

APPRAISAL REPORT

BAL Theater
14808 East 14th Street
San Leandro, California
Alameda County

VALUATION OF

An 11,788 Square Foot Site Improved with a
Theater Building Comprising 8,868 Square Feet

PREPARED FOR

City of San Leandro Community Development Department
c/o Mariana Garcia, Economic Development Project Specialist
835 East 14th Street
San Leandro, CA 94577

PREPARED BY

Matthew D. Watson, MAI
Wayne F. Prescott, MAI, CCIM
The Schmidt-Prescott Group, Inc.

EFFECTIVE DATE OF VALUE OPINION

July 18, 2017

THE SCHMIDT - PRESCOTT GROUP, INC.

Real Estate Appraisers — Property Valuation Specialists



Frank E. Schmidt, MAI, SRA

Matthew D. Watson, MAI
Carmen Yopez

Wayne F. Prescott, MAI, CCIM

August 22, 2017

City of San Leandro Community Development Department
c/o Mariana Garcia, Economic Development Project Specialist
835 East 14th Street
San Leandro, CA 94577

Re: BAL Theater
14808 East 14th Street
San Leandro, CA
APN 077E-1593-008

Dear Ms. Garcia:

In response to your recent request, we conducted an investigation, gathered data, and made the analyses necessary to enable us to form an opinion of the Market Value of the Going Concern. A going concern requires the assets of the business, building, and land to be functioning as one economic unit. The real property consists of one parcel improved with a theatre building. The business is a non-profit known as San Leandro Curtain Call Performing Arts, with a leasehold interest as the sole tenant in the real property.

Our Client is the Community Development Department of the City of San Leandro. We understand that this Appraisal Report will be used, in conjunction with the opinion of City staff and their real estate, legal, and financial advisors, as one tool in determining the terms and conditions of a loan to be made by the Client to the owners of the business and real property. The intended users are City staff and their real estate, financial, and legal advisors. It is not intended for any other use or users. No responsibility is assumed by the appraiser(s) for unintended use.

This Appraisal Report summarizes the descriptions, factual data, assumptions, and conditions affecting this appraisal, and the findings and analyses that lead to and support our value conclusion(s).

Hypothetical Conditions, Extraordinary Assumptions

Hypothetical Condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.”¹ It was a hypothetical condition of our appraisal that the real property and theatre business are owned by the same principals or entity.

The use of this hypothetical condition might have affected the assignment results.

Extraordinary Assumption is defined as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”² We did not apply any extraordinary assumptions.

We discussed the operation of the business with Dan Dillman. He provided a copy of the Profit and Loss statements for the years 2015 and 2016. These financial statements indicated that the business does not generate net income; it operates at a financial loss. We concluded that the Going Concern, and the real property, have the same fair market value, which is the value of the real property. The business does not contribute to fair market value.

Based upon our visit to the property and the investigation and analyses undertaken, we formed the opinion that the Market Value of the fee simple estate in the going concern of the subject property on the effective date of value, was:

Opinion of Fair Market Value of the Going Concern:	\$1,090,000
(One Million Ninety Thousand Dollars)	

Opinion of Fair Market Value of the	
Fee Simple Interest In the Real Property:	\$1,090,000
(One Million Ninety Thousand Dollars)	

¹ *Uniform Standards of Professional Appraisal Practice* (USA, The Appraisal Foundation, 2016)

² Ibid

These opinions of value are subject to the assumptions, and conditions set forth in this report, of which this letter is a part. If these assumptions were not made, our opinions of value might be different.

Sincerely,



Matthew D. Watson, MAI

State Certified General Real Estate Appraiser No. AG040050



Wayne F. Prescott, MAI, CCIM

State Certified General Real Estate Appraiser No. AG001533

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EXECUTIVE SUMMARY

CLIENT	: City of San Leandro
LOCATION	: 14808 East 14 th Street, San Leandro, Calif.
OWNERSHIP OF THE REAL PROPERTY	: Dan Dillman and Gina Dillman, husband and wife, as joint tenants
OWNERSHIP OF THE THEATRE BUSINESS	: San Leandro Curtain Call Performing Arts
PRINCIPAL IMPROVEMENTS	: Theater building suitable for film or live music performances
BUILDING SIZE	: 8,868 SF; seating for 750-800 depending on configuration
AGE OF IMPROVEMENTS	: Built circa 1946; chronological age of 71 years
EFFECTIVE AGE	: 45 Years
REMAINING ECONOMIC LIFE	: 15 Years
SITE SIZE	: 11,788 SF
PARKING ON SITE	: None
SEISMIC SPECIAL STUDIES ZONE	: No
FLOOD HAZARD STATUS	: Zone X, Community & Panel No. 06001C 0259G, dated 8/3/2009
ZONING	: SA-1, South Area 1 District
GENERAL PLAN	: Corridor Mixed Use

HIGHEST AND BEST USE

As If Vacant : Hold for development of mixed-use
As Improved : Current theater use

EFFECTIVE DATE OF OPINION : July 18, 2017

DATE OF APPRAISAL REPORT : August 22, 2017

PROPERTY RIGHTS APPRAISED : Fee Simple Estate

VALUE INDICATIONS AND CONCLUSIONS

Fair Market Value of the Going Concern : \$1,090,000
Fair Market Value of the Real Property : \$1,090,000

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following **general assumptions**:

1. No responsibility was assumed for the legal description or for matters including legal or title considerations. Title to the property was assumed to be good and marketable unless otherwise stated;
2. The property was appraised or evaluated free and clear of any or all liens, easements, and encumbrances unless otherwise stated;
3. The property was appraised or otherwise evaluated assuming it was under responsible ownership and competent management, and available for its highest and best use;
4. The information furnished by the Client and others was believed to be reliable. However, no warranty is given for its accuracy;
5. All engineering was assumed to be correct. Plot plans or any other illustrative material(s) in this report were included only to assist the reader in visualizing the property;
6. It was assumed that there are no hidden or unapparent conditions in the land or structures that render it more or less marketable or valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. We recommend that trained professionals be engaged to ascertain compliance with ADA, and to identify any physical or environmental conditions that could affect market value. The results of these investigations should be revealed to us so we can consider them in our valuation;
7. Unless otherwise stated in this report, the existence of hazardous material, toxic waste, and/or other environmental impairments, which may or may not be present on or in the property, was not investigated by this consultant. The Client should identify any known or suspected environmental impairments;

As real estate consultants, we are not qualified to properly investigate this property for any discharge, spillage, uncontrolled loss, seepage, filtration, or storage of hazardous substances, which may adversely affect the value of this property. Neither are we qualified to detect the presence of substances such as asbestos, urea-formaldehyde foam insulation, nor other materials that could create an environmental impairment to the subject property or to other property caused by conditions present at the subject property. Our opinion(s) were predicated on the assumption that there is no such material on or in the property that would affect market value. No responsibility was assumed for any such conditions or for any expertise or engineering knowledge required to discover and/or correct them;

8. It was assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the report;

9. It was assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal and reported in the report;
10. It was assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate or other opinion contained in this report are based;
11. It was assumed that the utilization of the land and improvements are within the boundaries or property lines of the property appraised and that there is no encroachment or trespass unless noted in the report;
12. The consultant(s) did not undertake a compliance survey and analysis of the subject improvements to determine whether it conforms to the requirements of the Americans with Disabilities Act (ADA). It is possible that an ADA compliance survey of the subject improvements would reveal that the subject property does not comply with one or more requirements of the Act. If so, this fact could affect the market value of the subject property. Since the consultant(s) had no evidence relating to this issue, the compliance, or non-compliance, with ADA was not taken into consideration in the valuation or evaluation of the subject property. The Client should provide any information on this issue to the consultant(s).

This report has been made with the following **limiting conditions**:

1. Any allocation of value between land and improvements was made at the request of, and to assist the Client, and does not constitute a separate market value for either land or improvements;
2. Possession of the report, or a copy thereof, does not carry with it the right of publication or use. It may not be used for any purpose by any person other than the Client(s), for the Intended Use specified in the engagement agreement and/or report;
3. The consultant is not required to give further consultation, testimony, or attend court for matters involving the subject property unless arrangements have been previously made;
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the Consultant, or the firm with which the Consultant is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the Consultant.

Reader Note:

There may be other appropriate and more specific limitations on our opinions or conclusions identified in the cover letter or report as *Hypothetical Conditions*, *Extraordinary Assumptions*, or *Contingencies*.

CERTIFICATION

Version.MW.2017.06

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP).
9. I have made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. 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 & Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Matthew D. Watson, MAI

California State Certified General Real Estate Appraiser No. AG040050

CERTIFICATION

Version.AI.17.01

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
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13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Wayne F. Prescott, MAI, CCIM

California State Certified General Real Estate Appraiser, No. AG001533

SCOPE OF THE ASSIGNMENT

Information Provided by the Client

The Client provided a preliminary title report covering the subject property and contact information for the real property owner, Dan Dillman.

Mr. Dillman provided copies of the floor plan, and the business' historical income and expense information for the years 2015 and 2016. Mr. Dillman verbally stated that 2017 income was on pace to gross about 9.1% more than the 2016 gross revenue.

Site Visit

Matthew Watson and Wayne Prescott toured the site and building on July 18, 2017, the effective date of our value opinion. We toured the property with Dan Dillman. During our visit, Mr. Dillman called Mr. Chris Crow, a representative of the non-profit San Leandro Curtain Call Performing Arts (SLCCPA), which operates the theatre business. Mr. and Mrs. Dillman are active participants in the operation of SLCCPA. Mr. Crow authorized Mr. Dillman to present to us and discuss the non-profits financial data for 2015 and 2016. The data showed, and Mr. Dillman advised, that the business does not contribute to the value of the Going Concern. *It was a hypothetical condition of our appraisal that the real property and theatre business are owned by the same principals or entity.* Unless we applied that condition, it would not be possible to opine regarding the value of the Going Concern.

Extent of Research into Physical Factors

We studied copies of the assessor's parcel maps, public record summary, aerial maps, and other data about the subject available from our on-line data resources, and we studied any physically descriptive data provided by the Client, property owner, or their agent(s) such as structural, geological, or environmental reports, subdivision maps, title reports, drawings, etc. (each described herein if applicable).

We drove several streets in the neighborhood, noting both changes that are occurring or have occurred, and things that remain the same, since our last visit.

We gathered data about land use ordinances and physical hazards from the websites of various municipalities and discussions with planning department personnel, when necessary.

Extent of Research into Economic Factors

We gathered, analyzed, and applied macro-economic information gleaned from many sources, including:

- The Wall Street Journal
- 12th District Beige Book
- Commercial Investment Real Estate Magazine
- National Association of Theater Owners
- GlobeSt.com

We gathered, analyzed, and applied data about market conditions and other micro-economic information from:

- Websites of commercial and residential brokerage houses
- Commercial and/or residential Multiple Listing Services
- Discussions with investors and real estate broker/agents active in the subject market

Extent of Comparable Data Research

In addition to any Schmidt-Prescott Group verified data files, we used a variety of subscription and Web-based services to gather comparable data, including:

- CoStar Group (CoStar.com)
- First American Real Estate Solutions (RealQuest.com)
- Loopnet.com
- Multiple Listing Service (MLS)
- Cinemantreasures.com
- Various commercial real estate brokerage websites

Verification

The most appropriate data that we discovered was verified with a party to the transaction. When that was not possible, we discussed the extent of verification, using public record data, in the Market Value section.

Type and Extent of Analysis Applied

The data is summarized on spreadsheets displayed in the Market Value section following. The analysis was comparative, iterative, and quantitative.

Compliance

It was the intent of this appraisal to comply with the requirements of:

- The Uniform Standards of Professional Appraisal Practice (USPAP) including the Ethics and Competency Provisions as promulgated by the Appraisal Standards Board of the Appraisal Foundation.
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal was to form an opinion of the Market Value of the Going Concern, and the Fair Market Value of the real property,

DEFINITIONS

Market Value of the Going Concern means “The market value of an established and operating business including the real property, personal property, financial assets, and the intangible assets of the business.”³

Fee Simple Estate means “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.”⁴

³ *The Dictionary of Real Estate Appraisal*, 6th ed., (Chicago: Appraisal Institute, 2015)

⁴ *Ibid*

Real Property is defined as “all of the interests, benefits, and rights in the ownership of the physical real estate, that is, the bundle of rights with which the ownership of the real estate is endowed. **Real estate** is defined as physical land and appurtenances attached to the land.

PREVIOUS APPRAISALS

The writers have not previously appraised the subject.

REAL PROPERTY, REAL ESTATE, BUSINESS VALUE COMPONENT, AND PERSONAL PROPERTY APPRAISED

The going concern is comprised of the real property, personal property, and business entity, functioning together to create economic benefit. We call this the Market Value of the Going Concern.

Business Enterprise

The financial history of the business indicated that it was functioning as a non-profit, making no profit, and making no contribution to retained earnings. The business does not make measurable contribution to market value. Our analysis, displayed following in the Analysis section, revealed that most competing theatres are sold including the personal property necessary to operate a theatre business, while the contributory value of the theatre business is typically not a contributory factor in the selling price.

Real Property

Real Property is defined as all of the interests, benefits, and rights in the ownership of the physical real estate, that is, the bundle of rights with which the ownership of the real estate is endowed. **Real estate** is defined as physical land and appurtenances attached to the land.

The real property was identified by the property owner, the preliminary title report, assessor’s parcel map, and our physical inspection.

Leasehold Interest of the Tenant

The real property was leased on the effective date of opinion. Mr. Dillman declined to provide a copy of the lease. He stated that it was written for a 50-year term, and that either party had cancellation clauses. Mr. Dillman is one of the named lessees. We concluded that the lease was not arm's-length, so there is no leasehold value.

Personal Property

Personal property included most items necessary for theater operation including speakers, computer point of sale stations, cinema systems, movie screens, sound systems, curtains, letters for the marquee, and sound equipment necessary for live music performances.

Legal Description

The legal description is described in the preliminary title report prepared by First American Title Insurance Company dated May 3, 2017.

Real and Personal Property Ownership and History

According to the preliminary title report, the fee ownership was vested in *Dan Dillman and Gina Dillman, husband and wife, as joint tenants*. The site was developed with a theatre building in the mid-1940s, and has operated continuously since completion. Prior use(s) of the land was not investigated. The personal property utilized to operate the theatre was purchased with the real property. This is not untypical for theatre property sales.

BAL Theater Website Description (baltheatre.com)

"Billed as 'the Bay Area's most modern theater,' the local press described the new BAL Theatre as "dazzling" and "lavish" when it opened on July 1, 1946. The theatre included a replica of the sidewalk at Grauman's Chinese Theatre in Hollywood, complete with hand and footprints of Hollywood stars. With radio personality Dean Maddox as Master of Ceremonies, Dick Jurgens and his Big Band, movie star Virginia Wiedler christened the theatre's box office with a bottle of champagne as airplanes dropped streamers and confetti on the crowd below. The opening evening's feature was a double bill of *The Bandit of Sherwood Forest* and *Getting Gertie's Garter* and hosted entertainment.

Construction of the theatre was completed in about six months at a cost of \$250,000. World War II had ended less than a year before the theatre opened and the area was undergoing a rapid growth, which continued into the 1950s.

Architect Vincent Raney, who specialized in commercial projects, designed many roadside works, including over 600 service stations and dozens of movie theaters and shopping centers. Raney designed more than 40 movie theatres, including traditional urban neighborhood theatres, drive-ins, and shopping center theatres. Most were built between the 1940s and the 1970s, including the Art Deco style BAL Theatre in San Leandro (1946); the Kuhio Theater in Honolulu (1946); the El Rey Theater in Vallejo (1949); the 49er Drive-In Theatre in Del Paso Heights, California (1950); the Burlingame Drive-In in Burlingame (1965); the Capitol 6 Drive-In in San Jose (1971); and the Scottsdale 6 Drive-In in Scottsdale, Arizona (1977). Nearly all of his theaters have either been closed or demolished. Later in his career the theaters for Syufy Enterprises were the mainstay of Raney's practice, which he maintained through the mid-1990s. He closed his office soon after Ray Syufy's death in 1995. Vincent Raney died in 2002 at the age of 96 and is considered a legendary Art Deco architect.

Rene T. LaMarre and George Drummond opened The Historic BAL Theatre in 1946 out of their love and passion for live entertainment and the growing movie business at that time. Rene T. LaMarre was a vaudevillian theatre proprietor, business adventurer, speedway enthusiast, sportswriter, emcee, and co-owner of Trilon Records with George Drummond. Trilon, at the time, was one of the west coast's largest record producers of jazz, big band, blues, and other urban music. LaMarre and Drummond would use theatres like the BAL to bring their recording artists on tour.

Even with the right demographics for a successful theatre, the BAL's owners had a difficult time competing with competition in Oakland and San Francisco. In 1962, Renny LaMarre filed an antitrust lawsuit against the United California Theater Company, who supplied their product to their own theatres before supplying films to the BAL. LaMarre won the case, received an \$800,000 settlement, and once again began showing first run films at the BAL.

In the 1960s, LaMarre sold the BAL to United Artists Theatres. Attendance dropped, and many other small theaters in the area were closed or demolished. After the advent of multiplex theaters in the early 1960s, UA sold the BAL to the Republic Theater Company, headed by Ralph Martin. Martin and his son began running the theater in the 1970s.

In the early 70's The Martin Family's "Republic Theater Company" began operating and owning the theatre and like "Rene T LaMarre" the Martin family continued the tradition of live entertainment, films and so much more. They operated the theatre for over three decades, serving mostly the Spanish speaking community, but eventually let a few operators have leases that kept the BAL operating and running over the years serving various demographics.

In 2008 the Dillman Family purchased the Historic BAL Theatre and began operating their service business out of the venue while continuing the theatre tradition of hosting movies, live events, fundraiser and so many more community based events and programming."

The Dillmans purchased the property in December 2008 for \$450,000 according to a summary transcript of the public record. We are not aware of any offers for sale since that time.

Rights Previously Granted (by way of Easement or Encumbrance)

A review of the preliminary title report indicated that there was one easement upon the subject. This easement was for sewer purposes and affected the westernmost 10' of frontage along East 14th Street. This easement appeared typical of the neighborhood.

Real Estate Appraised

The real estate is described following, based on our tour(s) of the premises, the preliminary title report, and the assessor's parcel map, displayed following.

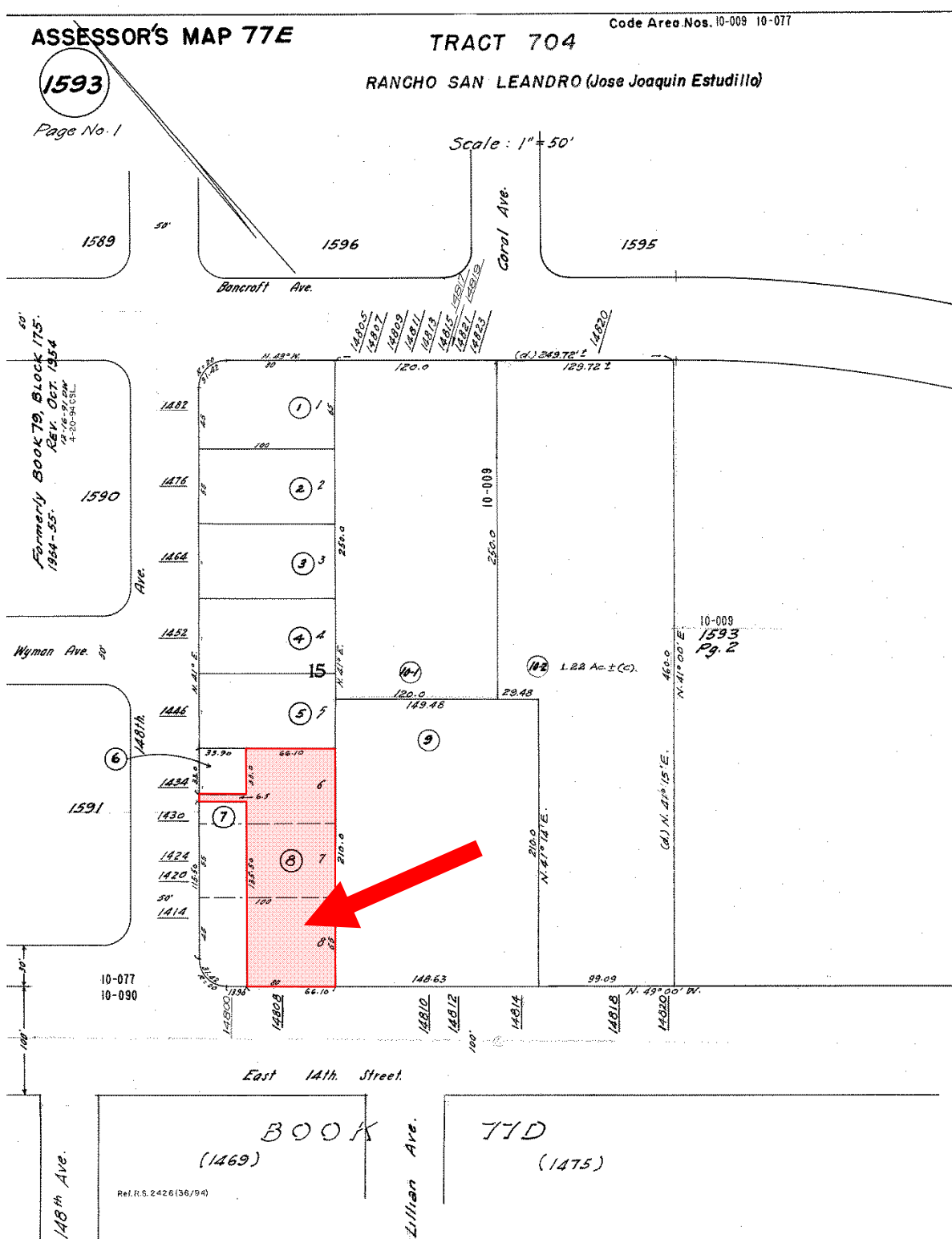
Site Description

The site is primarily improved with the theatre building and perimeter concrete. The site is visible from East 14th Street, also known as State Highway 185, a major north-south corridor with a traffic count of about 21,000 ADT, according to Caltrans.

Size	11,788 SF based upon a geometrical evaluation of the assessor's parcel map, displayed on a following page
Shape & Frontage	Mostly rectangular with about 66 feet of frontage along East 14 th Street, a major north-south public right of way, and a depth of 175 feet. There is about 6.5' of frontage along 148 th Ave.

Topography	Level
Drainage	Appears adequate
Off-Site Improvements	The public streets adjoining the subject are fully improved with sidewalks, curbs, and gutters. East 14th Street has two lanes in each direction with a shared center turn lane and street lighting, while 148th Avenue has one lane in each direction
Utilities & Services	All necessary utilities and services serve the property.
Environmental Impairment Issues	We are not aware of any environmental impairment affecting the subject. We have no reason to suspect that any exist here. The appraised value assumes that there are no environmental issues on the site that impair marketability or diminish value. If such were known to have been present on the effective date of opinion, our opinion of market value may have been a lesser amount.
Soil Conditions	A geotechnical investigative report was not submitted for our review. The site appears to be suited for development similar in mass to the nearby development, primarily retail buildings.
Street Access	Directly onto E. 14 th Street; rated average in comparison to competing properties.
Exposure/Visibility	Rates average in comparison to competing properties
Functional Utility	Rates average in comparison to competing properties
Landscaping	None noted

ASSESSOR'S PARCEL MAP



Improvement Description

The description of the improvements is based upon an external and interior tour of the site and improvements.

The building is a typical theater of the mid-20th Century, with areas demised for the lobby, ticket booth, projection room, restrooms, stage, offices, and auditorium. The building retains its theater marquee sign. It primarily supports live music acts but is capable of screening films with modern projection equipment in place. Stage theater productions are not possible because the depth of the stage is narrow and there is very little room backstage to accompany cast members, props, etc. A copy of the floor plan is displayed in the Addenda.

Foundation	Concrete slab
Structural Framing	Concrete block with reinforced rebar
Roof	Composition or tar and gravel; roof cover estimated by Mr. Dillman to be 10-15 years old
Exterior Walls	Painted concrete
Floors	Concrete, vinyl, carpet, and tile with wood floor stage; auditorium floor is sloping to allow better views for each seat
Ceilings	Acoustical plaster with 26-foot height in the auditorium. Plaster with 8 to 9-foot heights in the bathrooms and offices. Unfinished attic space has 7' ceiling height.
Windows	Along the front elevation
Interior Walls	Painted concrete and plaster with sound curtain; painted murals in auditorium
Washrooms	The men's restroom includes two partitioned water closets, three urinals, three sinks, tile flooring, and tile wainscoting. The women's bathroom includes three partitioned water closets, three sinks, a separate powder room, tile flooring, and tile wainscoting. One 2-fixture restroom on second floor.

Seats	Layout has two aisles and supports about 750-800 seats depending on configuration for live music vs film.
Mechanical Systems	Ventilation system with floor vents in auditorium; No air conditioning
Electrical System	300 A @ 250 Volts; three pole
Fire Protection	None
Parking	No onsite parking
Landscaping	None
Condition	Condition rates average in comparison to most competing properties.
Physical Deterioration, Functional and External Obsolescence	Physical deterioration appears typical for the chronological age of the building. No significant deferred maintenance was observed. The subject endures substantial external obsolescence because single-screen theatres are in demand less.
Economic Life, Effective Age, Remaining Economic Life	60 years, 45 years, 15 years

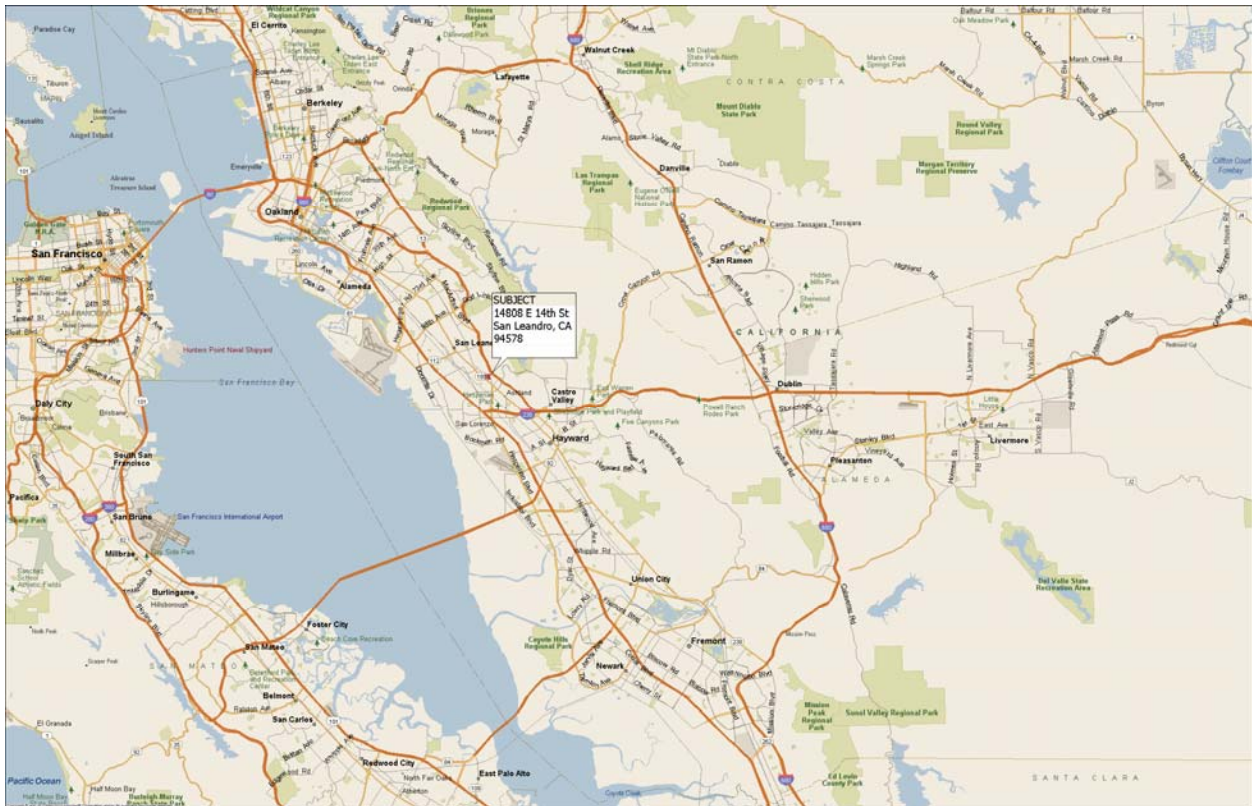
REGION, CITY, AND NEIGHBORHOOD DESCRIPTION

Region

The subject is located in Alameda County, which is bordered by the eastern shore of San Francisco Bay on the west, Contra Costa County on the north, San Joaquin County on the east and Santa Clara County on the south. Alameda County consists of 20 cities and unincorporated areas. According to California Department of Finance (CDF) estimates, on January 1, 2017, the county had a population of 1,645,359. This represents a 1.0% increase from January 2016.

Alameda is among the most populated counties in the state, ranking seventh in total population out of California's 58 counties. According to the State of California Employment Development Department (EDD), in June 2017, the County unemployment rate was 4.0%, representing a decline from 4.5% reported one-year prior. The adjacent counties of Santa Clara and Contra Costa also showed a decline in the unemployment rate.

Regional Map



City

The property is located in the City of San Leandro. San Leandro comprises an area of approximately 16 square miles and had a population of 88,274 in January 2017, according to the CDF, a 0.4% increase from one year earlier. San Leandro is bordered by Oakland to the northeast, Castro Valley to the southeast, and Hayward to the south.

The economy of the City of San Leandro historically has been known for its food processing operations and is the headquarters for many corporate businesses. The top five employers are Kaiser Permanente, San Leandro Unified School District, City of San Leandro, Ghirardelli Chocolate Factory, and San Leandro Hospital. In 2016, the annual average labor force in San Leandro was 47,600, and the unemployment rate was 4.6%, a decrease from 5.1% in 2015.

San Leandro is served by above average public transportation. Interstate 880 provides a direct link to Oakland to the north and San Jose to the south and Interstate 580 connects the area with Pleasanton and Livermore to the east, and Oakland and west Contra Costa County to the north. East 14th Street, also known as State Highway 185, and along which the subject is located, runs north and south from Hayward to Oakland. BART and AC Transit provide mass transit services. Air transportation is provided at the Oakland International Airport located about four miles to the west, the San Francisco International Airport, which is about 15.5 miles west, and the San Jose International Airport, which is about 26.5 miles south, as the crow flies.

Kaiser Permanente opened a new 275,000 SF medical office and hospital in June 2014, at 2500 Merced Street, near Marina Blvd and I-880. The new medical center houses 264 hospital beds and 116 offices for primary care and specialty physicians, outpatient procedure suites, a pharmacy, and laboratory and radiology services. Westlake Urban recently completed a 500,000 SF Class A office building known as the San Leandro Tech Campus. Westlake Urban has commenced construction on a second phase. The city has more than one million square feet of new, approved, or under-construction office, medical, retail, and industrial space. The planned redevelopment of the Kraft/Yuban plant at 100 Halcyon Dr, which is situated on about 30 acres, should add to this total.

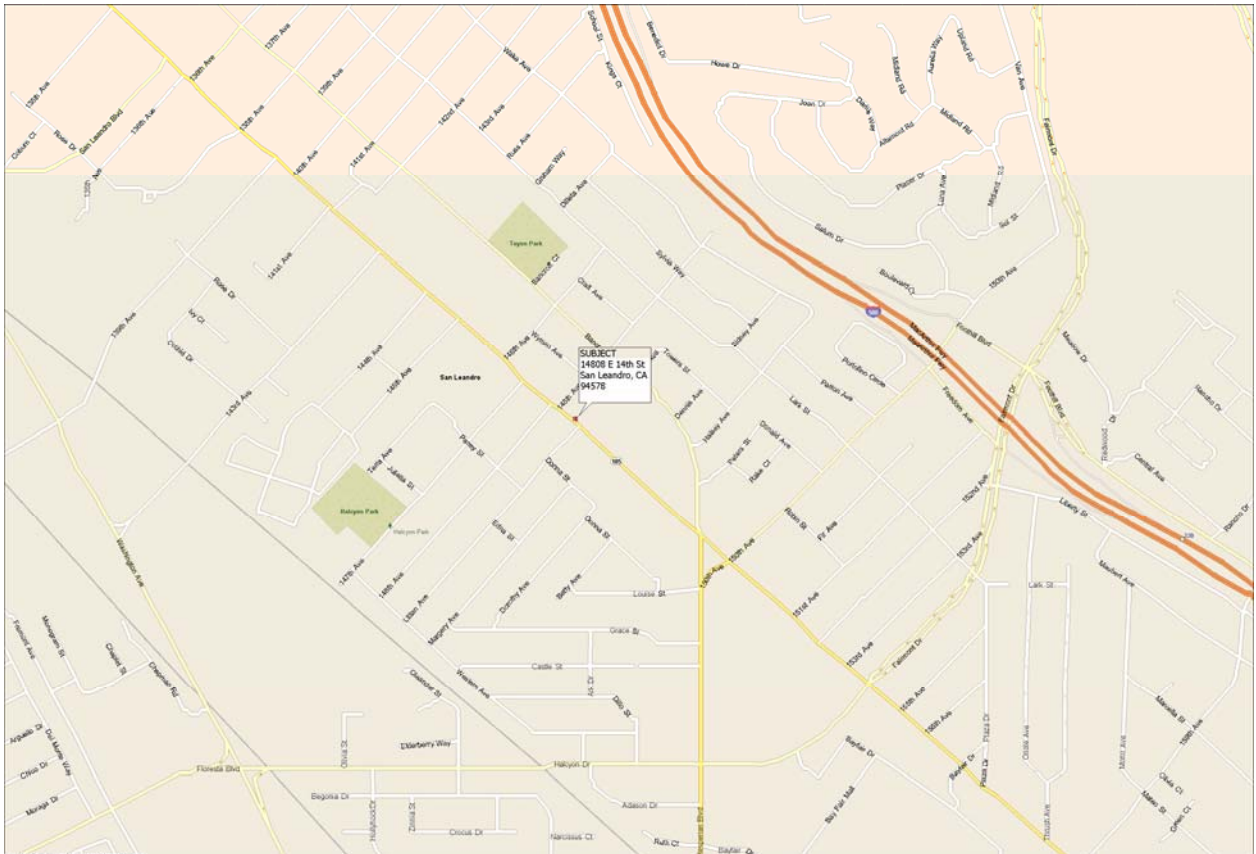
The City has commenced a development plan for the San Leandro Marina. About 75 of the 950 acres of publicly owned shoreline is part of the development plan, known as the Monarch Bay Shoreline Development Project. The lead developer, Cal-Coast Development, provided an update on the proposal in April 2017. Current plans include a “200-room hotel, half of which will be a Hyatt Place and the other half a Hyatt Home; two restaurants; a 7,000 square foot banquet facility; an apartment complex; attached and detached houses; park land; a pedestrian promenade; and bike lanes that connect to the bay trails. “The Shoreline Development is a net-zero, mixed use project that plans to furnish Electric Vehicle charging stations in the parking facilities and pull San Leandro’s dark fiber to enable opportunities for public Wi-Fi.”

Neighborhood

The subject is on the boundary of the lower Bal and upper Bal neighborhoods with East 14th Street being the divider. The subject is on the upper Bal side. These neighborhoods together are primarily residential in character supporting mostly single-family dwellings. There are some multifamily uses along or near the major streets of East 14th St and Foothill Blvd. The Bal neighborhood boundaries are generally Interstate 580 to the northeast, San Leandro Blvd/139th Ave to the northwest, Washington Ave to the southwest, and Halcyon

Drive/Hesperian Blvd/150th Ave to the southeast. This area is just north of the Bay Fair Mall and neighborhood and generally comprises San Leandro's southern city limits.

Neighborhood Map



The East 14th Street corridor supports a variety commercial uses, which are primarily retail in nature. Occupancies comprise a range of national and locally known users. There has been very little new retail development in the neighborhood and the East 14th St corridor over the last few years. Most new development was concentrated in the areas near the downtown to the northwest. Newer housing and mixed-uses are expected in the Bay Fair Mall area with the Bay Fair Transit-Oriented Development (TOD) Specific Plan. These represent potential future customers.

Contribution to Neighborhood

Like any entertainment venue, a theater draws customers to a neighborhood. These customers may spend money at neighboring business, such as bars, restaurants, and shops. This affect may be more pronounced when customers must park and walk from greater distances, thereby creating foot traffic. The value of any real property is a function of the underlying land value.

The underlying land value is a function of economic conditions, especially those existing in the immediate neighborhood. The appraised value reflects the effect that neighborhood vehicular and foot traffic currently have on land values in this neighborhood.

Conclusions

The neighborhood is located near to freeways, BART, and along a bus route. The subject's exposure to traffic and customers is projected to increase with the proposed development(s) within the Bay Fair TOD area. The subject's theater use should continue to contribute as a culture focal point in the neighborhood, which in turn will support surrounding businesses.

MARKET CONDITIONS

The Conference Board's Leading Economic Index (LEI) from its June 22, 2017 report suggested that economic growth would remain on pace or at a moderate pace compared to its long-term trend of 2% growth through the end of 2017. The LEI was at 127.0 in May 2017, a 0.3% increase following a 0.4% increase in March. The LEI is made-up of ten key variables intended to forecast future economic activity and has historically turned downward before a recession and upward before an expansion.

We conclude in the following analysis that the subject's highest and best use would be to continue the current theater use. Major brokerage firms do not regularly track and report on trends in the theater market. Theaters are a subset of the retail market, so we researched statistics for both the retail market and the theatre market.

Theater Market

The subject is similar to most older downtown theaters; that is, it has inadequate parking, it is located in an area of decline where the local municipality is encouraging economic revitalization, and it has some historic significance. We found that due to the lack of parking and the high cost of remodeling and retrofitting these older structures, private ownership was generally in decline. Mr. Dillman opined that San Leandro used to have 5 single-screen theaters and that the subject is the only one remaining. Furthermore, some of the recent buyers of theaters similar to the subject were being purchased for conversion to another use or by redevelopment agencies for public use. The elimination of redevelopment agencies in February 2012 has affected Cities' ability to purchase and support downtown theaters, likely decreasing demand for them.

San Leandro has one other movie theater of which we are aware, the Bayfair 16 multiplex at Bay Fair Mall. The City does own the San Leandro Museum Auditorium (Casa Peralta) and the Main Library, which are used for performances by various groups.

The Douglas Morrison Theater in Hayward, owned and operated by the Hayward Area Recreation and Park District, has been suffering from low ticket sales for its theater productions in recent years. A consultant has been hired to help with creative efforts to make it financially sustainable. One of the recommendations is to rent the theater to local, private and nonprofit community organizations. This is expected to bring in different patrons, shift the production costs onto these various organizations, and increase the total number of events.

Many of the older theaters have fallen into disrepair because the viability of the business for live performances and film-theaters has changed to larger multiplexes (with smaller auditoriums) and/or venues with dedicated parking for patrons. The economics of Theater operation typically leaves little capital for upgrades when attendance numbers are low.

Arts and Economic Prosperity Study

Mr. Dillman provided a copy of an *Arts & Economic Prosperity IV* study that was conducted by Americans for the Arts. This study, dated 2012, surveyed 53 arts and cultural organizations in the City of Oakland. The study concluded that the average patron contributes about \$22.00 to the economy of the local neighborhood:

Nonprofit Arts and Culture Event Attendees Spend an Average of \$22.09 Per Person (excluding the cost of admission)			
Category of Event-Related Expenditure	Resident* Attendees	Non-Resident* Attendees	All Cultural Audiences
Meals and Refreshments	\$10.15	\$10.80	\$10.32
Souvenirs and Gifts	\$4.33	\$3.47	\$4.10
Ground Transportation	\$2.04	\$2.53	\$2.17
Overnight Lodging (one night only)	\$0.26	\$8.87	\$2.57
Other/Miscellaneous	\$2.84	\$3.19	\$2.93
Average Event-Related Spending Per Person	\$19.62	\$28.86	\$22.09

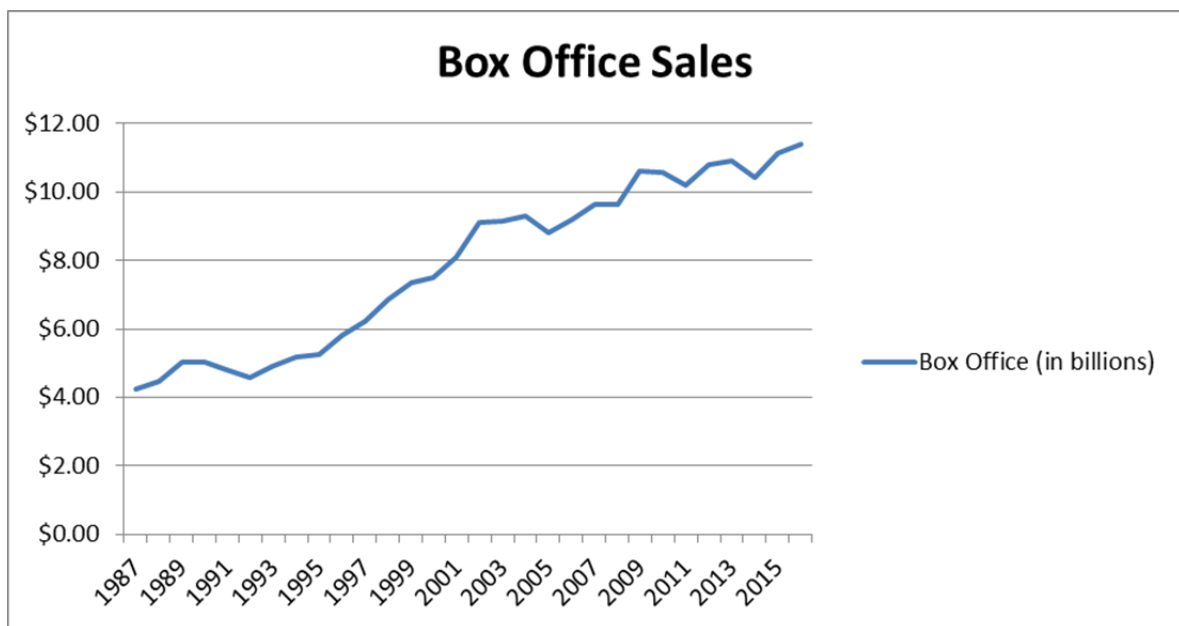
* For the purpose of this study, residents are attendees who live within Alameda County; non-residents live outside that area.

The economic benefit to the local economy is positive when people come to a neighborhood and spend money. The subject theater business draws people to the neighborhood, like any other business in any other neighborhood. Land and improved property selling prices in the

subject neighborhood reflect economic activity, in both the local neighborhood and broader geographical area. In the extreme, this accounts for the wide difference in the unit selling prices of rural vs. urban land. Our analysis accounted for locational differences; the selling price of land in the neighborhoods where the comps are located accounts for the economic effect of the various businesses nearby.

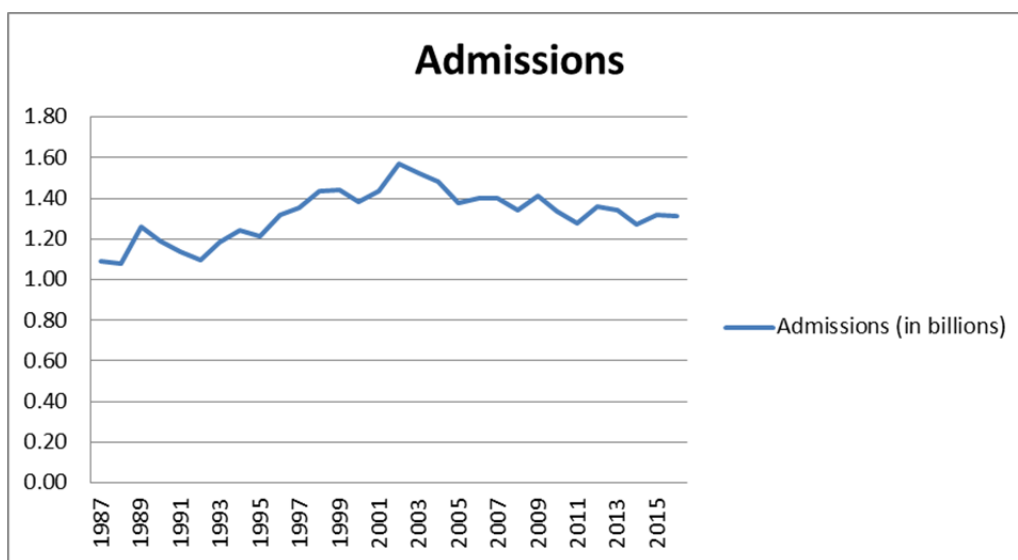
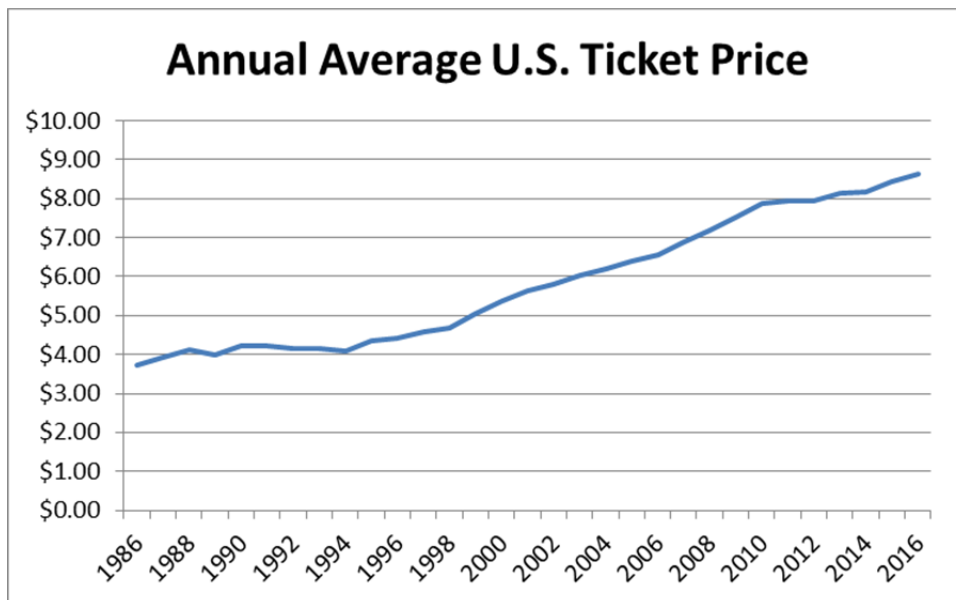
Movie Theaters

The movie industry's annual box office revenues have been up and down over the last 10 years, but the overall trend is upward. The following graphs were generated based on data provided by the National Association of Theater Owners (NATO).

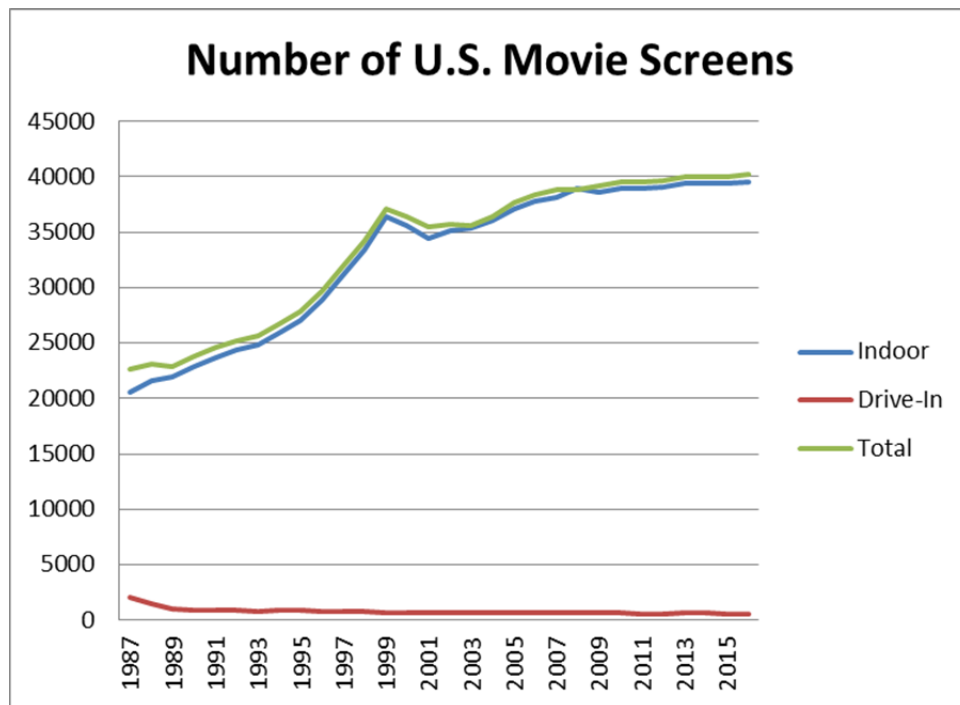
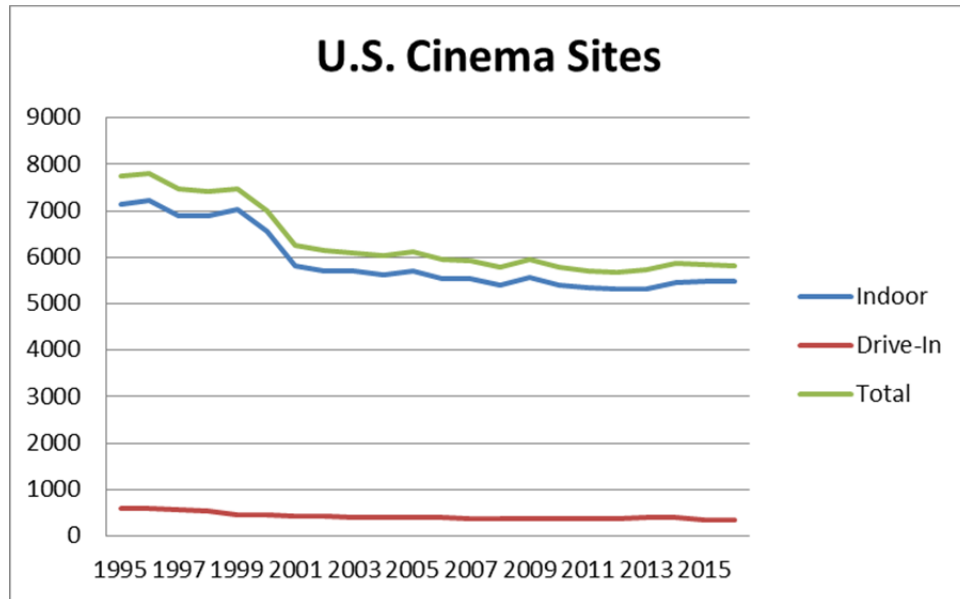


NATO, which tracks and reports statistics on the cinema industry, cites a four-decade long history of ticket sale increases as an indication that ticket revenues are likely to grow in the long term. This is supported by the fact that 2016 sales were the highest ever.

Changes in movie projection technology in recent years such as 3-D and IMAX have increased average ticket prices, and helped increase box office revenues for the film industry in recent years despite decreased viewership, as shown in the following two graphs.



The total number of cinema sites in the US has generally decreased over the last 15 years, but appears to be stabilizing. Meanwhile the total number of screens in the US has steadily increased, evidence of the growth of megaplex theaters and the increasing screen count per site that characterizes the current trend in cinema development.



The decline in viewership has led to lower concession sales, which are an important source of revenues for theaters. Despite increased industry ticket revenues in recent years, the profitability of many theaters was down due to higher fees associated with 3D movies and lower concession sales caused by decreased viewership.

Trends in the movie theater industry are affecting the type of improvements required for theaters. One trend is the growth of so-called “megaplex” theaters with increasingly larger

numbers of screens. This allows for a variety of shows and showtimes. While many cinemas are including smaller theater rooms, some as small as 75 seats, the overall trend necessitates larger buildings for new movie theaters. Modern movie theaters are also using “stadium-style” seating with steeper flooring angles that provide improved visibility to viewers at the rear of an auditorium.

Market participants we spoke with opined that there are few sales of freestanding theaters like the subject. This was supported by our research, which resulted in few recent sales of movie theaters in the region. We discovered several older theaters that were offered for sale or had sold. Several of these were vacant at the time of sale.

Retail Market

Marcus & Millichap, in their 2017 Market Forecast, provided insight into the retail market in the Oakland Metro area, which includes San Leandro. They forecast that average asking rents would increase 5.1% in 2017 to \$2.25/SF/month on a net basis, following an increase of 5.6% in 2016. Oakland metro area vacancy rates are projected to decrease 20 basis points to 3.6% following a slight uptick in the prior year.

The Marcus & Millichap charts below illustrate an upward trend in selling prices for retail properties in the Oakland metro area from 2012 to present for both single and multitenant properties. This is supported by our analysis of sales and discussions with market participants that indicate that retail prices and rental rates have been increasing.



*Forecast

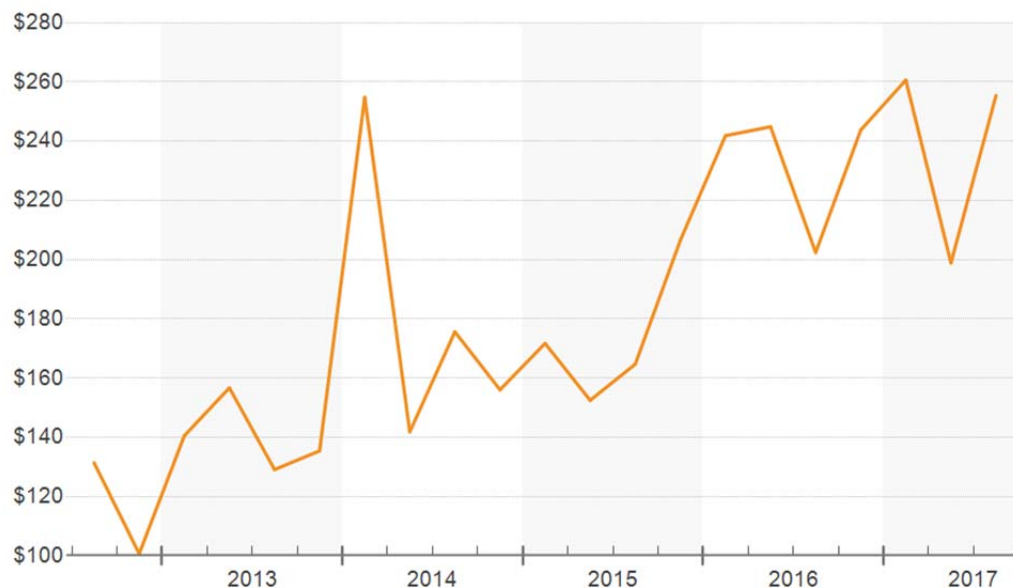


Retailers, in an effort target millennial shoppers, have to adapt unique strategies to “engage this young, tech savvy population base, leveraging social media, original restaurant concepts, and experience-oriented shopping.”

Marcus & Millichap reports that 520,000 SF of space is currently under construction with completion expected in 2017. There was 510,000 SF completed in 2016. Employment is forecast to increase 3.1% and the workforce will add 35,000 jobs by the end of 2017. The report forecasts “strong market optimism and rapidly rising rents will sustain investor demand through 2017.”

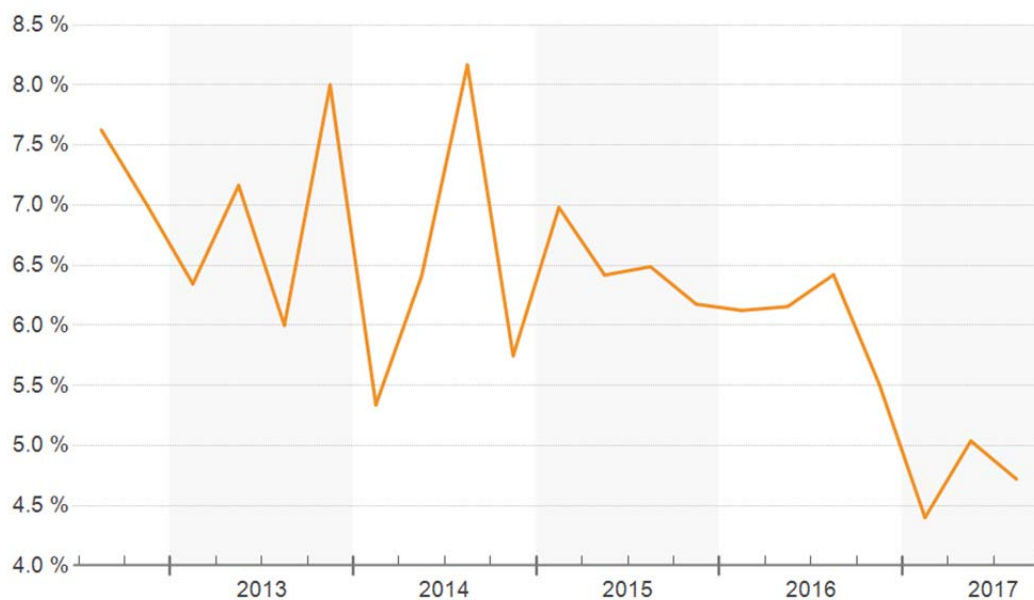
Following is a graph from Costar showing the trend in selling prices in the last 5 years for freestanding retail properties built prior to 1970 of between 4,000 SF and 18,000 SF in Alameda County. The graph indicates an increase from about \$160/SF in 2014/2015 to about \$250/SF in the first half of 2017, or about +56% straight line. It appears from the graph that prices were fluctuating but generally increasing through the first half of 2017.

Retail Sales Prices per Square Foot over Time

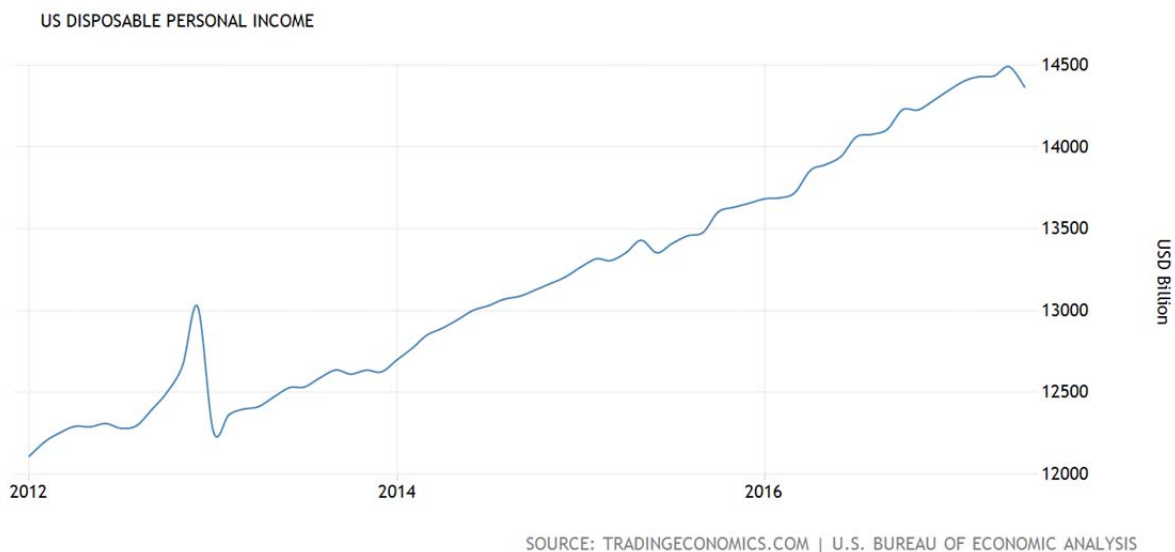


The sales above indicated the following trend in capitalization rates:

Capitalization Rates over Time



Retail selling prices and theater-going are dependent to some extent on discretionary spending. The following chart shows the increase nationally in disposable personal income.



This trend conforms to the trend in retail selling prices and stock market prices. In general, discretionary spending increases with increases in the stock market, to which many savings and retirement accounts are tied.

Conclusion

The subject benefits from a lack of local competition. As a single-screen theater, its auditorium is larger than typical. For live performances, it suffers from lack of dedicated parking (either private or public).

Many similar older single-screen theaters have been converted in recent years; some have been demolished for other uses. Vacancy rates for competing theaters are difficult to estimate: the occupied ones are typically owner-user, and many are vacant.

Retail vacancy rates in the market are now less than 5%. A higher vacancy rate of 5-10% was estimated for competing theatres. We conclude that the price of older single-screen theaters like the subject has increased with the retail market. We concluded to an increase of 0.50% per month from the date of sale through 2Q-2017 for the sale comparables used in the Analysis section.

PROPERTY TAXES AND ASSESSMENT DATA

California law permits maximum annual property assessment increases of 2% unless a property has been sold. In practice, the maximum 2% increase is nearly universally imposed. At the time of sale, property is reassessed, typically for an amount approximated by the selling price. Taxes are typically estimated by California appraisers to be equal to the imputed tax rate, derived by dividing the net tax (total tax minus assessment bonds and direct assessments) by the assessed value, times the appraised value. If the property is encumbered by assessment bonds, they are itemized separately. In this appraisal, taxes are estimated to equal the computed tax rate shown following, plus direct assessments.

PROPERTY TAX INFORMATION

Effective: 2016/2017 Year Tax Amount

Source: Alameda County Assessor's Office

Assessor's Parcel Number: 77E-1593-8

Assessed Value

Land: \$380,726

Improvements: \$108,779

Fixtures: \$0

Personal Property: \$0

Total Assessed Value: \$489,505

Taxes Billed

Taxes Billed: \$5,647.40

Bonds: \$0.00

Direct Assessments: \$408.22

Total Taxes Billed: \$6,055.62

Taxes Attributable to Tax Rate & Bonds: \$5,647.40

Computed Effective Tax Rate: 1.1537%

The subject property owner owes delinquent taxes for fiscal year 2010. The amount to redeem was **\$42,774.74**, and was valid through June 2017, according to the preliminary title report. Our opinion of market value following presumes that there are no tax liens in place.

LAND USE ORDINANCES

The subject is governed by the land use ordinances of the City of San Leandro.

Zoning

The site is zoned South Area 1 (SA-1) District, a commercial district. Permitted uses include retail sales, retail services, financial institutions, brewpubs, cafés, offices, health and fitness centers, and artists' studios, among many others. A full list of permitted and conditional uses is described in the zoning code excerpts, displayed in the Addenda. Theater use is permitted with a conditional use permit, which the subject has. Multifamily residential is only permitted with a conditional use permit and only upon sites 25,000 SF or larger and on the ground floor next to East 14th Street. For mixed-use residential and multifamily residential on sites less than 25,000 SF, Administrative Review by the Zoning Enforcement Official is required.

The SA-1 District has the following development regulations:

	Zoning Code	Subject
Minimum Lot Area (SF)	5,000	Meets
Minimum Lot Width (feet)	50	Meets
Minimum Building Setback, Front	0	Meets
Minimum Building Setback, Side	0	Meets
Minimum Building Setback, Rear	0	Meets
Minimum Required Landscaped Yards	13.5-foot wide sidewalks; 5-foot landscaped yard or planter strip for parking lots or open space area abutting a public street	Appears to Meet
Maximum Height of Structures (feet)	50	Meets
Minimum Height of Structures (feet)	24	Meets
Maximum Lot Coverage	100%	Meets
Minimum Site Landscaping	5%	Does not Meet

Any residential development shall have a minimum density of 18 units per gross acre.

The subject was granted a conditional use permit (CUP) modification in 2011 allowing for the extension of business hours for events, increasing the frequency of events, and allowing the service of alcoholic beverages appropriately licensed and permitted by the State of California Alcohol Beverage Control (ABC). The City stipulated several conditionals of approval, which were agreed to and recorded in 2013. The use restriction was for a parking exception that allows a computer and media-related business to be operated inside the BAL Theatre in a 1,411 SF area; for a computer-repair business; and alcohol consumption/sales at events and performances. There are ten types of events/performances allowed; a list appears in the Addenda. The hours of permitted activities are limited to certain times and the frequency is limited to 260 per year. Prohibited uses include Dance Hall/No Dance Permit; adult cabaret; and adult theater or motion pictures. The property owners signed the Conditional Use Permit agreement under protest, as they did not agree to certain stipulations in the agreement.

The subject's theater use would require on-site parking, but the conditional use permit waived that requirement. It never has had parking and is not required to have parking.

All development proposals in the SA-1 District "shall be reviewed by City staff to ensure general consistency the provisions contained in the Design Guidelines in the East 14th Street South Area Development Strategy."

General Plan

The General Plan designation is **Corridor Mixed Use**, which is generally consistent with the zoning category. According to the Land Use Chapter of the General Plan, “This designation allows a mix of commercial and residential uses oriented in a linear development pattern along major transit-served arterials such as East 14th Street. A range of commercial and office uses is permitted, primarily serving neighborhood and community needs. Residential uses may be either freestanding or integrated into the upper floors of mixed-use projects. Development should be designed to encourage walking and bicycle use, and should be sufficiently dense to support increased transit services along the corridors. A maximum allowable FAR of 1.0 applies in areas with this designation, although FARs of up to 1.5 may be permitted for projects incorporating housing. Where a Specific Plan or Area Plan has been prepared for an area with this designation, an FAR of 1.5 may also be permitted, subject to the conditions of that Plan. Maximum residential density in this category is dictated by the above floor area ratio limits rather than limits on housing units per acre.”

The subject is not on any historical registry. The City has indicated that it should be a focal point for the neighborhood. According to the *East 14th Street South Area Corridor Concept Plan*, which is part of the East 14th Street South Area Development Strategy, the subject is intended as an activity node including “a cultural area with the BAL Theater at its center.” Furthermore, the subject, as “a landmark building, presents a major asset to the district for future development of a cultural component.” The city would like to see this district transition to more pedestrian-oriented activity compared to its automobile-oriented historical activity pattern.

We are not aware of any private use restrictions.

Conclusions

It would appear that the subject does not meet the development regulations for parking and site landscaping. The theater use is an allowed use under its conditional use permit.

HIGHEST AND BEST USE

Observations of the physical characteristics of the subject property, neighborhood, prevailing market conditions, and interviews with market participants were made. The appraiser

examined the legally permissible, physically possible, financially feasible, and maximally productive uses of the subject property as if vacant and as improved.

Highest and Best Use (As If Vacant)

The land use ordinances permit a wide range of commercial uses and mixed-uses incorporating residential. We are aware of a similar vacant site with the same zoning on the subject street that sold in the recent past, which is not being developed at this time. We did not discover any mixed-use projects under construction in this neighborhood. This was an indication that developers are not finding these projects to be financially feasible at this time in this neighborhood. Our analysis concluded that the highest and best use of the subject property (as if vacant) is to hold for development of retail or mixed use retail and residential when demand exceeds supply. Assemblage with one or more adjacent parcels would allow for the development of a more cohesive project.

Highest and Best Use (As Improved)

The current use has been operating at small financial loss for the past two years; however, the business is in its infancy and gross sales have been increasing year over year. Theater use is one financially feasible use. Most existing theaters operate as movie or performance theaters. There are few economically feasible alternative uses. Absent any parking, few retail users would be interested in the property, and they would likely have to obtain a conditional use permit to support a retail use without parking. We are aware of several theaters that have been converted to other retail uses in recent years; each of these was vacant and non-operating prior to selling.

We concluded the highest and best use as improved is to continue the current theater use.

To be more competitive, the owners plan some physical improvements in the near future. Upgrades will include reupholstering the seats, preserving/restoring the painted murals, updating the restrooms, upgrading the electrical system and sound system, replacing the ventilation system, and LED lighting improvements.

VALUATION PREMISE

The appraisal profession has generally relied upon three traditional approaches to estimate the market value of real property. These are the *Income Capitalization Approach*, the *Sales*

Comparison Approach and the *Cost Approach*. While all three approaches are always considered in a valuation assignment, all three are not always applied. The quantity and quality of available data and the applicability of each approach relative to the value being sought are important factors in reconciling to an opinion of value.

The income capitalization approach to value utilizes the capitalization of income generated by the property; the cost approach to value adds the depreciated value of improvements and entrepreneurial incentive to the estimated land value; and the sales comparison approach is based on the analysis of sales of properties comparable to the subject.

The resulting value indications from the three approaches are correlated into a final estimate of value. It is not always possible or practicable to use all three approaches to value. The nature of the property being appraised, and the amount, quality and type of data available dictates the use of each of the three approaches.

Application

We used the sales comparison and income capitalization approaches to estimate market value. Sellers, buyers, and our appraisal peers in this market rarely rely on the cost approach when offering, purchasing, or appraising properties similar to the subject. This is often because older properties like the subject typically have many forms of depreciation that are difficult to accurately measure. Therefore, we did not undertake the cost approach.

MARKET VALUE OF THE GOING CONCERN

According to the profit and loss statements provided by Mr. Dillman, the theatre business operated at a loss of \$1,857 in 2015 and at a loss of \$26,068 in 2016. Gross income increased about \$66,000 between these two years but expenses increased about \$89,000. Mr. Dillman's forecast of a \$34,000 increase in gross income in 2017 compared to 2016 would create a minimal profit, if expenses did not increase. We concluded that the business component of value in the going concern is zero. Therefore, the Market Value of the Going Concern and the Fair Market Value of the fee simple interest in the real property are the same, and equal to the Fair Market Value of the Real Property.

FAIR MARKET VALUE OF THE REAL PROPERTY

We appraise the value of the real property using the sales comparison and income capitalization approaches. We did not add the contributory value of personal property because personal property necessary to operate a theatre was included in the sale of each comparable theatre property sale we evaluated.

Sales Comparison Approach

We conducted a survey of theater sales in the competing Bay Area market. We examined data that we discovered by talking to brokers, agents, property owners, and market participants from within the competing market; we reviewed our online data sources; and we searched for properties competing with the subject that sold within the last several years.

Although a theater structure and use is relatively unique, the use and income characteristics are well represented by retail properties. We found that the unit selling price of older single-screen theaters and older retail properties were similar. Therefore, we included the sale of a retail property from the subject's neighborhood as a comparable. The sales selected as comparables are displayed on the following adjustment grid.

The Adjustment Grid and Adjustment Process

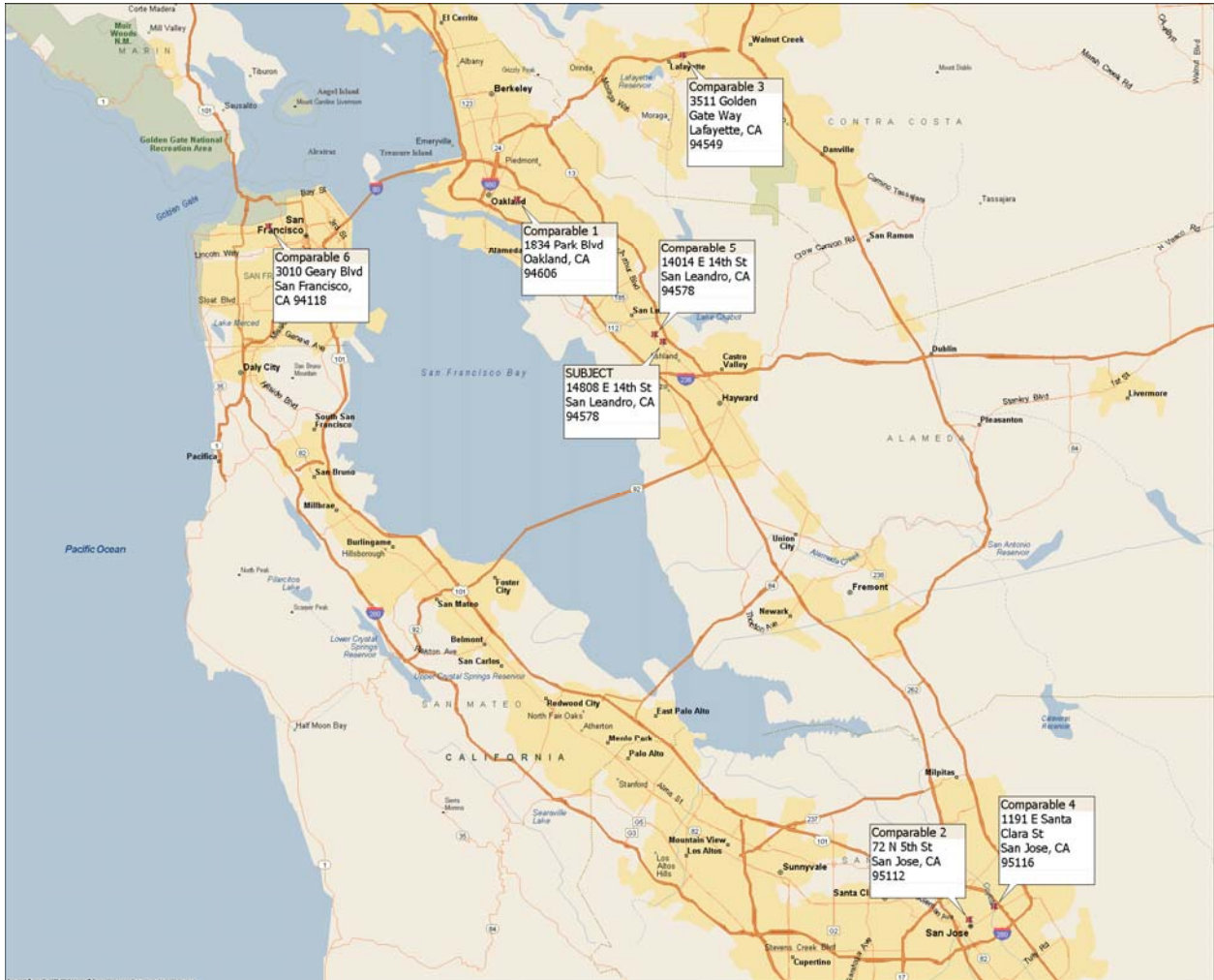
An adjustment grid is used to display and compare the sale comparables. An adjustment grid serves two purposes. First, it presents data and conclusions about the subject and comparables in a way that facilitates comparison. Secondly, it presents the data in a format whereby the reader can follow the writer's adjustment process. The comparable sales adjustment grid is displayed following:

Comparable Sale Adjustment Grid

ELEMENT OF ADJUSTMENT	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
BUILDING NAME	BAL Theatre	Parkway Theatre	Le Petit Trianon Theatre	Park Theatre	Mexico Theater	Retail Building	The Bridge Theatre
ADDRESS	14808 East 14th Street San Leandro	1834 Park Blvd Oakland	72 N 5th St San Jose	3511 Golden Gate Way Lafayette	1191 E Santa Clara St San Jose	14014 East 14th Street San Leandro	3010 Geary Blvd San Francisco
ASSESSOR'S PARCEL NUMBER	077E-1593-008	021-0230-015	467-19-076	243-222-017-2	467-10-043	077E-1555-010	1067-019
SELLER		Ming Wa LLC	Keith A Watt Trust	GGW LLC	Charles F Hirschbck Trust	Goege Salmon	Bridge Theatres Inc
BUYER			Trianon Holdings LLC	Lafayette Venture Group LLC	Fangzhou Song	Corinne S & Elad Vaknin	D J & E Aicardi Living Trust
DOCUMENT NUMBER		Listed for Sale	22483069	204501	23035253	80200	838001
TRANSACTION PRICE		\$4,000,000	\$2,000,000	\$1,530,000	\$600,000	\$600,000	\$1,975,000
RENTABLE AREA	8,868	16,389	15,020	4,850	7,980	5,225	5,564
SEATS	775	1,062	350	400	600	N/A	399
EXPOSURE TIME		Listed for 3 Months	More than 1 Year	Not on Market	3 Months	More than 1 Year	5-6 Months
PRICE PER SQUARE FOOT		\$244.07	\$133.16	\$315.46	\$75.19	\$114.83	\$354.96
PRICE PER SEAT		\$376	\$57.14	\$3.825	\$1.000	N/A	\$4,950
TRANSACTIONAL ADJUSTMENTS							
REAL PROPERTY RIGHTS	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FINANCING CONDITIONS / DOWNPAYMENT %			All Cash / 100 %	Private / 70%	All Cash / 100 %	Private / 83 %	All Cash / 100 %
ADJUSTMENT			0.00%	0.00%	0.00%	0.00%	0.00%
EXPENDITURES AFTER SALE		None Reported	None Reported	Not Disccovered	Nothing Immediate	None Reported	None Reported
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CONDITIONS OF SALE		Buyer & Seller Negotiations	Arm's-Length	Arm's-Length Assumed	Arm's-Length	Arm's-Length	Arm's-Length
ADJUSTMENT		-20.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CLOSE OF ESCROW			12/27/2013	10/2/2015	7/28/2015	3/26/2015	2/14/2014
TIME OF SALE / MARKET CONDITION	July 2017	July 2017	September 2013	Est. August 2015	June 2015	January 2015	December 2013
MONTHS FROM SALE THROUGH 2Q-2017		0	45	22	24	29	42
ADJUSTMENT @ % PER MONTH	0.50%	0.00%	22.50%	11.00%	12.00%	14.50%	21.00%
ADJUSTED PRICE PER SF		\$195.25	\$163.12	\$350.16	\$84.21	\$131.48	\$429.50
LOCATIONAL ADJUSTMENTS							
EXPOSURE / VISIBILITY	Average	Similar	Similar	Similar	Similar	Similar	Similar
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACCESS	Average	Similar	Similar	Similar	Similar	Similar	Similar
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
LOCATIONAL APPEAL	Average	Superior/Address/Land Value	Superior/Addr./Land Value	Superior/Addr./Land Value	Superior/Addr./Land Value	Similar	Superior/Addr./Land Value
ESTIMATED LAND VALUE PER SQ FOOT	\$30	\$75	\$85	\$75	\$50	\$30	\$275
ADJUSTMENT		-13.00%	-28.00%	-31.00%	-26.00%	0.00%	-55.00%
PHYSICAL ADJUSTMENTS							
QUALITY / CONSTRUCTION	Average/Concrete	Similar	Superior Materials/Appeal	Inferior/Wood Frame	Similar	Similar	Similar
ADJUSTMENT		0.00%	-5.00%	5.00%	0.00%	0.00%	0.00%
ACTUAL AGE / CONDITION	1946/Average	1925/2014/Above Average	1941/Average	1941/Average	1949/Average	1953/Average	1939/Average
EFFECTIVE AGE (Years)	45	15	30	25	30	45	35
ADJUSTMENT @ % PER YEAR	1.00%	-30.00%	-15.00%	-20.00%	-15.00%	0.00%	-10.00%
FUNCTIONAL UTILITY	Average	Leased 2nd-Floor Offices	Add'l Spaces/No Projection	Similar	Shell Building/TT's Needed	Average	Average
ADJUSTMENT		-10.00%	5.00%	0.00%	83.13%	0.00%	0.00%
RENTABLE AREA	8,868	16,389	15,020	4,850	7,980	5,225	5,564
ADJUSTMENT @ % PER 1,000 SF	2.00%	15.00%	12.30%	-8.00%	0.00%	-7.30%	-6.60%
ON-SITE PARKING SPACES	0	0	0	10	0	2	0
ON-SITE PARKING/1,000 SF	0.00	0.00	0.00	2.06	0.00	0.38	0.00
ADJUSTMENT		0.00%	0.00%	-0.70%	0.00%	-0.30%	0.00%
LAND AREA (SF)	11,788	9,375	12,603	11,761	8,891	6,315	5,397
FLOOR AREA RATIO	0.75	1.75	1.19	0.41	0.90	0.83	1.03
ADJUSTMENT		8.80%	6.80%	-7.10%	5.80%	2.10%	1.90%
ECONOMIC CHARACTERISTICS ADJ.							
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
USE/ZONING							
CURRENT USE (AT TIME OF SALE)	Theatre	Vacant Theatre	Vacant Concert Hall	Vacant Theatre	Vacant Theatre	Retail	Vacant Theatre
INTENDED USE	Theatre	Theatre	Concert Hall	Theatre Assumed	Retail	Hold/Retail	Retail
ZONING	SA-1	CN-3	A(PD)	RB	CG	SA-1	NC-3
ADJUSTMENT		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
NON-REALTY COMPONENTS							
ADJUSTMENT	Not Appraised	Not Included	Not Included	Not Included	Not Included	Not Included	Not Included
TOTAL NON-TRANSACTIONAL ADJUSTMENTS		-29.20%	-23.90%	-61.80%	-47.93%	-5.50%	-69.70%
ADJUSTED PRICE PER SF		\$138.24	\$124.13	\$133.76	\$124.57	\$124.25	\$130.14
VERIFICATION SOURCE		Broker/Data Svc./RQ	Broker/Data Svc./RQ	Data Svc./RQ	Broker/MLS/Data Svc./RQ	Data Svc./RQ	Broker/Data Svc./RQ
VALUE OF PARKING SPACE/MONTH CAPITALIZED	\$10	Land Area/Parking ratio adjustments were considered in one of two ways. The amount of surplus land was measured by calculating the difference between the lot coverage ratios of the comparable and subject, then applying the value per square foot of land (as estimated for the subject in the Land Valuation section where applicable) to a fraction of the difference. The result was expressed as a percentage of the acquisition price per square foot of the comparable. Alternatively, depending upon the implications of the data, the parking ratios were compared and the cost of acquiring or offering parking in the market was capitalized.					
VALUE OF LAND / SF	\$30						
DIVISOR	1.0						

With the exception of Comparable 5, each comparable represented the sale or listing of a vacant theatre or performance hall. We were unable to verify the transaction details of Comparables 3 and 5. We relied on subscription service data and information available in a summary transcript of the public record. Comparable 3 sold with an adjacent office building; the sale of the theatre is reflected only and the sales price shown on the grid was based on the allocation from the assessor, since we were unable to confirm the sales details.

MAP OF SALE COMPARABLES



Adjustments

Transactional Adjustments

Transactional adjustments were made sequentially in the order presented, which is based on the relative importance of each as an influence on selling price. Comparable 1 was being offered for sale. The listing agent reported only mild interest following about 3 months on the market. A downward adjustment was warranted for buyer and seller negotiations.

Adjustments for market conditions were warranted over the period the sales transacted, as described in the Market Conditions section.

Locational Adjustments

Locational adjustments were broken into elements of comparison that reflect the property's identity to potential tenants or buyers (exposure/visibility & traffic counts), proximity to freeways and transportation routes (access), and overall desirability of the location based on neighborhood factors such as age and condition of nearby properties, proximity to enhancing or detrimental factors, or an identifiable valuation element relating to address (locational appeal).

Locational adjustments were warranted based upon differences in land selling prices and rental rates. We found that unit land selling prices in the subject's neighborhood supported a land value for the subject site of about \$30/SF. Based on conversations with market participants, and supported by differences in land values and retail rents, the location of most of the comparables rated superior to that of the subject, warranting downward adjustment. An estimate of the land value for each comparable is shown on the grid. We applied an adjustment for location based on the difference in land value applied to the land area of the comparable and divided into the sale price of the comparable following transaction elements of comparison. For example, for Comparable 1, the adjustment was estimated as $[(\$30/\text{SF} - \$75/\text{SF}) \times 9,375 \text{ SF}] / [(\$195.25/\text{SF} \times 16,389 \text{ SF})] = -13.18\%$, rounded to -13%. Each adjustment for location was rounded to the nearest whole number as shown on the grid for this element of comparison.

Physical Adjustments

Physical adjustments were broken into elements that reflect improvement quality, condition or effective age, functional utility, rentable area, floor area and parking ratios. Physical adjustments were warranted. Personal property was highly depreciated, and sold as a necessary component of the real property for each comparable except Comparable 4, described below.

The quality and construction appeal of Comparable 2, which was inspired by the Grand Trianon and the Petit Trianon in Versailles, France, rated superior for this element of comparison and warranted a downward adjustment. Comparable 3, with its wood frame construction, rated inferior and warranted an upward adjustment.

The effective ages of the comparables were based on our observations and our conversations with the confirming party. The comparables with lower effective ages rated superior, warranting a downward adjustment. The data suggests that an adjustment of 1.0% per year of effective age difference was warranted.

The data suggested that when building sizes were substantially larger or smaller than the subject, adjustment was warranted for building size based on the law of diminishing returns as shown in the grid. We applied a consistent rate of adjustment after testing higher and lower rates of fit. We concluded that Comparable 4, closest in size, did not warrant adjustment.

Comparable 1 was improved with several 2nd floor offices, some of which were leased. We concluded that a downward adjustment was warranted on the Functional Utility line for this building use and additional source of income. Comparable 2 was improved with several additional meeting spaces, which affected the size of the main auditorium. Additionally, this comparable did not have a projection room allowing for the screening of films. We concluded to an upward adjustment for inferior functional utility. Comparable 4 was the sale of a vacant theater that sold in shell condition, i.e. all of the stage and seating had been removed. We concluded that personal property and tenant improvements would be necessary to make this building tenantable in the future. An upward adjustment of \$70/SF was concluded.

Adjustments for FAR and parking were made as described in the adjustment grid.

Use/Zoning Adjustments

Use/Zoning adjustments were considered for allowed uses and/or the intended use of the comparable. We concluded that no adjustments for this element of comparison were warranted because the subject and all comps were legal uses.

Adjustments for Non-realty Components of Value

Economic characteristic adjustments were considered for attributes that directly affect the income of a property such as tenant mix and rent concessions. *None of the theater comparables sold as an operating enterprise.* Adjustments for economic characteristics and non-realty components of value were not warranted.

Sales Comparison Approach Conclusion

Following adjustment, the comparables indicated a range of values for the subject property. Less weight was placed on Comparable 3 since we were unable to verify the selling price. We concluded to the following unit value using the sales comparison approach, bracketed by the comparables.

$$\$125/\text{SF} \quad \times \quad 8,868 \text{ SF} \quad = \quad \$1,108,500$$

Estimated Market Value

Using the Sales Comparison Approach: \$1,110,000

Income Capitalization Approach

In this market, direct capitalization is the income approach technique being used most uniformly by market participants to estimate value under conditions of a stabilized leased investment. To estimate market value using the income capitalization approach, we estimated market rent after performing a rent survey, developed a pro forma based upon rents and expenses, estimated a capitalization rate from market data, and capitalized the income stream.

Rental Agreement in Place

The lease was not provided to us. The terms were verbally stated to us as a 5-year lease with a 5-year option that commenced sometime in 2014. The rental rate was not revealed.

Market Rent

We conducted a rent survey to estimate market rent for the subject. The rent comparables are summarized below, preceding a discussion of any adjustments warranted. All were written or quoted on NNN terms. In this market a NNN lease is one in which the landlord only pays for structural maintenance and replacements & reserves, and sometimes management.

Theater leases are signed and renewed infrequently, particularly for larger and older theaters. When they are leased, terms are typically 5 to 10 years. For this reason, we considered current rents at existing theaters, including those leases signed several years ago.

RENT SURVEY

Comp #	Exp. Terms	Monthly Rent	Commencement	T. I. Allowance	Comments
Address	SF	Rental Rate/SF/Mo	Lease Term	Bumps	
Tenant/Theatre Name	Seats	\$/Seat/Mo	Options	On-Site Parking	
	Screens			Year Built	
Comparable 1	NNN	\$8,000		Negotiable	Parkway Theatre
1836 Park Blvd	Est. 10,000	\$0.80	Negotiable		New roof/heating
Oakland	1,062	\$7.53		None	Has balcony
Available	1			1925 / 2014	
Comparable 2	NNN	\$12,000		Negotiable	Oaks Theatre; a Designated Historic Landmark
1875 Solano Ave	16,000	\$0.75	Negotiable		Art Deco style building.
Berkeley	1,000	\$12.00		None	Includes fixtures. Has balcony.
Available	2			1925	Part of 21,600 SF Building
Comparable 3	Mod. Gross	\$3,072	Mo-to-Mo	As-Is	Performance hall @ south end Fremont Blvd.
4000 Bay Street, Unit B	2,482	\$1.24			Historical building; rent incr. to \$3,300 in Oct. 2017
Fremont	70	\$43.89		None	Tenant pays PG&E; 21-year tenant
Broadway West Theater	N/A			c1880	Tenant pays different landlord for parking
Comparable 4	NNN	\$17,500	2008	As Is	
2036 University	15,215	\$1.15	Not Discovered		Rent Commenced May 2015
Berkeley	1,400	\$12.50		None	
UC Theatre	N/A		Not Discovered	1917	2001 Seismically upgraded
Comparable 5	NNN	\$5,000	Jun-09	As Is	Incl. % rent at 5% over \$960k breakpoint.
10070 San Pablo Ave	7,605	\$0.66	5 Years	Options at FMV	Historic 2-Plex theater owned by City
El Cerrito	287	\$17.42		10 Spaces	redevelopment agency. Renovated art
Cerrito Theater (Rialto)	2		4 x 5-yr @ Mkt.	1937/1979	deco theater. Independent operator
Comparable 6	NNN	\$2,843	Aug-07	As Is	Included percentage rent at 8% over
3290 Sacramento St.	3,510	\$0.81	10 Years	Annual CPI	\$650,000 breakpoint. Singleplex.
San Francisco	240	\$11.85		None	Escalation is min 3%, max 5%
Vogue Theater	1		Not Discovered	Not Discovered	
Subject				As Is	BAL Theatre
14808 East 14th Street	8,868				
San Leandro	775			None	
S. L. Curtain Call Performing Arts	1			1946/Average	

A summary of the adjustments concluded for each rent comparable is summarized in the grid below:

	SUBJECT	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Address	14808 East 14th Street	1836 Park Blvd	1875 Solano Ave	4000 Bay Street, Unit B	2036 University	10070 San Pablo Ave	3290 Sacramento St.
City	San Leandro	Oakland	Berkeley	Fremont	Berkeley	El Cerrito	San Francisco
Comparable SF	8,868	Est. 10,000	16,000	2,482	15,215	7,605	3,510
Building SF	8,868	16,389	21,578	7,181	19,765	7,605	3,510
Year Built	1946	1925 / 2014	1925	c1880	1917	1937/1979	Not Discovered
Lease / Effective Date		Available	Available	Current Mo-to-Mo Rent	2008	Jun-09	Aug-07
NNN Rental Rate/SF/Month	N/A	\$0.80	\$0.75	\$1.24	\$1.15	\$0.66	\$0.81
Quality	Average	Similar	Similar	Similar	Similar	Similar	Similar
Condition	Average	SI Superior	Similar	Similar	Superior	Similar	Inferior
Exposure/Traffic	Average	Similar	Similar	Similar	Superior/Pedestrians	Similar	Similar
Location (Neighborhood)	Average	SI Superior	SI Superior	Superior/Rents	Superior/Rents	Similar	Superior/Rents
Element of Comparison		Rating /Adjustment	Rating /Adjustment	Rating /Adjustment	Rating /Adjustment	Rating /Adjustment	Rating /Adjustment
Size		Larger / +	Larger / + +	Smaller / - - -	Larger / + +	Similar	Smaller / - -
Age/Condition/Quality		SI Superior / -	Similar	Similar	Superior / - -	Similar	Inferior / +
Exposure/Traffic		Similar	Similar	Similar	Superior / - -	Similar	Similar
Access		Similar	Similar	Similar	Similar	Similar	Similar
Location (Neighborhood)		SI Superior / -	Superior / -	Superior / -	Superior / - - -	Similar	Superior / - - -
Market Conditions		Listing / -	Listing / -	Similar	Inferior / +	Inferior / + + +	Inferior / + + +
Subject Should Rent For		Similar	Similar	Less	Less	More	Similar

The listing agent of Comparable 2 reported that this property received a letter of intent from a prospective tenant at a lease rate very near to this asking rate. We were unable to verify all of the lease terms for Comparable 4, including lease rate; the lease rate shows the asking rate. We believe that there's a more current lease for Comparable 5, but we were not able to confirm that.

Market Rent Conclusion

Based on the data and analysis above, we concluded that the market rental rate was most similar to Comparables 1 and 2. We concluded to a market rent of **\$0.80/SF/Month NNN** for the subject. We applied market rent in the following analysis.

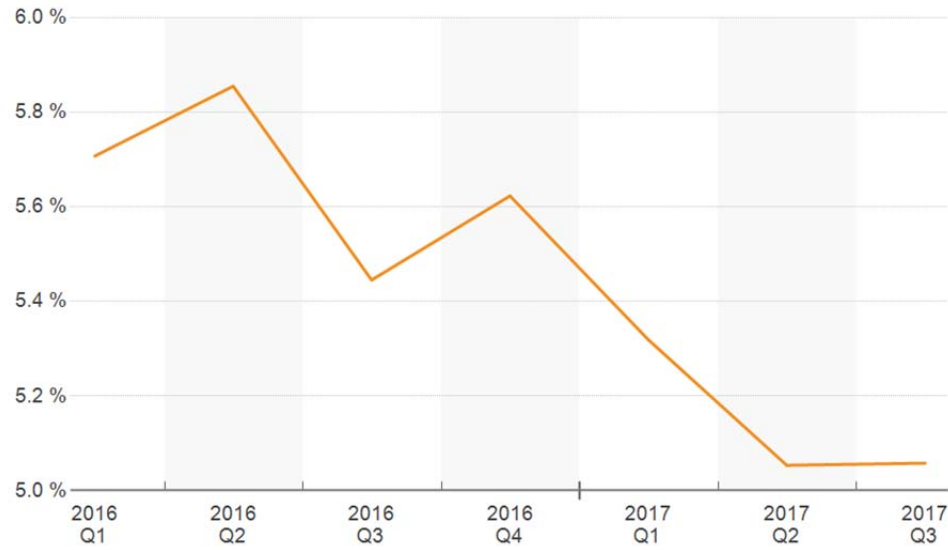
Capitalization Rate Analysis

The sales comparables discussed prior were all sold or offered for sale without a lease in place and therefore did not report capitalization rates. We researched capitalization rates using local market data from Costar.com.

We performed two searches using Costar.com. One for all theatres, performance halls, and movie theatres throughout California that sold since August 1, 2014, and reported a capitalization rate. We also searched for local sales of retail buildings with reported capitalization rates.

In the theatre search, there were 8 sales discovered with reported capitalization rates ranging from 6.00% to 8.65%. The median capitalization rate was 7.1%. The most recent sale in May 2017 was for a larger multiplex theatre in Vallejo that sold at a reported 7.45% capitalization rate. This property was too large for consideration as a comparable.

We searched for recent retail sales of retail properties in Alameda County that sold since the beginning of 2016. The 81 sales indicated the following trend:



The retail comparables that reported capitalization rates had rates ranging from 3.0% to 9.0% with a median capitalization rate of 5.5%. Statistical outliers were removed.

Conclusion of Capitalization Rate

Giving greater weight to the theatre data, we concluded to a capitalization rate of **7.0%**.

Pro Forma Income and Expense Statement

A pro form income and expense statement for the real property appears below:

PRO FORMA INCOME AND EXPENSES

<u>TENANT</u>	<u>TYPE</u>	<u>RENTAL RATE</u>	<u>RENTABLE SF</u>	<u>INCOME</u>
Market Rent	NNN	\$0.80	8,868	\$7,094
TOTAL MONTHLY INCOME			8,868	\$7,094
			X	12
POTENTIAL GROSS INCOME				\$85,133
VACANCY & COLLECTION LOSSES	7.5%			\$6,385
EFFECTIVE GROSS INCOME				\$78,748
EXPENSES PAID BY LANDLORD				
<u>FIXED EXPENSES</u>				
RE TAXES	1.1537%	X	\$1,057,471	Tenant Pays
DIRECT ASSESSMENTS				Tenant Pays
INSURANCE	\$0.30	PER SF/YEAR		Tenant Pays
<u>VARIABLE EXPENSES</u>				
UTILITIES	\$0.00	PER MONTH		Tenant Pays
TRASH REMOVAL	\$0.00	PER SF/YEAR		Tenant Pays
SECURITY	\$0.00	PER SF/YEAR		Tenant Pays
GROUND S	\$0.00	PER SF/YEAR		Tenant Pays
REPAIRS & MAINTENANCE	\$0.00	PER SF/YEAR		Tenant Pays
MANAGEMENT	3.0%	of EGI		\$2,362
STRUCTURAL MAINT	1.0%	of EGI		\$787
MISC./RESERVES FOR REPLACEMENT	2.0%	of EGI		\$1,575
TOTAL EXPENSES	6.0%	of EGI		\$4,725
NET OPERATING INCOME				\$74,023
MARKET-DERIVED CAP RATE				7.00%
INDICATED VALUE				\$1,057,471
INDICATED VALUE ROUNDED				\$1,060,000

Potential Gross Income

This line item is calculated based on the annualized market rent conclusion.

Vacancy and Collection Losses, Effective Gross Income (EGI)

As described in the Market Conditions section, we concluded to a vacancy rate of 5%-10% for competing theatres. We used a vacancy and collection loss rate of 7.5% on the pro forma, the midpoint of this range. The EGI is equal to the Potential Gross Income less Vacancy and Collection Losses.

Expenses

Under the terms of a NNN lease, expense items to the landlord are minimal, and included management of the account, structural maintenance, reserves for replacement, and miscellaneous items.

Management

Owner management was forecast to cost 3.0% of EGI, not untypical for a single-tenant property on NNN lease terms.

Structural Maintenance

We estimated 1.0% of EGI for structural maintenance given the overall average condition of the building.

Miscellaneous/Reserves for Replacement

Miscellaneous Expenses are equivalent to a contingency allowance, to offset some of the risk created by the fact that the other estimates may be incorrect.

Reserves for replacement cost is a sinking fund that is typically set aside to pay for the periodic replacement of building components that wear out more rapidly than the building itself and must be replaced during the building's useful life. These components include roofs, paving, specific structural items, and interior improvements to tenant space that are made by the landlord. Generally, competing properties pay for these items out of cash flow. Whether reserved or paid from cash flow, Reserves for Replacement are an incurred expense.

Based on market participant input, and after consideration for the age of the subject improvements, we concluded 2.0% of EGI was reasonable for this expense item.

Net Operating Income

This is the amount remaining after deducting all expenses from the effective gross income. This amount is capitalized at the overall annual rate derived below.

Capitalization of Value

The preceding pro forma displays the arithmetical application of the capitalization process. Direct capitalization indicates the market value shown below as of the effective date of opinion.

Estimated Market Value

Using Direct Capitalization: **\$1,060,000**

Reconciliation and Conclusion of Market Value

The approaches to value estimate these values:

Cost Approach	Not Used
Sales Comparison Approach	\$1,110,000
Income Capitalization Approach	\$1,060,000
Market Value	\$1,090,000

Our market data indicates that a property of this size in this geographical market would most typically be purchased by an owner user, supported by the fact that all the sales comparables were fee simple transactions. Buyers in the single-screen theater market are typically owner-operators, who would put greater weight on the sales comparison approach. The income data for the comparables appears to be well supported and reflects the current market. We gave greater weight to the sales comparison approach. In the analyses above, we placed greater weight on the sales comparison approach because the data was more current. We concluded that the fair market value on the effective date of opinion was:

Opinion of Fair Market Value of the

Fee Simple Estate in the Real Property: **\$1,090,000**

(One Million Ninety Thousand Dollars)

We remind the reader that this opinion is subject to any extraordinary assumptions and hypothetical conditions stated elsewhere in this report.

ADDENDA

- Preliminary Title Report
- Floor Plan
- Subject Photographs
- Conditional Use Permit
- Sale Comparable Photographs
- Rent Comparable Maps & Photographs
- Profit and Loss Statements (on file; confidential)
- Arts & Economic Prosperity IV Study
- Zoning Code (Excerpts)
- Qualifications of Appraiser(s)



First American Title Insurance Company
National Commercial Services
1850 Mt. Diablo Blvd., Suite 300
Walnut Creek, CA 94596

Katie Bowman
Community Development Department City of San Leandro
835 East 14th Street
San Leandro, CA 94501
Phone: (510)577-3327

Customer Reference: Bal Theater

Escrow Officer: Tina Hendrix
Phone: (925)927-2138
Email: thendrix@firstam.com
Property: 14808 East 14th Street, San Leandro, CA

PRELIMINARY REPORT

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

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

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

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

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

Dated as of May 03, 2017 at 7:30 A.M.

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

To Be Determined

A specific request should be made if another form or additional coverage is desired.

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

Dan Dillman and Gina Dillman, husband and wife, as joint tenants

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

FEE

The Land referred to herein is described as follows:

(See attached Legal Description)

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

1. General and special taxes and assessments for the fiscal year 2017-2018, a lien not yet due or payable.
2. The lien of defaulted taxes for the fiscal year 2010, and any subsequent delinquencies.

Tax Rate Area:	10-077
A. P. No.:	077E-1593-008
Amount to redeem:	\$42,439.51
Valid through:	May, 2017
Amount to redeem:	\$42,774.74
Valid through:	June, 2017

Please contact the tax office to verify the payoff amount.

3. The lien of supplemental taxes, if any, assessed pursuant to Chapter 3.5 commencing with Section 75 of the California Revenue and Taxation Code.
4. An easement shown or dedicated on the map of Tract No. 704 recorded May 11, 1945 on file in [book 11, page 16](#), of Tract Maps.
For: Sewer reserve and incidental purposes.

5. The fact that the land lies within the boundaries of the San Leandro (Joint) Redevelopment Project Area, as disclosed by the document recorded July 26, 1993 as Instrument No. [1993-264813](#) of Official Records.

6. A deed of trust to secure an original indebtedness of \$430,000.00 recorded December 02, 2008 as Instrument No. [2008341207](#) of Official Records.

Dated: November 21, 2008
Trustor: Dan Dillman and Gina Dillman, husband and wife, as joint tenants
Trustee: Old Republic Title Company, a California corporation
Beneficiary: RTC Theatres, LLC, a California limited liability company

7. A certified copy of a judgment or an abstract thereof, recorded July 06, 2010 as Instrument No. [2010186882](#) of Official Records.

Court: Superior Court of California, County of Alameda
Case No.: HG09482116
Debtor: Daniel Dillman
Creditor: American Express Centurion Bank
Amount: \$10,969.49, and any other amounts due thereunder.

8. The effect of a map purporting to show the land and other property, filed in [Book 36, Page 24](#) of Record of Surveys.

9. The terms and provisions contained in the document entitled "Memorandum of Owner Participation and Loan Agreement" recorded January 18, 2011 as Instrument No. [2011023353](#) of Official Records.

10. A deed of trust to secure an original indebtedness of \$50,000.00 recorded January 18, 2011 as Instrument No. [2011023354](#) of Official Records.

Dated: June 17, 2010
Trustor: Dan Dillman and Gina Dillman
Trustee: Redevelopment Agency of the City of San Leandro
Beneficiary: Redevelopment Agency of the City of San Leandro, a public body corporate and politic

The effect of a document entitled "Deed of Reconveyance", recorded January 13, 2016 as Instrument No. [2016008802](#) of Official Records .

Said document was not executed by the correct parties of record.

Note: The Company will require satisfactory proof of full payment of the debt secured by said mortgage or deed of trust prior to removing this exception or insuring the contemplated transaction.

11. The terms and provisions contained in the document entitled "Agreement to Conditions" recorded June 06, 2011 as Instrument No. [2011163453](#) Of Official Records.

Document(s) declaring modifications thereof recorded January 10, 2013 as Instrument No. [2013019188](#) of Official Records.

Document(s) declaring modifications thereof recorded December 11, 2013 as Instrument No. [2013381316](#) of Official Records.

12. A certified copy of a judgment or an abstract thereof, recorded February 21, 2012 as Instrument No. [2012057527](#) of Official Records.

Court:	Superior Court of California, County of Alameda
Case No.:	RG10543246
Debtor:	Daniel Dillman
Creditor:	AT&T Advertising, L.P.
Amount:	\$30,463.40, and any other amounts due thereunder.

13. Rights of parties in possession.

INFORMATIONAL NOTES

1. Taxes for proration purposes only for the fiscal year 2016-2017.
First Installment: \$3,027.81, PAID
Second Installment: \$3,027.81, PAID
Tax Rate Area: 10-077
APN: 077E-1593-008
2. According to the latest available equalized assessment roll in the office of the county tax assessor, there is located on the land a(n) Commercial Structure known as 14808 East 14th Street, San Leandro, CA.
3. According to the public records, there has been no conveyance of the land within a period of twenty-four months prior to the date of this report, except as follows:

None
4. This preliminary report/commitment was prepared based upon an application for a policy of title insurance that identified land by street address or assessor's parcel number only. It is the responsibility of the applicant to determine whether the land referred to herein is in fact the land that is to be described in the policy or policies to be issued.
5. Should this report be used to facilitate your transaction, we must be provided with the following prior to the issuance of the policy:
 - A. WITH RESPECT TO A CORPORATION:
 1. A certificate of good standing of recent date issued by the Secretary of State of the corporation's state of domicile.
 2. A certificate copy of a resolution of the Board of Directors authorizing the contemplated transaction and designating which corporate officers shall have the power to execute on behalf of the corporation.
 3. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 4. Requirements which the Company may impose following its review of the above material and other information which the Company may require.
 - B. WITH RESPECT TO A CALIFORNIA LIMITED PARTNERSHIP:
 1. A certified copy of the certificate of limited partnership (form LP-1) and any amendments thereto (form LP-2) to be recorded in the public records;
 2. A full copy of the partnership agreement and any amendments;
 3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
 4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
 5. Requirements which the Company may impose following its review of the above material and

other information which the Company may require.

C. WITH RESPECT TO A FOREIGN LIMITED PARTNERSHIP:

1. A certified copy of the application for registration, foreign limited partnership (form LP-5) and any amendments thereto (form LP-6) to be recorded in the public records;
2. A full copy of the partnership agreement and any amendment;
3. Satisfactory evidence of the consent of a majority in interest of the limited partners to the contemplated transaction;
4. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
5. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

D. WITH RESPECT TO A GENERAL PARTNERSHIP:

1. A certified copy of a statement of partnership authority pursuant to Section 16303 of the California Corporation Code (form GP-I), executed by at least two partners, and a certified copy of any amendments to such statement (form GP-7), to be recorded in the public records;
2. A full copy of the partnership agreement and any amendments;
3. Requirements which the Company may impose following its review of the above material required herein and other information which the Company may require.

E. WITH RESPECT TO A LIMITED LIABILITY COMPANY:

1. A copy of its operating agreement and any amendments thereto;
2. If it is a California limited liability company, a certified copy of its articles of organization (LLC-1) and any certificate of correction (LLC-11), certificate of amendment (LLC-2), or restatement of articles of organization (LLC-10) to be recorded in the public records;
3. If it is a foreign limited liability company, a certified copy of its application for registration (LLC-5) to be recorded in the public records;
4. With respect to any deed, deed of trust, lease, subordination agreement or other document or instrument executed by such limited liability company and presented for recordation by the Company or upon which the Company is asked to rely, such document or instrument must be executed in accordance with one of the following, as appropriate:
 - (i) If the limited liability company properly operates through officers appointed or elected pursuant to the terms of a written operating agreement, such documents must be executed by at least two duly elected or appointed officers, as follows: the chairman of the board, the president or any vice president, and any secretary, assistant secretary, the chief financial officer or any assistant treasurer;
 - (ii) If the limited liability company properly operates through a manager or managers identified in the articles of organization and/or duly elected pursuant to the terms of a written operating agreement, such document must be executed by at least two such managers or by one manager if the limited liability company properly operates with the existence of only one manager.
5. A certificate of revivor and a certificate of relief from contract voidability issued by the Franchise Tax Board of the State of California.
6. Requirements which the Company may impose following its review of the above material and other information which the Company may require.

F. WITH RESPECT TO A TRUST:

1. A certification pursuant to Section 18100.5 of the California Probate Code in a form satisfactory to the Company.
2. Copies of those excerpts from the original trust documents and amendments thereto which designate the trustee and confer upon the trustee the power to act in the pending transaction.
3. Other requirements which the Company may impose following its review of the material require

herein and other information which the Company may require.

G. WITH RESPECT TO INDIVIDUALS:

1. A statement of information.

The map attached, if any, may or may not be a survey of the land depicted hereon. First American Title Insurance Company expressly disclaims any liability for loss or damage which may result from reliance on this map except to the extent coverage for such loss or damage is expressly provided by the terms and provisions of the title insurance policy, if any, to which this map is attached.

LEGAL DESCRIPTION

Real property in the City of San Leandro, County of Alameda, State of California, described as follows:

PORTION OF LOTS 6, 7 AND 8, BLOCK 15, AS SAID LOTS AND BLOCK ARE SHOWN ON THE MAP OF "TRACT 704", EDEN TOWNSHIP, FILED MAY 11, 1945, MAP [BOOK 11, PAGES 16, 17 AND 18](#), ALAMEDA COUNTY RECORDS, DESCRIBED AS FOLLOWS:

BEGINNING ON THE NORTHEASTERN LINE OF EAST 14TH STREET, AS SHOWN ON SAID MAP, AT THE MOST SOUTHERN CORNER OF SAID LOT 8; AND RUNNING THENCE ALONG SAID LINE OF EAST 14TH STREET, NORTH 49° WEST 66.10 FEET; THENCE NORTH 41° EAST, 135.50 FEET; THENCE NORTH 49° WEST, 33.90 FEET TO THE SOUTHEASTERN LINE OF 148TH AVENUE, AS SHOWN ON SAID MAP; THENCE ALONG THE LAST NAMED LINE, NORTH 41° EAST, 6.50 FEET; THENCE SOUTH 49° EAST, 33.90 FEET; THENCE NORTH 41° EAST, 33 FEET TO THE NORTHEASTERN LINE OF SAID LOT 6; THENCE ALONG THE LAST NAMED LINE, SOUTH 49° EAST, 66.10 FEET TO THE SOUTHEASTERN LINE OF SAID BLOCK 15; AND THENCE ALONG THE LAST NAMED LINE, SOUTH 49° WEST, 175 FEET TO THE POINT OF BEGINNING.

APN: 077E-1593-008

NOTICE I

Section 12413.1 of the California Insurance Code, effective January 1, 1990, requires that any title insurance company, underwritten title company, or controlled escrow company handling funds in an escrow or sub-escrow capacity, wait a specified number of days after depositing funds, before recording any documents in connection with the transaction or disbursing funds. This statute allows for funds deposited by wire transfer to be disbursed the same day as deposit. In the case of cashier's checks or certified checks, funds may be disbursed the next day after deposit. In order to avoid unnecessary delays of three to seven days, or more, please use wire transfer, cashier's checks, or certified checks whenever possible.

If you have any questions about the effect of this new law, please contact your local First American Office for more details.

NOTICE II

As of January 1, 1991, if the transaction which is the subject of this report will be a sale, you as a party to the transaction, may have certain tax reporting and withholding obligations pursuant to the state law referred to below:

In accordance with Sections 18662 and 18668 of the Revenue and Taxation Code, a buyer may be required to withhold an amount equal to three and one-third percent of the sales price in the case of the disposition of California real property interest by either:

1. A seller who is an individual with a last known street address outside of California or when the disbursement instructions authorize the proceeds be sent to a financial intermediary of the seller, OR
2. A corporate seller which has no permanent place of business in California.

The buyer may become subject to penalty for failure to withhold an amount equal to the greater of 10 percent of the amount required to be withheld or five hundred dollars (\$500).

However, notwithstanding any other provision included in the California statutes referenced above, no buyer will be required to withhold any amount or be subject to penalty for failure to withhold if:

1. The sales price of the California real property conveyed does not exceed one hundred thousand dollars (\$100,000), OR
2. The seller executes a written certificate, under the penalty of perjury, certifying that the seller is a resident of California, or if a corporation, has a permanent place of business in California, OR
3. The seller, who is an individual, executes a written certificate, under the penalty of perjury, that the California real property being conveyed is the seller's principal residence (as defined in Section 1034 of the Internal Revenue Code).

The seller is subject to penalty for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced above include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on a case-by-case basis.

The parties to this transaction should seek an attorney's, accountant's, or other tax specialist's opinion concerning the effect of this law on this transaction and should not act on any statements made or omitted by the escrow or closing officer.

The Seller May Request a Waiver by Contacting:

Franchise Tax Board
Withhold at Source Unit
P.O. Box 651
Sacramento, CA 95812-0651
(916) 845-4900

Privacy Policy

We Are Committed to Safeguarding Customer Information

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

Applicability

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at www.firstam.com.

Types of Information

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- Information we receive from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- Information about your transactions with us, our affiliated companies, or others; and
- Information we receive from a consumer reporting agency.

Use of Information

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

Former Customers

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

Confidentiality and Security

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

CLTA/ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)**EXCLUSIONS**

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:

- | | |
|---------------|-------------------------------|
| (a) building; | (d) improvements on the Land; |
| (b) zoning; | (e) land division; and |
| (c) land use; | (f) environmental protection. |

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.

3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.

4. Risks:

- | |
|--|
| (a) that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records; |
| (b) that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date; |
| (c) that result in no loss to You; or |
| (d) that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28. |

5. Failure to pay value for Your Title.

6. Lack of a right:

- | |
|---|
| (a) to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and |
| (b) in streets, alleys, or waterways that touch the Land. |

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows: For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

Your Deductible Amount**Our Maximum Dollar
Limit of Liability**

Covered Risk 16: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19: 1% of Policy Amount or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21: 1% of Policy Amount or \$2,500.00 (whichever is less)	\$5,000.00

ALTA RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**EXCLUSIONS**

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- | |
|------------------------------|
| (a) and use |
| (b) improvements on the land |
| (c) and division |
| (d) environmental protection |

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- | |
|---|
| (a) a notice of exercising the right appears in the public records on the Policy Date |
|---|

- (b) the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - (a) that are created, allowed, or agreed to by you
 - (b) that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - (c) that result in no loss to you
 - (d) that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
 4. Failure to pay value for your title.
 5. Lack of a right:
 - (a) to any land outside the area specifically described and referred to in Item 3 of Schedule A OR
 - (b) in streets, alleys, or waterways that touch your land
- This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.

b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13, or 14); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

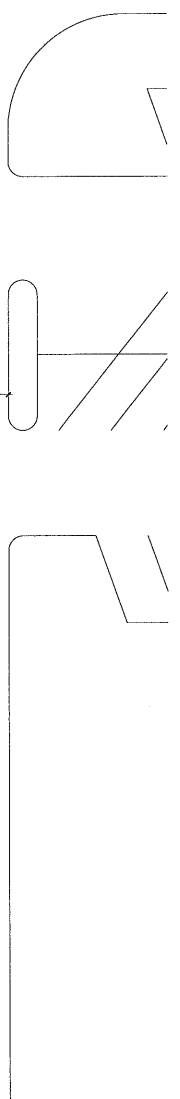
ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

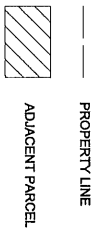
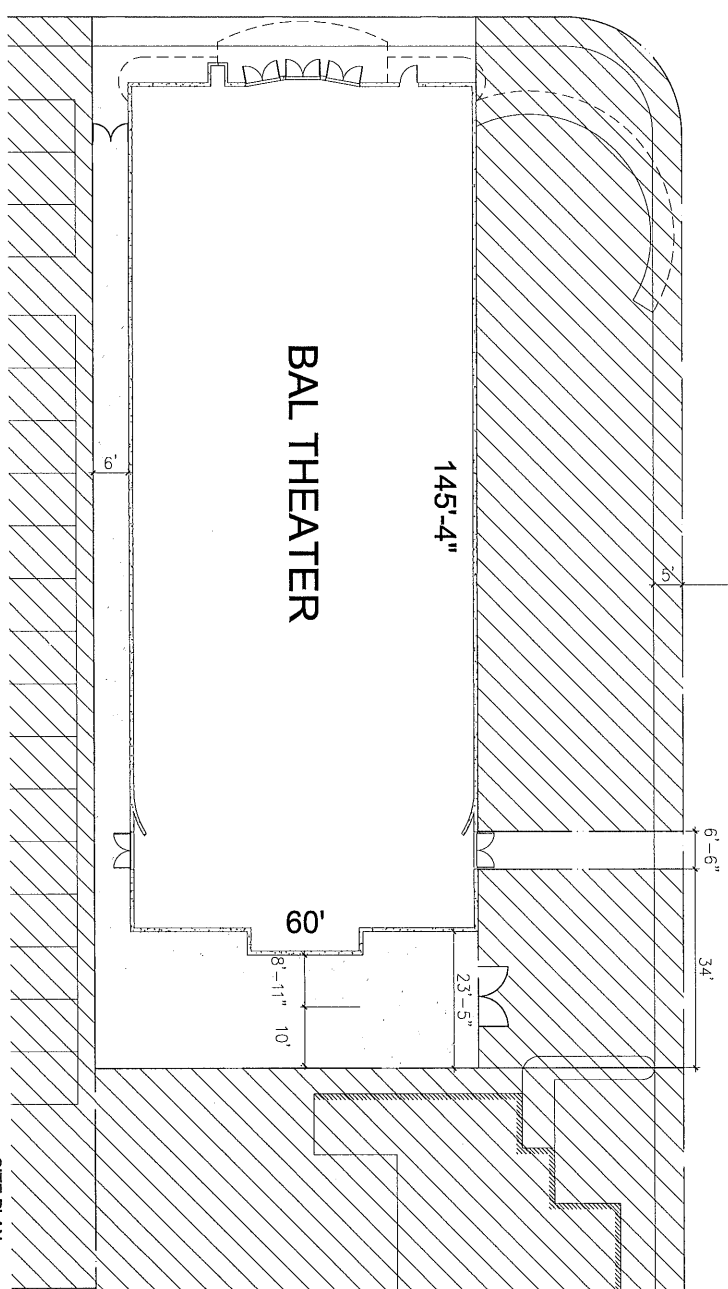
1. a. Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - i. the occupancy, use, or enjoyment of the Land;
 - ii. the character, dimensions, or location of any improvement erected on the Land;
 - iii. the subdivision of land; or
 - iv. environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- b. Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - a. created, suffered, assumed, or agreed to by the Insured Claimant;
 - b. not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - c. resulting in no loss or damage to the Insured Claimant;
 - d. attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - e. resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - a. a fraudulent conveyance or fraudulent transfer, or
 - b. a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.



EAST 14TH AVENUE

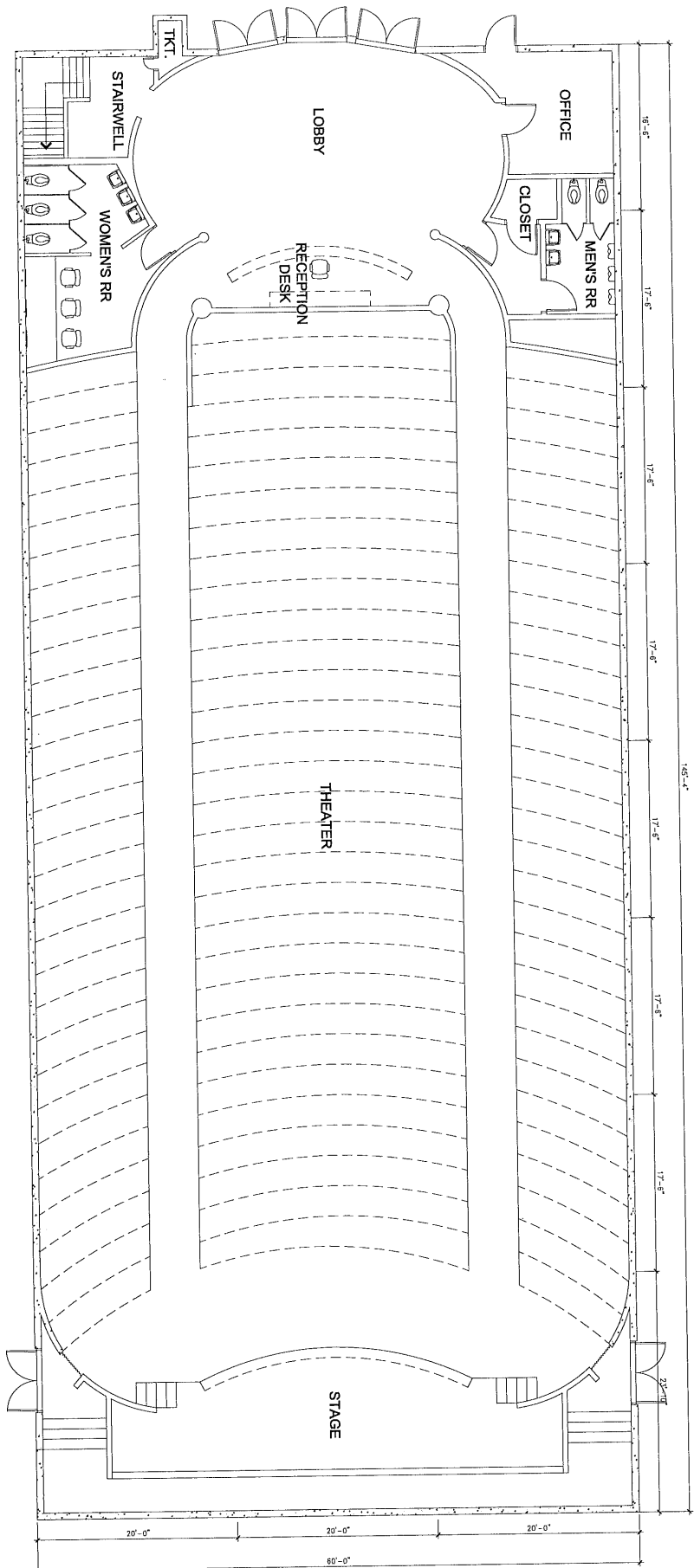
148TH AVENUE



SITE PLAN

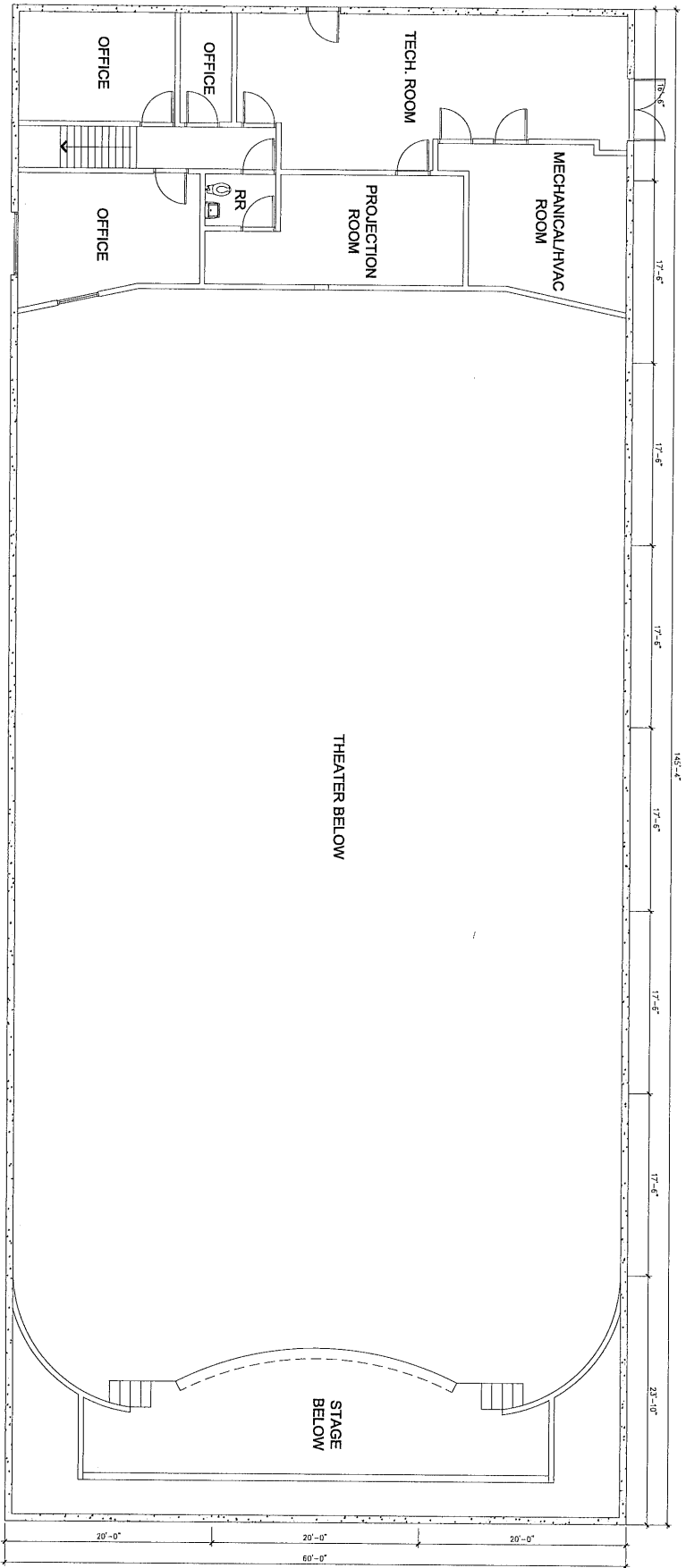
SCALE: 1/8"=1'-0"

DATE:	OCTOBER 18, 2008	SITE PLAN										BAL THEATER 14808 E. 14TH ST SAN LEANDRO, CA 94578	HBH Architectural Consultants
DRAWN BY:	M. KAVANAGH												
SHEET	A1.1												



FIRST FLOOR PLAN
SCALE: 1/8" = 1'-0"

DATE:	OCTOBER 19, 2008	FIRST FLOOR PLAN	
DRAWN BY:	W. WERNICKA		
SHEET	A2.1		
		BAL THEATER	
		14808 E. 14TH ST	
		SAN LEANDRO, CA 94578	
		HBH Architectural	
		Consultants	



SECOND FLOOR PLAN
Scale: 1/4" = 1'-0"

DATE: OCTOBER 18, 2008

DRAWN BY: K. GONZALEZ

SECOND FLOOR PLAN

SHEET

A2.2

BAL THEATER
14808 E. 14TH ST
SAN LEANDRO, CA 94578

HBH Architectural
Consultants

SUBJECT PHOTOGRAPHS



VIEW OF FRONT

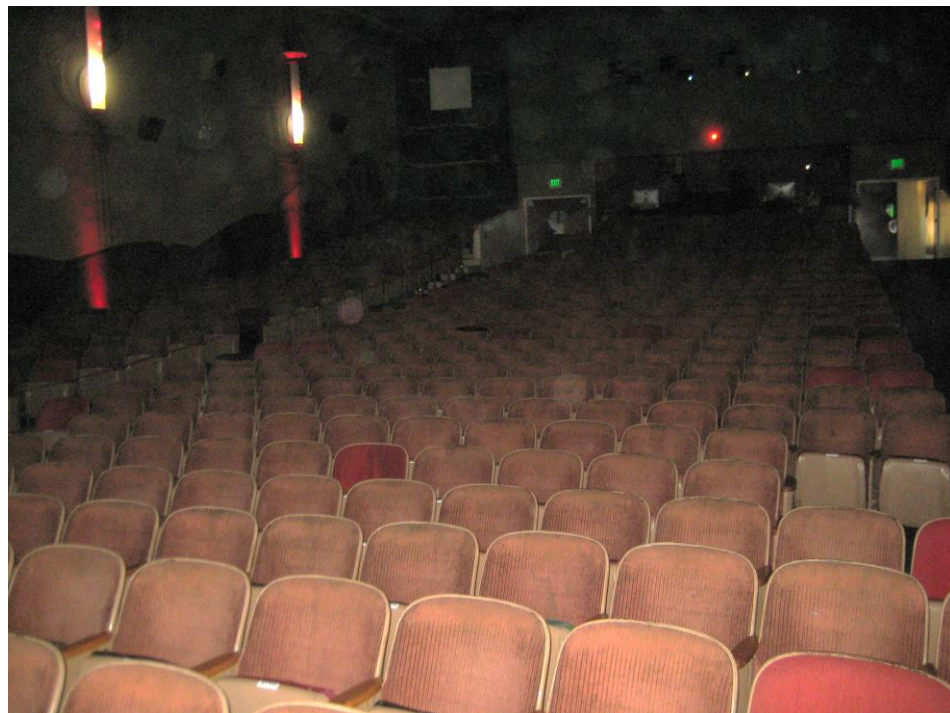


VIEW OF SIDE AND REAR FROM 148TH AVENUE

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, California



VIEW OF TICKET BOOTH AND FRONT DISPLAY



AUDITORIUM VIEW (TYPICAL)



AUDITORIUM VIEW TOWARD STAGE



TYPICAL VIEW OF LOBBY/CONCESSION AREA

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, California



TYPICAL VIEW OF UPSTAIRS AREA



STREET SCENE- EAST 14TH STREET LOOKING NORTH-NORTHWEST

RECORDING REQUESTED BY:

City of San Leandro
Planning Services Division
835 East 14th Street
San Leandro, California 94577

WHEN RECORDED MAIL TO:

Marian Handa, City Clerk
City of San Leandro
835 East 14th Street
San Leandro, California 94577



2013381316

12/11/2013 11:54 AM

OFFICIAL RECORDS OF ALAMEDA COUNTY
PATRICK O'CONNELL
RECORDING FEE: 0.00



10 PGS

THIS SPACE FOR RECORDER'S USE ONLY

(No fee pursuant to Government Code Section 27383)

AGREEMENT TO CONDITIONS

PLN2013-00015

MODIFYING CONDITIONS OF APPROVAL PLN2013-00015**14808 East 14th Street - The BAL Theatre****Dan and Gina Dillman (Applicant and Property Owner)**

THIS AGREEMENT is entered into by and between the CITY OF SAN LEANDRO, a municipal corporation, hereinafter referred to as "City", Dan Dillman, an individual, and Gina Dillman, an individual, both are hereinafter referred to as "Applicant" and as "Property Owner".

Applicant applied for and received a Conditional Use Permit (CUP) modification to the existing Conditional Use Permit (CUP) for the BAL Theatre (PLN2011-00011) to extend the hours of business for events, to allow an increased frequency of events, and to allow the service of alcoholic beverages appropriately licensed and permitted by the State of California Alcohol Beverage Control (ABC); 14808 East 14th Street; Alameda County Assessor's Parcel Number 77E-1593-8.

NOW, THEREFORE, pursuant to the applicable provisions of the Zoning Code, it is mutually agreed as follows:

1. Applicant agrees to comply with the Conditions of Approval adopted by the City of San Leandro Board of Zoning Adjustments, more specifically described in the list of Conditions of Approval, attached hereto, and as described in the exhibits on file in the Community Development Department, all of which are incorporated herein by this reference.

2. This agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, successors, and assigns.

3. City is authorized to record this agreement and any amendments thereto with the Alameda County Recorder, California. All amendments hereto must be in writing and signed by the appropriate authorities of the City, Applicant and Property Owner. The Applicant will be charged the costs of recordation and agrees to pay same. Conditions run with the land and are binding to future owners of the property.

4. Applicant and Property Owner have read and fully understand all of the foregoing terms and conditions, and hereby agree that all said terms and conditions are as approved by the San Leandro Board of Zoning Adjustments in accordance with law, and hereby agree to comply with all of said terms and conditions, provided that the Property Owner is not and shall not become liable, as successor or interest or operation of law or otherwise, for any obligations expressly applicable only to the Applicant hereunder, unless Property Owner hereafter expressly assumes and agrees in writing to be liable for such Applicant obligations. If Applicant defaults on such obligations and Property Owner does not expressly assume and agree to be liable in writing for such defaulted Applicant obligations, then the City may terminate this Agreement and development entitlements hereunder by giving Property Owner at least 30 days advance written notice of City's intention to do so.

IN WITNESS WHEREOF, duly executed by the parties as of the day and year below written.

This **CONDITIONAL USE PERMIT** must be exercised within **ONE YEAR** or it expires.

(Acknowledgment)

Dan Dillman, an individual, as Applicant and
Property Owner ~~without prejudice~~ UCC 1-207, UCC 1-308
UNDER PROTEST WITH FULL RESERVATION OF RIGHTS

Signature

Date

AKA - DANIEL HENRY DILLMAN

(Acknowledgment)

Gina Dillman, an individual, as Applicant and
Property Owner ~~without prejudice~~ UCC 1-207, UCC 1-308
UNDER PROTEST WITH FULL RESERVATION OF RIGHTS

Signature

Date

AKA - GINA SUZETTE DILLMAN

Receipt of Executed Approval: I hereby certify that I am the Secretary to the Board of Zoning Adjustments of the City of San Leandro and in that capacity did receive this copy of **PLN2013-00015** Agreement to Conditions fully executed by all parties thereto, and that the effective date of this zoning approval granted herein is **July 25, 2013**.

Attest:

Marian Handa
Marian Handa, City Clerk

CITY OF SAN LEANDRO, a municipal corporation

Sally Barros
Sally Barros, Secretary
Board of Zoning Adjustments

Approved as to Form:

Richard Pio Roda
Richard Pio Roda, Assistant City Attorney

CONDITIONS OF APPROVAL

PLN2013-00015

MODIFYING CONDITIONS OF APPROVAL PLN2013-00015

14808 East 14th Street - The BAL Theatre

Dan and Gina Dillman (Applicant and Property Owner)

I. COMPLIANCE WITH APPROVED PLANS

- A. The applicant and/or property owner shall comply with Exhibits A through C, dated January 15, 2009, except as hereinafter modified. (Exhibits are on file at the City of San Leandro Community Development Department, 835 East 14th Street, San Leandro, California).

Exhibit A - Site Plan & Floor Plans

Exhibit B - First Floor Plan

Exhibit C - Second Floor Plan

- B. The applicant and/or property owner shall be responsible for assuring that any successor in interest who assumes responsibility for the zoning approval is informed of its terms and conditions.

II. USE RESTRICTIONS

- A. This is a conditional use approval and parking exception that allows a computer and media-related business to be operated inside the BAL Theatre in a 1,411-square foot area in the SA-1 South Area – 1 District.
- B. This approval is for a computer-repair business and alcohol consumption/sales at events and performances appropriately licensed and permitted by the State of California Alcohol Beverage Control (ABC).
- C. These conditions of approval shall be made accessible to all employees.

III. FIRE DEPARTMENT COMMENTS

- A. The applicant may submit plans to the Building and Safety Services Division for any change of use of the space or building.
- B. Prior to occupancy, the applicant may provide a Knox box at the main entry door to the space.
- C. The project shall comply with the applicable Building and Fire Codes as adopted by the City of San Leandro. Building construction plans shall be submitted and approved prior to start of any work.

IV. PERMITTED USES

- A. This Conditional Use Permit recognizes the existing uses for The BAL Theatre, 14808 East 14th Street, to conduct the following activities (events/performances) inside the building without exceeding maximum occupant load, which includes:
1. Theatrical Show.
 2. Dance Recital.
 3. Comedy Act.
 4. Live Music/Concert.
 5. Magic Show.
 6. Conference/Lecture.
 7. Motion Picture.
 8. Televised event featured with the "big screen projection system."
 9. Talent and Variety Shows
 10. Any combination of the above events
- B. Events or performances shall not utilize overhead curtains, drops, and scenery or stage effects other than lighting and sound. Combustible materials shall meet the fire propagation performance criteria in accordance with Sections 806 and 2603 of the Fire Code. Originally permitted rear projection screen curtains with a current and valid Certificate of Flame Resistance from the State of California Fire Marshal may remain.
- C. The double egress doors along both sides of the platform shall not be chained or barricaded shut during business hours and during theatre events/performances.
- D. Applicant shall comply with the following:
1. Within 15 days of the date of this approval, the exit discharge at the north facing egress doors shall be identified as an emergency egress path with ground markings "NO PARKING – EMERGENCY EXIT" and exterior door signage indicating "EMERGENCY EXIT – DO NOT BLOCK". In addition, within 30 days of the date of this approval, provisions to prevent the blockage of the exit doors shall be implemented.
 2. The following features serving the raised platform shall be functional and in good operating condition:
 - a. emergency exit lighting and signs,
 - b. handrails at every stairway, and
 - c. guards (guardrails) at the side wings of the platforms and as required to protect openings adjacent to the stairways.
- E. In the event the platform is enlarged, modified, or its use is changed from those outlined above, the Building and Fire Code requirements applicable for new buildings or a change of use, shall be complied with, including provisions for an accessible platform or performance area to the satisfaction of the Chief Building Official. Permits shall be obtained from the City Building and Safety Services Division by filing the appropriate application, drawings, details and specifications (i.e., construction documents), which shall be prepared by an appropriately licensed professional.

- F. There shall be no permanent storage of any type outside the building.
- G. Alcoholic beverages may be served for fundraising events that includes catered food where the non-profit organization [i.e., 501 (c) (3), tax-exempt, nonprofit corporation or association] shall be responsible for obtaining the required State of California Alcohol Beverage Control (ABC) Special Daily Beer and/or Wine License (Form ABC-221) or the non-profit organization and the caterer both obtain the necessary ABC License for the fundraising event
- H. The appropriate State of California Alcohol Beverage Control (ABC) license shall be obtained for serving alcoholic beverages not related to fundraising events. Service shall be limited to the hours of 10:00 a.m. to 12:00 a.m. (midnight). Alcohol shall be served in an appropriate container.
- I. The general hours of the permitted activities (events/performances) shall be limited to the following:
1. Sunday, Monday, Tuesday, Wednesday, and Thursday - Not prior to 9:00 a.m. and shall cease by 12:00 a.m.
 2. Friday and Saturday - Not prior to 9:00 a.m. and shall cease by 1:00 a.m.
 3. These conditions do not apply to New Year's Eve (December 31st) when it occurs on a Sunday through Thursday, where the event shall cease by 1:00 a.m.
- J. The frequency of the permitted activities (events/performances) shall be limited to a maximum of 260 per year where an event or performance may include multiple shows in a day. This condition on frequency does not apply to the showing of motion pictures or televised events featured with the "big screen projection system."
- K. Any proposed increase in general hours, increase in frequency, or addition of another type of assembly activity shall be submitted in writing to the Community Development Director who may administratively approve minor changes or for more substantial changes, require review by the Board of Zoning Adjustments as a modification to the Conditional Use Permit.
- L. Litter pick up shall be required for a minimum distance of a 300 foot radius.
- M. **PROHIBITED USES.** The following activities (events/performances) shall not be permitted at the BAL Theatre, 14808 East 14th Street.
1. No Dance Hall/No Dance Permit.
 2. No Adult Cabaret.
 3. No Adult Motion Pictures.
 4. No Adult Theatre (No adult live entertainment).
- N. Any noise or sounds from the activities inside the building shall not be detectable from beyond the property lines.
- O. There shall be no loitering permitted outside the building. "NO LOITERING" signs shall be posted outside the building.

- P. This Conditional Use Permit may be subject to review by the City within six-months.
- Q. Annually, prior to December 1, the property may be subject to inspection and clearance from the City.

V. MAINTENANCE

- A. The site shall be maintained and shall be kept free of litter, debris and weeds.
- B. Any graffiti shall be promptly removed from the building walls and fences.

VI. GENERAL CONDITIONS

- A. The approvals granted by the City as a result of this application, as well as the Conditions of Approval, shall be recorded in the Office of the County Recorder of Alameda County.
- B. No application for amendment of the application or conditions of approval may be submitted or accepted for processing by the City of San Leandro's unless (i) there is full compliance with all terms of the application and Conditions of Approval; or (ii) the Community Development Director waives compliance with the terms of the application and Conditions of Approval pending application for amendment.
- C. Pursuant to Zoning Code Section 5-2218, this approval shall lapse on **July 25, 2014**, unless a) a business license has been issued, coupled with diligent progress evidencing a good-faith intent to commence the intended use, or b) a written request for a one-year extension of the use permit is approved by the Zoning Enforcement Official.

**Memorandum of Understanding
CUP PLN2013-00015
14808 East 14th Street - The BAL Theatre
Dan and Gina Dillman (Applicant and Property Owner)**

It is understood that we are signing this agreement, Without Prejudice UCC1-207, UCC 1-308, Under Protest with full reservation of our rights, with the understanding that we are not abandoning any of our rights. We are willing to agree to certain stipulations within this Conditional Use Permit that do not violate our existing Grandfathered Rights, our Constitutional Rights, our Individual Rights, our bundled Land Rights, the fire code, the LAW or the Constitution, as stated on the record. We also do not agree to certain stipulations in this agreement, as noted on the record, and the Board of Zoning still voted in favor of and passed this permit knowing we would not fully comply with the agreement, as stated on the record.

All of the Board of Zoning meetings, hearings, written and oral correspondents, emails, statements, including but not limited to audio, video recordings are all apart of this agreement.

The City of San Leandro fully understands these stipulations and agrees to include this statement into the recorded agreement.

We will continue to work in Good Faith with the City of San Leandro and they have promised to work in Good Faith with The Historic BAL Theatre and it's Owners.

(Acknowledgment)

**Dan Dillman, an individual, and
Property Owner**

Signature

Date

10-24-13

(Acknowledgment)

**Gina Dillman, an individual, and
Property Owner**

Signature

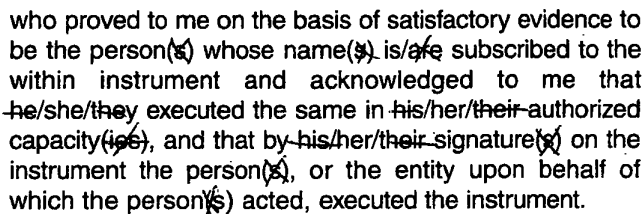
Date

10/24/13

SEE ATTACHED ACKNOWLEDGEMENT

County of Alameda

On Oct 31, 2013 before me, Kimberly Dawn Treetas Notary Public
Date Here Insert Name and Title of the Officer
 personally appeared Samy Bartos
Name(s) of Signer(s)



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

WITNESS my hand and official seal.

Signature _____
Signature of Notary Public _____

Place Notary Seal Above

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Title or Type of Document: PLN 2013. 00015

Document Date: 7.25.13 Number of Pages: 1

Signer(s) Other Than Named Above: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

RIGHT THUMBPRINT
OF SIGNER.

Signer Is Representing: _____

Signer's Name: _____

- ☐ Individual
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Attorney in Fact
☐ Trustee
☐ Guardian or Conservator
☐ Other: _____

**RIGHT THUMBPRINT
OF SIGNER**
Top of thumb here

Signer Is Representing: _____

CALIFORNIA ALL-PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

State of California

County of Alameda

On 10/24/13 before me, Alexander K. Huynh, Notary Public,
(Here insert name and title of the officer)

personally appeared Daniel Henry Dillman and Gina Suzette Dillman

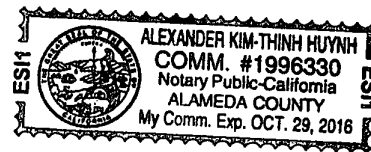
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that he ~~she~~ they executed the same in his ~~her~~ their authorized capacity(ies), and that by his ~~her~~ their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Alexander K. Huynh
Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Agreement to Conditions
(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages 7 Document Date 7/25/13

(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☒ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

Any acknowledgment completed in California must contain verbiage exactly as appears above in the notary section or a separate acknowledgment form must be properly completed and attached to that document. The only exception is if a document is to be recorded outside of California. In such instances, any alternative acknowledgment verbiage as may be printed on such a document so long as the verbiage does not require the notary to do something that is illegal for a notary in California (i.e. certifying the authorized capacity of the signer). Please check the document carefully for proper notarial wording and attach this form if required.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he~~/she/~~they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary)
- Securely attach this document to the signed document

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State of California

County of Alameda

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(Here insert name and title of the officer)

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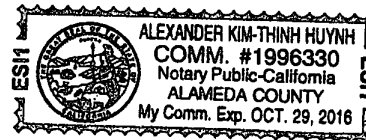
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) ~~is~~ are subscribed to the within instrument and acknowledged to me that ~~he~~/she/they executed the same in ~~his~~/her/their authorized capacity(ies), and that by ~~his~~/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

Alexander K. Huynh
Signature of Notary Public

(Notary Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

Memorandum of
(Title or description of attached document)

Understanding
(Title or description of attached document continued)

Number of Pages 7 Document Date 10/24/13

WP PLN 2013-00615
(Additional information)

CAPACITY CLAIMED BY THE SIGNER

- ☒ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

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 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.

SALE COMPARABLE PHOTOGRAPHS



SALE COMPARABLE 1



SALE COMPARABLE 2

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.



SALE COMPARABLE 3



SALE COMPARABLE 4

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.

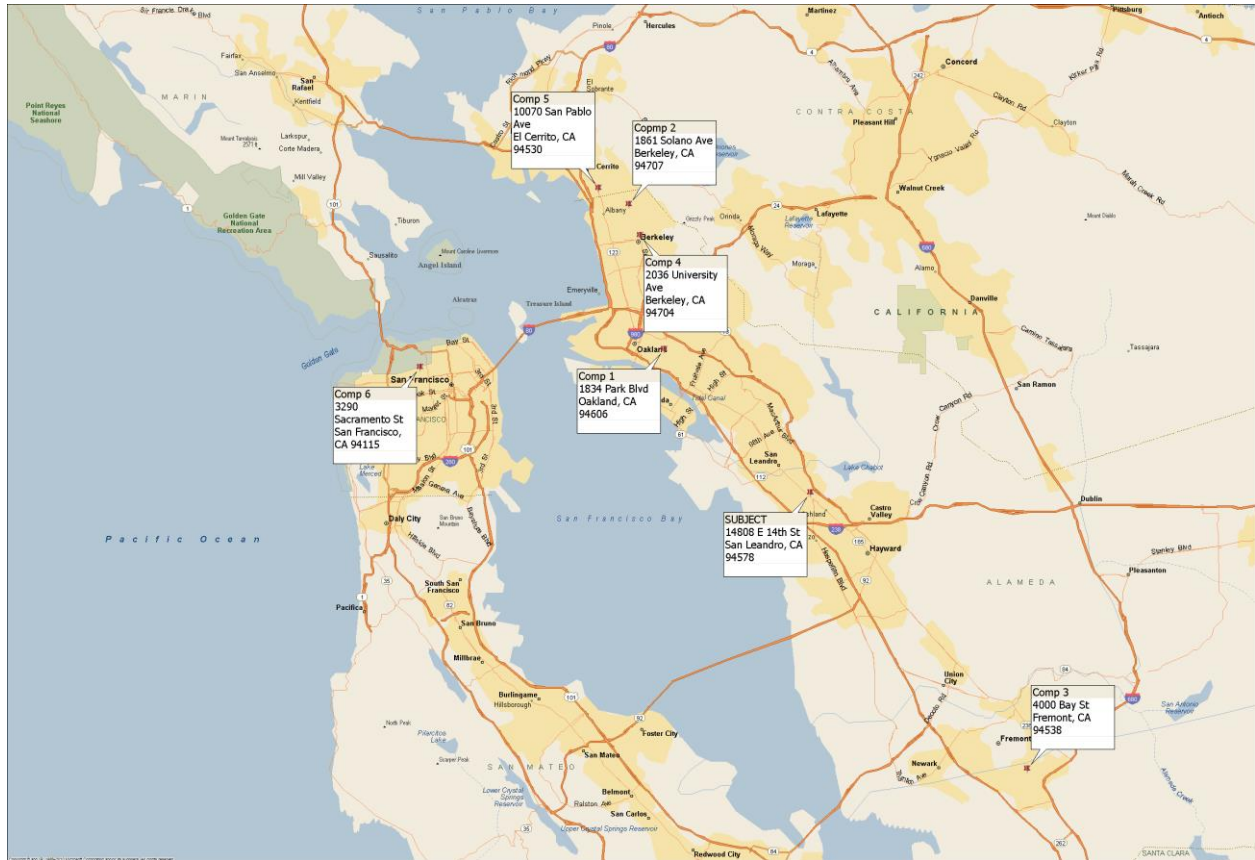


SALE COMPARABLE 5



SALE COMPARABLE 6

MAP OF RENT COMPARABLES



Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.

RENT COMPARABLE PHOTOGRAPHS



SALE COMPARABLE 1



SALE COMPARABLE 2

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.



SALE COMPARABLE 3



SALE COMPARABLE 4

Real Estate Appraised: BAL Theatre, 14808 East 14th Street, San Leandro, Calif.



SALE COMPARABLE 5



SALE COMPARABLE 6

The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Oakland, CA (Fiscal Year 2010)

Direct Economic Activity	Arts and Culture Organizations	+	Arts and Culture Audiences	=	Total Industry Expenditures
Total Industry Expenditures	\$31,655,035		\$22,017,486		\$53,672,521

Spending by Arts and Culture Organizations and Their Audiences Supports Jobs and Generates Government Revenue

Total Economic Impact of Expenditures (Direct & Indirect Impacts Combined)	Economic Impact of Organizations	+	Economic Impact of Audiences	=	Total Economic Impact
Full-Time Equivalent (FTE) Jobs Supported	1,182		481		1,663
Household Income Paid to Residents	\$30,371,000		\$13,114,000		\$43,485,000
Revenue Generated to <u>Local</u> Government	\$1,452,000		\$1,345,000		\$2,797,000
Revenue Generated to <u>State</u> Government	\$1,591,000		\$1,357,000		\$2,948,000

Event-Related Spending by Arts and Culture Audiences Totaled \$22 million (excluding the cost of admission)

Attendance to Arts and Culture Events	Resident* Attendees	+	Non-Resident* Attendees	=	All Cultural Audiences
Total Attendance to Arts and Culture Events	730,690		266,159		996,849
Percentage of Total Attendance	73.3%		26.7%		100%
Average Event-Related Spending Per Person	\$19.62		\$28.86		\$22.09
Total Event-Related Expenditures	\$14,336,138		\$7,681,348		\$22,017,486

Nonprofit Arts and Culture Event Attendees Spend an Average of \$22.09 Per Person (excluding the cost of admission)

Category of Event-Related Expenditure	Resident* Attendees	Non-Resident* Attendees	All Cultural Audiences
Meals and Refreshments	\$10.15	\$10.80	\$10.32
Souvenirs and Gifts	\$4.33	\$3.47	\$4.10
Ground Transportation	\$2.04	\$2.53	\$2.17
Overnight Lodging (one night only)	\$0.26	\$8.87	\$2.57
Other/Miscellaneous	\$2.84	\$3.19	\$2.93
Average Event-Related Spending Per Person	\$19.62	\$28.86	\$22.09

* For the purpose of this study, residents are attendees who live within Alameda County; non-residents live outside that area.

Source: *Arts & Economic Prosperity IV: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Oakland*. For more information about this study or about other cultural initiatives in the City of Oakland, visit the City of Oakland Cultural Arts & Marketing Division's web site at www.oaklandarts.org.

Copyright 2012 by Americans for the Arts (www.AmericansForTheArts.org).

About This Study

The *Arts & Economic Prosperity IV* study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 182 communities and regions (139 cities and counties, 31 multi-city or multi-county regions, and ten states, and two individual arts districts)—representing all 50 U.S. states and the District of Columbia. The diverse communities range in population (1,600 to more than 3 million) and type (rural to urban). The project economists, from the Georgia Institute of Technology, customized input-output analysis models for each participating study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry—specifically (1) full-time equivalent jobs, (2) household income, and (3) local and (4) state government revenue.

Surveys of Nonprofit Arts and Culture ORGANIZATIONS

Each of the 182 study regions attempted to identify its comprehensive universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) coding system, a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. In addition, the study partners were encouraged to include other types of eligible organizations if they play a substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, and media arts. These include government-owned or government-operated cultural facilities and institutions, municipal arts agencies and councils, private community arts organizations, unincorporated arts groups, living collections (such as zoos, aquariums, and botanical gardens), university presenters, and arts programs that are embedded under the umbrella of a non-arts organization or facility (such as a community center or church). In short, if it displays the characteristics of a nonprofit arts and culture organization, it is included. *For-profit businesses (e.g., Broadway and motion picture theaters) and individual artists were excluded from this study.*

Nationally, detailed information was collected from 9,721 eligible organizations about their fiscal year 2010 expenditures in more than 40 expenditure categories (e.g., labor, local and non-local artists, operations, materials, facilities, and asset acquisition), as well as about their event attendance. Response rates for the 182 communities averaged 43.2 percent and ranged from 5.3 percent to 100 percent. It is important to note that each study region's results are based solely on the actual survey data collected. No estimates have been made to account for non-respondents. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

In the City of Oakland, 53 of the approximately 271 total eligible nonprofit arts and culture organizations identified by the City of Oakland Cultural Arts & Marketing Division participated in this study—an overall participation rate of 20 percent. The organizations that participated are listed below:

Active Arts Theatre for Young Audiences DBA Bay Area Children's Theatre; Alameda County Arts Commission; ALICE: Arts and Literacy in Children's Education; API Center; Attitudinal Healing Connection; AXIS Dance Company; Bay Area Girls Rock Camp; Body Wisdom, Inc.; California Revels; Cantare Con Vivo; CCA Center for Art and Public Life; Circus Bella; Civicorps Schools; Creative Growth Art Center; Crosspulse, Inc.; Destiny Arts Center; Diamano Coura West African Dance Company; Dimensions Dance Theater; East Bay Agency for Children; East Bay Children's Theatre, Inc.; East Bay Performing Arts/Oakland East Bay Symphony; Eastside Arts Alliance; Friends of Peralta Hacienda Historical Park; Higher Gliffs/Community Rejuvenation Project; Junior Center of Art and Science; Kitka, Inc.; Living Jazz, Inc (formerly Rhythmic Concepts); Museum of Children's Art; Music Is Extraordinary/Oakland Public Conservatory of Music; Navarrete x Kajiyama Dance Theater; Oakland Asian Cultural Center; Oakland Ballet Company; Oakland Dance Inc; Oakland Digital Arts and Literacy Center, Inc.; Oakland Interfaith Gospel Choir; Oakland Leaf Foundation; Oakland Youth Chorus; Oakland Youth Orchestra; Oaktown Jazz Workshops; Opera Piccola; Peralta Parent Teacher Group; Prescott Circus Theatre; Prescott-Joseph Center for Community Enhancement; Pro Arts; Purple Silk Music Education Foundation Inc; Savage Jazz Dance Company; Sonic Harvest; Stagebridge; Teaching Artists Organized; Thingamajigs; Warrior Films; Youth Radio; Youth Uprising.

Surveys of Nonprofit Arts and Culture AUDIENCES

Audience-intercept surveying, a common and accepted research method, was conducted in all 182 of the study regions to measure event-related spending by nonprofit arts and culture audiences. Patrons were asked to complete a short survey while attending an event. Nationally, a total of 151,802 valid and usable attendees completed the survey for an average of 834 surveys per study region. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data were collected throughout 2011 (to guard against seasonal spikes or drop-offs in attendance) as well as at a broad range of both paid and free events (a night at the opera will typically yield more spending than a weekend children's theater production or a free community music festival, for example). The survey respondents provided information about the entire party with whom they were attending the event. With an overall average travel party size of 2.69 people, these data actually represent the spending patterns of more than 408,000 attendees, significantly increasing the reliability of the data.

In the City of Oakland, a total of 258 valid and usable audience-intercept surveys were collected from attendees to nonprofit arts and culture performances, events, and exhibitions during 2011.

Studying Economic Impact Using Input-Output Analysis

To derive the most reliable economic impact data, input-output analysis is used to measure the impact of expenditures by nonprofit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. They trace how many times a dollar is re-spent within the local economy before it leaks out, and it quantifies the economic impact of each round of spending. This form of economic analysis is well suited for this study because it can be customized specifically to each study region. To complete the analysis for the City of Oakland, project economists customized an input-output model based on the local dollar flow between 533 finely detailed industries within the economy of Alameda County. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.

[PART II—BASE DISTRICT REGULATIONS](#)[Article 6 Commercial and Professional Districts](#)[Division 1. Use Regulations](#)**2-628 SA-1 District—Use Regulations**

A. SA-1 District—Permitted Uses.

The following uses are allowed in the SA-1 District, and a conditional use permit is not required, for tenant spaces up to twenty-five thousand (25,000) square feet. Spaces in excess of twenty-five thousand (25,000) square feet can be allowed through the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

1. Accessory uses, other than entertainment events, when in conjunction with a permitted use.
2. Animal Sales.
3. Artists' Studios.
4. Brewpubs.
5. Business and Trade Schools.
6. Business Services.
7. Cafés.
8. Communications Facilities.
9. Financial Institutions, Retail.
10. Government Offices.
11. Health and Fitness Centers.
12. Instruction and Improvement Services.
13. Medical Supply Stores.
14. Neighborhood/Specialty Food Markets.
15. Offices, Business and Professional.
16. Pharmacies.
17. Restaurants, Full-Service.
18. Retail Sales.
19. Retail Services.
20. Travel Services.
21. Utilities, Minor.

B. SA-1 District—Permitted Hours of Operation.

The operation of a permitted use in the SA-1 District between the hours of 10:00 p.m. and 7:00 a.m. is subject to approval of a conditional use permit.

C. SA-1 District—Conditionally Permitted Uses.

The following uses are allowed in the SA-1 District, subject to the approval of a conditional use permit. (Certain uses are subject to special requirements and/or limitations, as prescribed following the individual use classification.)

1. Accessory uses, other than entertainment events, when in conjunction with a conditionally permitted use.
2. Animal Grooming.
3. Animal Hospitals.

4. Bars.
5. Bed and Breakfast Inns. (Subject to the regulations of Section 4-1674: Bed and Breakfast Inns.)
6. Beer and Wine Stores. (Beer and wine stores shall not be located within one thousand (1,000) feet of a site occupied by a public or private school, park, library, or recreational facilities, and no exterior vending machines shall be permitted. Beer and wine stores may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses. A pre-existing beer and wine store shall not be deemed a nonconforming use solely due to non-compliance with the one thousand (1,000) foot minimum distance requirement.)
7. Billiard Parlors.
8. Coin-Op Laundry and Dry Cleaning Businesses.
9. Commercial Recreation.
10. Convalescent Facilities.
11. Cultural Institutions.
12. Dance Clubs.
13. Department Store.
14. Drive-Up Facility.
15. Emergency Health Care.
16. Entertainment Events. (Entertainment events, when provided either as a primary use or as an accessory use to permitted and conditionally permitted uses, require use permit approval.)
17. Farmers' Market.
18. Fast Food Establishments, Large Scale.
19. Financial Institutions, Check Cashing and Personal Loans. (Financial institutions, personal loan services uses shall not be located within one thousand five hundred (1,500) feet from other financial institutions, personal loan services uses. Financial institutions, personal loan services uses may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses.)
20. Fortunetelling Establishments.
21. Furniture, Electronic and Appliance Sales.
22. Game Centers.
23. Group Housing.
24. Home Improvement and Interior Decoration.
25. Hospitals.
26. Hotels, Motels, and Time-Share Facilities.
27. Laboratories.
28. Maintenance and Repair Services.
29. Multi-Family Residential. (For sites twenty-five thousand (25,000) square feet or larger, and on ground floor next to East 14th Street.)
30. Massage Therapy.
31. Park and Recreation Facilities.
32. Parking Lot.
33. Public Safety Facilities.
34. Residential Hotels.
35. Schools, Public or Private.
36. Secondhand Sales.
37. Social Service Facilities.
38. Telecommunications, New Monopoles and Towers. (Subject to the regulations of Section 4-1686: Wireless Telecommunications Facilities.)
39. Theaters.
40. Tobacconist/Cigarette Stores (Tobacconist/cigarette stores shall not be located within one thousand five hundred (1,500) feet of a site occupied by a public or private school, park, library, or recreational facilities, or of other tobacconist/cigarette stores, and no exterior vending machines shall be permitted. Tobacconist/cigarette stores may be operated only between the hours of 6:00 a.m. and 10:00 p.m. unless longer hours are allowed with the approval of a conditional use permit, with a finding that the extended hours would not have an adverse effect on neighboring uses.)

41. Utilities, Major.
42. Vehicle/Equipment Repair, Limited.

D. SA-1 District—Uses Requiring Administrative Review.

The following uses are allowed in the SA-1 District, subject to the approval of an Administrative Review by the Zoning Enforcement Official, as per the requirements of Article 21.

1. Automatic Teller Machine.
2. Catering Services.
3. Community Gardens.
4. Day Care, General.
5. Drugstores.
6. Fast Food Establishment, Small Scale.
7. Live-Work.
8. Mixed-Use Residential.
9. Multi-Family Residential (for sites twenty-five thousand (25,000) square feet or less).
10. Recycling Facilities, Bulk Reverse Vending Machine. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
11. Recycling Facilities, Single-Feed Reverse Vending Machine. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
12. Recycling Facilities, Small Collection. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
13. Recycling Facilities, Large Collection. (Subject to the regulations of Section 4-1646: Recycling Facilities.)
14. Supermarkets.
15. Telecommunications, Architecturally-Integrated Antennas and/or Co-Locations on Existing Tower Structures. (Subject to the regulations of Section 4-1686: Wireless Telecommunications Facilities.)
16. Theaters, Small Scale.
17. Two-Family Residential.

E. SA-1 District—Temporary Uses Requiring Administrative Review.

The following temporary uses are allowed in the SA-1 District, subject to the regulations of Section 5-2222: Temporary Use Permits.

1. Christmas Tree and Pumpkin Sales.
2. Circuses and Carnivals.
3. Commercial Filming.
4. Real Estate Offices, Temporary.
5. Retail Sales, Outdoor.
6. Storage Containers, Temporary.
7. Street or Neighborhood Fairs.
8. Trade Fairs. (Ord. 2015-11 § 4; Ord. 2014-011 § 2; Ord. 2004-009 § 1; Ord. 2004-007 § 3)

Matthew D. Watson, MAI
The Schmidt-Prescott Group, Inc.

Valuation Consulting & Appraisal

California Certified General Real Estate Appraiser No. AG040050

2010 North First Street, Suite 390, San Jose CA 95131

Phone: (408) 255-6840 ext. 316 Fax: (408) 255-1788 Cell: (408) 218-1118

Email: mwatson@valuationconsultant.net

Mr. Watson has been appraising proposed and existing commercial, industrial, residential, and special purpose properties for over 15 years. He achieved the Appraisal Institute's MAI designation in October 2016. He has furthered his appraisal knowledge by attending appraisal classes and seminars offered by The Appraisal Institute, including the past 14 Fall Conferences put on by the Appraisal Institute's Northern California Chapter. Past appraisal/valuation work include fee simple, leased fee, leasehold, and easement appraisals of improved properties and/or land for: schools; service stations; office buildings; warehouses; industrial; R&D buildings; apartment complexes; shopping centers; big-box retail; restaurants; mixed-use; auto-related uses; manufactured housing communities; agriculture; ranchland; courthouse; data center; parking garages; historic properties; residential and commercial condominiums; attached and detached single family dwellings, including residential subdivisions; and land development projects. He has also provided services to property owners and various agencies for right-of-way and open space acquisitions.

Education

B.S. Electrical Engineering

University of California
Santa Barbara, California, 2001

Appraisal & Real Estate Classes & Seminars Sponsored by The Appraisal Institute

Advanced Concepts & Case Studies

General Applications

General Market Analysis & Highest and Best Use

Business Practices & Ethics

Advanced Sales Comparison & Cost Approaches

Advanced Income Capitalization

2016-2017 7-Hour National USPAP Update Course

Basic Appraisal Procedures

General Appraiser Report Writing & Case Studies

General Demonstration Report Writing

Spring Litigation Conference 2011, 2012, 2013, 2014, 2015, 2016

Federal & California Statutory and Regulatory Laws

General Demonstration Report—Capstone Program

Matthew D. Watson, MAI
The Schmidt-Prescott Group, Inc.

Work Experience

Since January 2002:

Appraiser

The Schmidt-Prescott Group, Inc.
Fremont and San Jose, California

Professional Affiliations

- **California Certified General Real Estate Appraiser No. AG040050**
- **MAI Designated Member of the Appraisal Institute**
- **Candidate Guidance Chair—Northern California Chapter of the Appraisal Institute**

Partial List of Clients Served

Agencies, Districts, and Non-Profits

County of Santa Clara Facilities & Fleet Dept.	City of Fremont
County of Santa Clara Roads & Airports Dept.	City of Mountain View
County of Santa Clara Parks & Recreation	The Salvation Army
Santa Clara Valley Water District	General Services Administration
Great Oaks Water Company	County of Marin
Santa Clara Valley Transportation Authority	City of San Leandro
City of Santa Clara	City of Santa Clara Parks Dept.
City of San Jose	Peninsula Open Space Trust
City of Hayward	Open Space Authority
Caltrans	

Attorneys and Other Professionals

Abbott, Stringham & Lynch, CPAs	Michael Thornton, Esq.
Ansel D Kinney, Atty.	Glenn L. Block, Atty
Maureen O'Connell, Attorney at Law	Robert Christopher, Atty
Frank A Jelinch, Atty	Sheppard, Mullin, Richter, Hampton
Weaver & Co., CPA	Bay Wealth Legal Group
Carr, McClellan, Ingersoll, Thompson, & Horn	Ramsbacher Prokey
Law Office of Victor M. Castro	Ferrari, Ottoboni, Caputo, & Wunderling
Flicker, Kerin, Kruger & Bissada LLP	

Matthew D. Watson, MAI
The Schmidt-Prescott Group, Inc.

Individuals, Trusts, Partnerships, Corporations, and Insurance & Title Companies

WealthPLAN	Fidelity National Title Group
The Estate of Jack P. Boyto	Kim Spare
Ronco Properties, Ltd.	Twin Creeks
Universal Field Services, Inc.	Brian Horner, Milpitas RV Storage
Carden Day School	Goetschi Administration Trust
Martin Reed	Gregory Grey Trust
Messina Trust	Marshall Squares
Sandy Rehki	Young He Kim
Dorritt Saviers	Peggy Galeb
Roger Ver	Acranet
Fujitsu Management Services of America, Inc.	Weaver Land Corp.
Warm Springs Owner's Association	Pursley Properties
Mrs. A.J. Callo	Community Solutions
Steven Faro	Janet Vertin
Bruce J Smith	Community Gatepath
E.G. Lindsey Trust	Silicon Microstructures, Inc.
Don Goldman & Hassan Ebrahimi-Nuyken	Kenneth Lewis
Allan McLeod	Bellarmino College Prep

Lenders

Community Banks of Colorado	Comerica Bank
Cathay Bank	Pacific Capital Bancorp
Focus Business Bank	Heritage Bank of Commerce
Chanea Investments, Inc.	Bridge Bank
Technology Credit Union	Union Bank of the West
Bank of East Asia	Fremont Bank
United Commercial Bank	First Republic Bank
Citibank, N.A.	Wells Fargo RETECHS
Commerce Trust Company	Community Banks of Northern Calif.
Banco Popular North America	Umpqua Bank

Updated – August 2017

WAYNE F. PRESCOTT, MBA, MAI, CCIM
The Schmidt-Prescott Group, Inc.

Valuation Consulting, Real Property Appraisal, Forensic Appraisal, Expert Testimony
State Certified General Appraiser, License No. AG001533; Licensed Real Estate Broker, BRE No. 01012456
MAI Member of the Appraisal Institute, No. 10263, CCIM Member of the CCIM Institute, No. 7817
2010 North First Street, Suite 390, San Jose CA 95131
Phone: (408)255-6840 ext. 315 Cell: (408)891-1956 Fax: (408)255-1788
Email: wprescott@valuationconsultant.net

Mr. Prescott has been appraising proposed and existing commercial, industrial, and residential property since 1985. Past work includes improved properties and/or land for office buildings, warehouses, industrial and R & D buildings, apartment complexes, mobile home parks, self-storage facilities, auto dealerships, service station and fast food sites, agricultural, ranch and conservation land, attached and detached single family dwellings, residential and commercial condominiums, cooperatives, and commercial & residential land development projects; easement valuation; rent surveys. **Experienced expert witness in land valuation, easements, eminent domain, construction defects, subdivision analysis, retail centers, and standard of care for appraisers (about 50/50 for the defense and plaintiff).** Appraising for government agencies, lenders, attorneys, accountants, corporations, and individuals for eminent domain, estate planning, mortgage lending, litigation support, construction defects, partnership disputes, lease negotiation, mis-management, fire damage, earth movement, gifting, taxation, subdivision, investment, collateralization, purchase, and sale. He is a trained mediator, specializing in property dispute resolution. 12 years prior experience in the industrial property insurance industry as a loss prevention engineer, underwriter, account exec, and broker.

Education

M.B.A. Degree:
Conferred with Distinction
Bachelor of Science in Mechanical Engineering:

New York Institute of Technology
New York, New York
Tufts University
Medford, Massachusetts

Work Experience

Since February 1994	Principal in The Schmidt-Prescott Group, Inc.
October 1992:	Assistant Vice President, Union Bank Commercial Appraisal Dept., Oakland, California
May 1990:	Real Estate Appraiser and Consultant Urban Land Research, Campbell, California
July 1989:	Independent Real Estate Appraiser San Jose, California
February 1987:	Residential and Income Property Appraiser S. F. Federal Savings & Loan Association, San Francisco, California
Dec. 1985:	Residential Appraiser, Subdivision Appraisal Services San Jose, California
Relevant Prior Experience:	12 years in industrial property insurance as an industrial loss prevention engineer, underwriter, and account executive

Expert Witness Testimony

Qualified as **Expert Witness** in Federal Bankruptcy Court, Federal District Court, and Superior Courts of Santa Clara, Alameda, and Santa Cruz Counties; American Arbitration Association

Professional Affiliations

Licensed as:	Certified General R.E. Appraiser, State of California, AG001533
Licensed as:	Real Estate Broker, State of California, #1012456
Memberships in:	
Appraisal Institute (MAI Member)	National Association of Realtors
CCIM Institute (CCIM Member)	Santa Clara County Association of Realtors
International Right-of-Way Association	California Association of Realtors

WAYNE F. PRESCOTT, MBA, MAI, CCIM
The Schmidt-Prescott Group, Inc.

Specialized Appraisal and Real Estate Education (Courses, Seminars, and Workshops) Sponsored by the Appraisal Institute, CLE, International Right-of-Way Association, and the CCIM Institute

The Appraiser as Expert Witness	Highest and Best Use and Market Analysis
Eminent Domain Law Basics for Right-of-Way Professionals	Business Value in Real Estate Appraisal
Valuation of Goodwill Loss Under Eminent Domain Law	Working with Consultants
Defending and Attacking an Appraisal in Litigation	Report Writing & Valuation Analysis
Appraisal Practices for Litigation	Case Studies in Real Estate Appraisal
Appraising for Tax Appeals	Capitalization Theory and Techniques
Appraising Environmentally Impaired Properties	Uniform Standards of Professional Practice
Appraising for Eminent Domain	Electromagnetic Fields and Their Effect on Value
The Appraisal of Undivided Minority Interests	Principles of Appraisal
Financial Analysis for Commercial Investment R. E.	Market Analysis for Commercial Investment R. E.
Decision Analysis for Commercial Investment Real Estate	Residential Valuation
California Condemnation Process	Appraising for Ad Valorem Tax Purposes
Uniform Appraisal Standards for Federal Land Acquisitions (<i>Yellow Book</i>)	Mello-Roos Bond Seminar
The Appraisal of Partial Acquisitions	Rates, Ratios, and Reasonableness
Estimating Loss in Value	Conservation Easement
Subdivision Valuation	Condemnation Appraisal Principals and Applications
Real Estate and Business Valuations in Gift and Estate Planning	Negotiating Leases
Fundamentals of Separating Real, Personal Property, and Business Assets	Carbon, Climate, and California Policy
California Water Policy	

Partial List of Clients Served

Agencies, Districts, and Non-Profits

U.S. General Services Adm.	Santa Clara Valley Water District	Consul General de Mexico
Internal Revenue Service	Santa Clara County Parks and Recreation	Oakland Police Officers Association
City of Gilroy	Union Sanitary District	Bay Area Community Services
City of Palo Alto	U.S. Postal Service	Gardner Health System
City of Santa Clara	U.S. Small Business Administration	Dominican Sisters of Oakford
City of Santa Cruz	Santa Clara University	Masonic Homes
City of San Leandro	University of CA, Berkeley	Salvation Army
City of Watsonville	California State University – East Bay	Sisters of Mercy
County of Santa Clara	UC Berkeley Foundation	YMCA of Santa Clara County
Valley Transportation Authority	San Benito County Council of Gvnmnts.	InnVision
City of Alameda	Richmond Housing Authority	Valley Christian School
FDIC	Silicon Valley Power/City of Santa Clara	Milpitas Unified School District
County of Marin	Mid-Peninsula Regional Open Space Distr	City of Mountain View
Santa Clara Valley Habitat Agency	City of San Jose	City of Fremont
City of Cupertino		

Attorneys and Other Professionals

Abbott, Stringham & Lynch	Binder & Malter	Law Offices of Frank Clohan
Jerome Galli, Esq.	Bishop, Barry, Howe, Haney	Donald Field, Esq
Pasquale Anastasi, Atty	& Ryder	Flinn, Matzger & Melnick
Paul B. Andrew, Atty	Boitano, Sargent & Lilly	Roy Fukamura, CPA
Lage Andersen, Atty	John Boone, Atty	John Fukasawa, Atty
Cheryl Glen Anderson, Esq.	Cal-Western Property Management	Ronald Galasi, Esq.
Anker, Reed, Hymes, Schreiber	Carr, McClellan, Ingersoll,	Galligan, Thompson, & Flocus, LLP
& Cohen	Thompson & Horn	Diana Gendotti, Atty
Boornazian, Jensen & Garth	Caulfield, Davies & Donahue	Dan Gerald, Esq.

WAYNE F. PRESCOTT, MBA, MAI, CCIM
The Schmidt-Prescott Group, Inc.

Attorneys and Other Professionals (Continued)

Berding & Weil, LLP	McManus, Faulkner & Morgan	Thomas Reese, Esq.
David Gonden, Esq.	Charles Cummins, Esq.	Ramsbacher-Prokey Leonard LLP
Grant & Gordon LLP	Berliner Cohen	Bell, McAndrews & Hiltach
Eminent Domain Law Group	Bancroft & McAlister	Cochran, Shelton & Durket
Alan A. Hemstad, CPA	David Melnick, Atty	Alfred Reuter, CPA
Hoge Fenton Jones & Appel	Adam Miller, Esq.	Reynolds Price Casas & Riley
Holland & Knight	Miller Morton Caillet & Nevis	James Rowan, Atty
Hopkins & Carley	Chuck Mollet, CPA	Ruby & Schofield
Husch & Eppenberger, LLC	Murphy Logan Bardwell & Loomis	Charles Sabas, Atty
Ireland San Filippo	Murphy, Pearson, Bradley & Feeney	John Sears, Esq.
Joseph Ippolito, CPA	Krsto Mijanovic, Attorney	John Sears, CPA
	Haight Brown Bonesteel	
Perry Irvine, Esq.	William Norman, Cooper, White	Silicon Valley Law Group
William Jung, AIA	& Cooper	William Soskin, Atty
Johnson & Uhrhammer	Nossaman Guthner Knox Elliot LLP	James Sweeney, Atty
Lanahan & Reilly	Law Offices of Maureen O'Connell	TASA
Terry Lanier, CPA	Olimpia, Whelan & Lively	Michael Thornton, Nossaman LLC
Leland, Parachini, Steinberg	Ferrari-Ottoboni	Triangle Economic Research
Paul Loomis, Esq.	Phahl & Hunt Accountancy	Daniel P. Trump, Atty
Maemura & Company, CPA'S	Steven Piser, Atty	Valley Law Center
Malcolm, Cisneros & Howser	Edward Polson, Atty	Gary Vandeweghe, Esq.
Margaret Schrenk, Atty	John Poppin, Esq.	Bernard Vogel, Jr., Atty
Mark Thomas & Company	Harry Price, Esq	Wealthplan/Francis B. Doyle, Esq.
Mastagni, Holstedt, Amick,	Sagaria Law PC	Kathy Wood & Associates
Miller, Kaplan & Sam	Pritchard & Kay	Wulff Quinby Sochynsky
Mateonni O'Laughlin &	Quillinan & Luce, LLP	Michael Zecher, Atty
Wylie, McBride, Platten & Renner	Law Offices of Helene Taylor	Brian Shetler, Atty
Segal & Kirby	Fotouhi Epps Hillger Gilroy & Mau	James Pegano, Esq.
Klinedinst Attorneys at Law	Fagen Friedman & Fullfrost LLP	Lynch & Schupe, LLP
Boornazian, Jensen & Garthe	Murphy & Everts	Porter Scott, Sacramento
Haight Brown and Bonesteel LLP	Law Offices of John M. Gregory	Law Offices of Clay Gregory

Individuals, Trusts, Partnerships, Corporations, and Insurance & Title Companies

Mozart Development	Raynes, Melton & Carella	Meyer Crest Hotels
Allied Signal Corporation	Alpha H. Rogers Trust	Ethos Investment Group
Mirassou Vineyards	Pulte Homes	Ross Engineering Corporation
Mektec Corporation	Christopher Ranch	Dan Caputo Company
Romic Environmental	Markovitz & Fox	San Jose Water Company
Groth Family Trust	Clairidge's, Ltd.	Greyland Properties
McQuaid Family Trust	Cupertino Industrial Associates	Hilltop Nissan
Modern Ice & Cold Storage	Jay Paul Companies	International Order of Oddfellows
Pacific Gas & Electric	Sonic Automotive, Inc	Zappattini Investment Company
Mark Thomas & Company, Inc.	Culligan Property Management	North American Title Company
Carden Day School	Sizzler, USA	WTI Inc.
Airdrome Orchards	Makita USA	Hilltop Toyota
DeAnza Properties	Levin Family Trust	R & T Nursery
Associated Right of Way Services	Pear Trust/Matthew Pear	Hacienda Supermarkets
Universal Field Services	Brown & Caldwell	Paulsen Trust
Marshall Squares	Olin Corporation	Thomas Frankel & Company
Brian Horner/Milpitas RV Stge	Peck & Hiller	Ruth & Going
J. Lohr Winery	Manpower, Inc.	Springer Collision Centers
Alano Club	Messina Trust	Allergen
Minkel Family Trust	Gallagher Insurance Services	Dr. Rahnea Sunseri
Fidelity National Title Company	Fujitsu America	Philadelphia Indemnity Ins. Co.

WAYNE F. PRESCOTT, MBA, MAI, CCIM
The Schmidt-Prescott Group, Inc.

Lenders

Bank of America	Fremont Bank	Union Bank
Bank of Santa Clara	Pacific Capital Bank	Washington Mutual
Bank of Walnut Creek	Heritage Bank	Wells Fargo Bank
Borel Bank	Imperial Bank	Wells Fargo Bank, Trust Dept.
Bridge Bank	Metro Bank	Crown Life Insurance Company
Cathay Bank	Mid-Peninsula Bank	New England Mutual Life Ins. Company
Citibank	Monterey Bay Bank	Principal Mutual Insurance Company
Civic Bank	Northern Trust	Old Standard Life Ins. Company
Comerica Bank	San Jose National Bank	E.S. Merriman and Sons
Cupertino National Bank	Technology Credit Union	GNA Corporation
Farmers & Merchants Bank	Tri-Counties Bank	Newmark Realty Capital
First Republic Bank	U.S. Bankcorp	Community Banks of Colorado
Focus Business Bank	United Commercial Bank	Global Trust Bank
Bay Commercial Bank	1 st Foundation Bank	Blackburne & Sons Realty Capital Corp.
Bank Midwest	Santa Barbara Savings & Loan	

Real Estate and Appraisal Community Activities

Chair, Spring Litigation Conference, San Francisco Bay Area Chapter of the Appraisal Institute 2011
Assessment Appeals Board I, Santa Clara County, appointed in November 2010
Member, Nomination Committee, San Francisco Bay Area Chapter of the Appraisal Institute 2010, 2015
Membership Chair, International Right-of-Way Association Chapter 2, San Francisco, 2008-2010
Membership Chair, International Right-of-Way Association Chapter 42, San Jose, 2005-2009
Member, Fall Conference Committee, '04-'10, '12-'14 -S. F. Bay Area Chapter of the Appraisal Institute
President, International Right-of-Way Association Chapter 42, San Jose, 2002
Vice President and Education Chair, International Right-of-Way Association Ch. 42, San Jose, 2001
Member, Professional Standards Committee, Appraisal Institute, 1997-2001
San Jose Real Estate Board, Arbitration and Professional Standards Committee, 1997-2000
Director, San Francisco Bay Area Chapter of the Appraisal Institute, 1997-99
Board of Directors, Northern California Commercial Association of Realtors, 1997-98
Chair, Ethics and Standards Committee, Northern California Commercial Assoc. of Realtors, 97-98
Editor, *Focus Appraisal Newsletter*, 1995; Editor, *Fault Lines* IR/WA Newsletter, 1996
Member, *Wall Street Journal* Research Panel, 2011+

Speaking Engagements

Moderator and Session Developer "Bay Area Retail Market Update", AI Fall Conference, 2009, 2010
Moderator and Session Co-Developer "Fee (Not So) Simple" AI Fall Conference, 2013
Real Property Litigation Support and Expert Testimony, Presented to
the Paralegal Association of Santa Clara County, May 18, 2006

Updated: July 2016