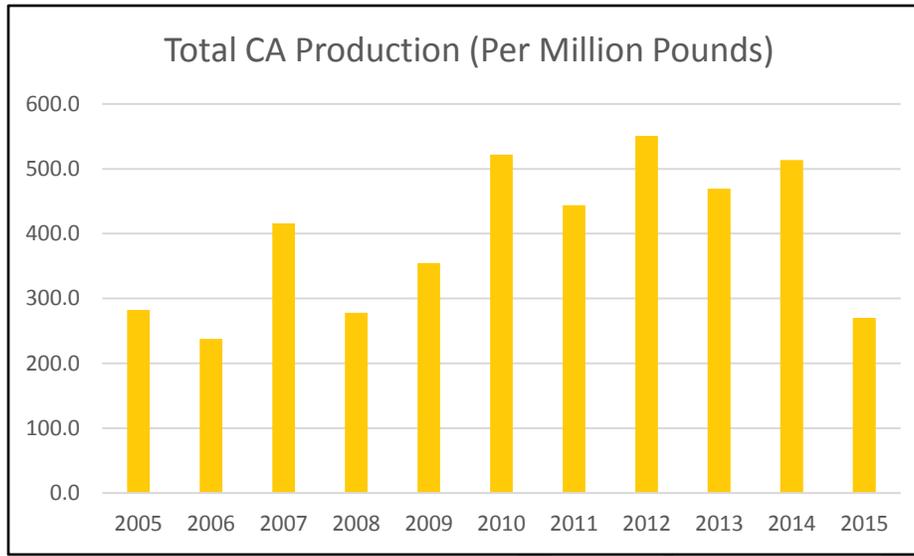
The Administrative Committee for Pistachios denotes that there was a decline in shipments in 2014/2015 and the marketable inventory at the beginning of the 2014 harvest was noted to be low. The 2015 crop was well below current levels of consumer demand, even though consumer demand has been decreasing in recent years. The committee states that this decrease in demand is possibly due to the “higher consumer prices”.

As previously described, the year 2015 was a very low year for pistachios in terms of yields. The following table and graphs demonstrate the impacts of the 2015 poor crop year.

Pistachio Commodity Prices, Production & Acreage

Crop Year	Total CA Production (million pounds)	Average Return (per pound)	Bearing Yield / Acre	CA Acreage		
				Bearing	Non-Bearing	Total
2005	282.4	\$2.05	2,701	104,552	32,295	136,847
2006	237.5	\$1.89	2,110	112,532	40,112	152,644
2007	415.7	\$1.41	3,615	115,007	62,341	177,348
2008	278.0	\$2.05	2,353	118,133	78,155	196,288
2009	354.5	\$1.67	2,822	125,637	82,969	208,606
2010	521.8	\$2.22	3,806	137,102	78,234	215,336
2011	443.8	\$1.98	2,902	152,944	73,392	226,336
2012	551.0	\$2.61	3,100	177,738	62,308	240,046
2013	469.3	\$3.48	2,312	202,997	68,068	271,065
2014	513.6	\$2.50	2,329	220,527	73,940	294,467
2015	270.1	Not Available	1,161	232,655	69,312	301,967
10-Yr Avg:	394.3	\$2.19	2,656	154,529	65,557	220,086

Source: Administrative Committee for Pistachios 2015 Statistics



Source: Administrative Committee for Pistachios 2015 Statistics

As seen above, the total California production was noted to be between 400 million pounds and 550 million pounds for the past five years. This trend was abruptly stopped in 2015 with the total California production dropping to 270 million pounds.

Land Value Trends. The following information was obtained from the American Society of Farm Manager's and Rural Appraisers 2016 trends in Agricultural land values. They note that strong demand for nearly all types of irrigated cropland properties in the North State area continued throughout the past year with values remaining stable to increasing. Supply of available properties for sale; however, was very limited. Most of the market participant interest was for irrigated cropland property that was adaptable to permanent plantings development, namely for almonds and walnuts. The transactions that have occurred indicate strong upward trends in value, driven by the lack of supply, statewide demand, and stable and strong nut commodity prices over the past five years.

The significant decline in walnut commodity prices and slight decline in almond commodity prices in the later part of 2015 could have a negative impact on irrigated cropland values- though none were noted to date. Drought concerns have also been added to the equation as there are at least two counties in the North State area that enacted well drilling moratoriums in 2015. The moratoriums are to remain in place until normal rainfall resumes and the drought ends.

Although recent rains in Northern California provided an encouraging start to the 2016-2017 water year (Oct. 1, 2016 – Sept. 30, 2017), many areas continue to experience the effects of drought, including Central Valley communities that still depend on water tanks and bottled water. Groundwater, the source of at least a third of California's water supplies, remains significantly depleted in many areas. California has undergone more than five years of extreme drought with significant impacts to communities, agriculture, and fish and wildlife. The State Water Board announced February 7, 2017 that they will continue to monitor conservation levels and water supply conditions, and have extended emergency conservation regulations. This conservation effort helps to create a stronger demand for those properties with existing, relatively reliable, irrigation water sources.

Recent transactions indicate a value range of \$11,000 to upwards of \$23,500 per acre for Class I and II soil types suitable for orchard development. Yolo County land sales for orchard development have been within the lower end of this range from \$11,000 to \$14,000 per acre. Sales of marginal Class III and Class IV irrigated cropland properties over the past year have also seen a significant increase in value, ranging from \$5,250 to \$14,500 per acre; the result of market participants looking for any type of ground with permanent plantings adaptability.

Land Values			
South Sutter, Western Placer, Solano and Yolo Counties			
Crop	Low Range Price / Acre	High Range Price / Acre	Activity / Trend
Rice	\$7,500.00	\$13,000.00	Moderate- Increasing
Vegetable Crops: Class 1 & 2	\$13,000.00	\$23,500.00	Strong - Increasing
Irrigated Field Crops: Class 3 & 4	\$5,250.00	\$14,500.00	Strong - Increasing
Rangeland	\$750.00	\$5,000.00	Moderate - Stable
Walnuts	\$18,000.00	\$35,000.00	Very Limited - Increasing
Vineyards	\$13,000.00	\$30,000.00	Limited - Increasing

As seen in the table above, the lowest indicator of land values are the rangeland properties, followed by rice land. Interestingly enough, the Class I and Class II irrigated cropland/vegetable crops are selling for higher prices per acre than improved vineyards in this particular submarket, denoting the strong demand for well irrigated land with good soils.

**ITEM 3
PROJECT DESCRIPTION**

PROJECT DESCRIPTION

Modified Alternative 2A: This project generally consists of improving existing levees and constructing a new levee north of the City in order to protect the City from flooding emanating from Lower Cache Creek. Descriptions of the proposed project are outlined in the City of Woodland Lower Cache Creek Feasibility Study Alternatives Analysis Report as provided by the client and are provided as follows below.

1. Modifications to Existing CCSB

Modified Alternative 2A would rehabilitate the southwest levee of the Cache Creek Settling Basin (CCSB) by constructing a 45-foot-deep cutoff wall through the levee, and a portion of the southern levee of the CCSB would be rehabilitated with a 60-foot-deep cutoff wall. A 3,000-foot-long section of the west levee of the settling basin would be degraded to an elevation of 43 feet (NAVD 88) to accommodate a concrete weir (a height of approximately 11 feet above existing adjacent grade). The weir would serve to accept floodwater emanating from Cache Creek west of the CCSB, and would prevent backflow from the CCSB to the west during smaller, more frequent flood events. Finally, the existing outlet weir of the CCSB would remain unchanged.

2. New Levees and Other Improvements

A new levee with a 30-foot-wide landside seepage berm would begin near the intersection of County Road 19B and County Road 98 and extend east to the CCSB. The alignment of the levee would follow the northern City limit line west of State Highway 113 (Highway 113) and Churchill Downs Avenue east of Highway 113. The height of the new levee would vary from six feet near County Road 98 to 14 feet at its intersection with the existing west levee of the CCSB. Rock slope protection (RSP) is proposed on the waterside slope of the new levee from County Road 101 east to the CCSB. A low-flow canal would be constructed north (waterward) of the new levee along the length of the levee to capture smaller, more frequent events and discharge them to the CCSB. The new levee would require the raising of County Road 98, County Road 99, County Road 101, and County Road 102. Culverts would be installed at each of these raised crossings, and culverts would be installed under Interstate 5 (I-5), and Highway 113. Culverts across Highway 113 and the railroad at the boundary between Segments R and S will also be added in order to reduce the residual floodplain upstream of Highway 113. Closure structures would be constructed at crossings with I-5, Highway 113, and the Union Pacific Railroad (UPRR). The levee alignment upstream (west) of Highway 113 will be constructed in order to utilize an existing I-5 overpass above an existing railroad to convey flood waters across I-5 (this will require a closure structure across the railroad and coordination with the railroad to get this concept approved if the railroad line is not abandoned in this area). Water impounded by the proposed levee and the west levee of the CCSB would be drained via outlets into the CCSB and to the City's interior drainage system. The design and operation of these outlets will be optimized by USACE during later phases of the project.

ITEM 4

APPRAISERS' QUALIFICATIONS

**PROFESSIONAL QUALIFICATIONS OF
CYDNEY G. BENDER REENTS, MAI
(Principal in the firm of Bender Rosenthal, Inc.)**

PROFESSIONAL EXPERIENCE

Cydney G. Bender, MAI has been in real estate appraising and consulting since 1991. Her professional experience in real estate appraisal encompasses a broad range of property types that include office, retail, multi-family, mobile homes, park land, elderly housing, condemnation, and residential subdivisions. She is a member of the Appraisal Institute with the MAI designation and is a Certified General Real Estate Appraiser in the State of California.

Ms. Bender is the Past President of the Sacramento Chapter of the Construction Specifications Institute, Past President of Commercial Real Estate Women, Sacramento Chapter, Past President of the Sacramento Sierra Chapter of the Appraisal Institute and Past President of the Sacramento Valley Conservancy.

Prior to her career in real estate, Ms. Bender attended California Polytechnic State University in San Luis Obispo, majoring in Agricultural Business Management. Upon graduation, she entered the commercial construction field as a Project Manager for a Sacramento based general contractor. Projects included tenant improvements, manufacturing plants, auto dealerships, industrial warehouses, and elderly housing developments ranging valued from \$60,000 to \$1.5 million dollars. This unique background enables Ms. Bender to grasp complicated construction issues as they relate to valuation.

REPRESENTATIVE VALUATIONS INCLUDE

Industrial - Industrial property including distribution warehouses, storage warehouses, office-warehouses and research and development properties.

Office - Existing and proposed office developments for lending institutions, national developers, and investors.

Retail - Proposed and existing shopping centers and franchise restaurants, convenience stores, and pad sites.

Multi-Family Residential - Existing and proposed apartment complexes, in the Sacramento Metropolitan Area, Placer, San Luis Obispo, Santa Clara counties, and Las Vegas, Nevada including low income housing.

Medical - Existing and proposed medical clinics and dental offices.

Mobile Homes - Existing mobile home parks in the Alameda, Sacramento, Solano, and Yolo counties.

Elderly Housing - Proposed congregate care and residential care facilities.

Residential Developments - Proposed and existing residential subdivisions in Sacramento, Placer, El Dorado, Sutter, Yuba and Lake Counties.

Eminent Domain - Improved and unimproved properties of partial takings representing municipalities, conservancies, and property owners.

PROFESSIONAL AFFILIATIONS

Appraisal Institute (MAI), Current Member

Construction Specifications Institute, Past President

Sacramento Sierra Chapter, Appraisal Institute, Member and Past President

Commercial Real Estate Women, (CREW) Sacramento, Member and Past President

Sacramento Valley Conservancy, Past President

Lambda Alpha International, an Honorary Land Economics Society

**PROFESSIONAL QUALIFICATIONS OF
AMY J. WOODWARD**

Certified General Real Estate Appraiser *CL# AG044210*

PROFESSIONAL EXPERIENCE

Amy J. Woodward is employed as a Senior Appraiser with Bender Rosenthal Inc. and has been involved in real estate appraising and consulting since 2004. Her professional experience in real estate appraisal encompasses a broad range of property types, with a specialty in right-of-way assignments. Ms. Woodward received her Bachelor of Science in Business Administration at the California State University, Sacramento with an emphasis in Real Estate and Land Use. She continues her education with courses from the Appraisal Institute and the International Right of Way Association.

REPRESENTATIVE VALUATIONS INCLUDE

Industrial – Existing and proposed industrial properties including distribution warehouses, storage warehouses, light industrial/manufacturing and research and development properties.

Office - Existing and/or proposed office developments for lending institutions and owners.

Medical - Existing and proposed medical, dental, and veterinary clinics.

Retail - Proposed and/or existing shopping centers, free standing buildings, mixed-use buildings, and restaurants.

Residential Developments - Proposed and existing residential subdivisions.

Single-Family and Multi-Family Residential - Existing and proposed apartment complexes, condominiums, mobile home parks and single-family residential properties.

Agricultural – Vineyards, orchards, field/row crop land, and rural residential properties.

Land - Various types of land appraised such as commercial land, retail pad sites, residential land, transitional land, and agricultural/rural residential land.

Special Use- Alternative energy/Solar land leases, schools, churches, community centers, railroad corridors, seed tree orchards for nursery use.

Eminent Domain - Improved and unimproved properties of partial takings representing municipalities, conservancies, and property owners.

LICENSES, DESIGNATIONS, PROFESSIONAL ASSOCIATIONS AND MEMBERSHIPS

Certified General Real Estate Appraiser, State of California (CA 044210)
Appraisal Institute, Current Member of Sacramento-Sierra Chapter