



October 31, 2017

**Mr. Claude McFerguson**  
**Director of Transportation**  
**City of Commerce Transportation Department**  
5555 Jillson Street  
Commerce, CA 90040

**Regarding:** Proposal for the appraisal services for the three properties all located in Commerce, California

**Dear Mr. McFerguson:**

This letter confirms the details of your request of a proposal for an appraisal assignment to determine the market value of the properties referenced below.. Details concerning the fee, timing, scope of work, etc are discussed below. Please request clarification if there are details that appear different from previous correspondence.

Address	Property Type	Interest Appraised
1. 5476 & 5530 Jillson St., Commerce	Vacant Land	Fee Simple
2. 2500 S. Eastern Ave & 5571 E. Washington Blvd., Commerce	Vacant Land	Fee Simple
3. 5611 E. Washington Blvd & 5600 Jillson St., Commerce	Industrial	Leased Fee

Properties 1 and 2 are improved parking lots. For valuation purposes, these will be considered vacant land as long as there are no long-term lease encumbrances. We will employ the Sales Comparison Approach to value assuming they would be acquired by one or more developers intending to construct buildings for their respective highest and best uses. The comparable sales to be considered will be transactions involving vacant and/or redevelopment land in Commerce and the surrounding relevant market areas. If the parking on these properties generates income, we will account for the potential value of any rental income during the typical holding period while entitlements and permits are acquired.

Property 3 appears is a tenant occupied industrial building with parking in the rear. The valuation of this property will require at a minimum the Income and Sales Comparison Approaches to value. The comparables considered will be sale and lease transactions of buildings with similar utility and use potential.

#### **PARTIES TO PROPOSAL**

**Client:**

Claude McFerguson, Director of Transportation  
City of Commerce Transportation Department  
5555 Jillson Street  
Commerce, CA 90040  
323-887-4419

ClaudeM@ci.commerce.ca.us

**Provider:**

Stephen P. Rethmeier  
Syn-Mar Associates ("Syn-Mar")  
1740 West Katella Avenue, Suite X  
Orange, CA 92867  
714-692-6955  
714-692-6960 (fax)  
steve@syn-mar.com

## ANTICIPATED SCOPE OF WORK

The problem to be solved (the purpose of the appraisal) is to estimate the current 'As Is' market value. The interest appraised will be fee simple and leased fee.

The intended use of the appraisal is to inform and facilitate the city's negotiations with regard to the potential acquisition of the properties. This report will not be used in conjunction with a loan.

The client and intended user of the appraisal is Mr. Claude McFerguson, and/or his assignees.

Syn-Mar will prepare an appraisal report as defined in the Uniform Standards of Professional Appraisal Practice (USPAP), which will include photographs of the subject property(s), brief descriptions of the site and improvements, a description of the zoning, a highest and best use conclusion, a summary of the most important comparable data used in our valuation, a reconciliation and conclusion, a map illustrating the comparables in relationship to the subject property, and other data deemed by the Syn-Mar to be relevant to the assignment for a credible result. Pertinent data and analyses not included in the report may be retained in Syn-Mar's files. The appraisal will be prepared in compliance with the Uniform Standards of Professional Appraisal Practice as promulgated by The Appraisal Foundation.

The analysis and value conclusions will likely be presented in a single narrative Appraisal Report that will be prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP). However, we may determine separate reports are necessary for presentation and ease of readability purposes (unless you object). Nevertheless, the actual value analysis will be the same, regardless of whether they are presented in a single report or multiple reports.

## DEFINITION OF MARKET VALUE<sup>1</sup>

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

- (i) buyer and seller are typically motivated;
- (ii) both parties are well informed or well advised, and acting in what they consider their best interests;
- (iii) a reasonable time is allowed for exposure in the open market;
- (iv) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (v) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*NOTE: Please see the Definition Section in the Addenda for a complete list of relevant terms.*

The Assignment will also include the following:

An investigation of available market data for use in all applicable approaches to value.

An interior and exterior inspection of the subject properties.

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<sup>1</sup> 112 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994; Interagency Appraisal and Evaluation Guidelines, December 2, 2010.



Research of public records through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, locations, sizes, types of properties, and distances from the subject will start with relatively narrow constraints and, if necessary, be expanded until Syn-Mar has either retrieved data sufficient (in Syn-Mar's opinion) to estimate market value, or until Syn-Mar believes that he or she has reasonably exhausted the available pool of data.

Researched data will be viewed and, if found to be appropriate, efforts will be made to verify the data with persons directly involved in the transactions such as buyers, sellers, tenants, brokers, or agents. At Syn-Mar's discretion, some data will be used without personal verification if, in Syn-Mar's opinion, the data appear to be correct. In addition, Syn-Mar will consider any appropriate listings or properties found through observation during the data collection process. Syn-Mar will report only the data deemed to be pertinent to the valuation problem.

The Scope of Work will not include:

An investigation and analysis of any pertinent easements or restrictions on the leased fee/fee simple ownership of the subject properties.

A detailed analysis and discussion of the region and cities in which the properties are located.

Ascertaining the existence of any toxic waste or other contamination present on or off the site.

#### FEE

The fee will be \$6,500 and will be due upon delivery of the report. The fee set forth in this assignment will apply to the appraisal services rendered by Syn-Mar as set forth in this proposal. Unless otherwise specified herein, Syn-Mar's services for which the fees in this Proposal apply shall not include meetings with persons other than Client or Client's agents or professional advisors; appraiser's deposition(s) or testimony before judicial, arbitration or administrative tribunals; or any preparation associated with such depositions or testimony. Any additional services performed by Syn-Mar not set forth in this Proposal will be performed on terms and conditions set forth in an amendment to this Proposal, or in a separate proposal. If this is required, the cost could be based on our prevailing hourly rate of \$275/hour with a \$1,000 minimum per meeting.

#### TIMING

Provided that Client has performed Client's obligations set forth in this proposal, completion of the assignment will require approximately 3 weeks from the date of engagement. To the extent Client or Client's contractors or agents are delayed in completing Client's obligations set forth in this proposal, the estimated Date of Delivery or completion schedule shall be adjusted accordingly. The foregoing estimated Date of Delivery or completion schedule shall not constitute Syn-Mar's guarantee that the assignment will be completed within such time periods; provided, however, that Syn-Mar will use commercially reasonable efforts to complete the assignment on or before the Date of Delivery or pursuant to the completion schedule. In the event Syn-Mar is unable to complete the assignment within the time set forth herein, Syn-Mar shall provide Client with reasonable notice of any anticipated delays, and Syn-Mar and Client shall in good faith agree upon an alternative Date of Delivery or completion schedule.

#### DELIVERY FORMAT

The final appraisal report will be delivered to Client in a PDF format.

#### SUBMISSION ITEMS REQUESTED

In addition to this signed contract, please provide the following items marked with an "X" (if available).

Copy of any leases encumbering any of the properties (if applicable)	X
Property contact for access to the properties.	X



## PROPERTY CONTACT

The primary contact will be

Claude McFerguson, Director of Transportation – 323-887-4419 - [Director-Transportation@ci.commerce.ca.us](mailto:Director-Transportation@ci.commerce.ca.us)

## Additional Provisions

In the event that it becomes necessary to alter the parameters of the appraisal or if additional information is provided to Syn-Mar that should have been included in the initial package of submission items, or if new information becomes available to Client which needs to be considered and/or incorporated, additional charges may be required to account for added work. These changes, if necessary, will be based upon our per diem rates and will be discussed at that time. In addition, the estimate of time may need to be extended by an amount that is at least equal to the added work, and possibly by a longer period of time if the scope of these changes results in a conflict with the deadlines of other appraisal assignments. While this circumstance is rare, Syn-Mar appreciates your consideration.

The possession of the Appraisal Report, or any copy or portion thereof, by Client or any third party does not include or confer any rights of publication or redistribution of the Appraisal Report other than to such persons or entities identified in this proposal who shall be advised of Syn-Mar's rights under this proposal. All rights, title and interest in (1) any data gathered by Syn-Mar in the course of preparing the Appraisal Report (excluding any data furnished by or on behalf of Client) and (2) the content of the Appraisal Report prepared pursuant to this proposal shall be vested in Syn-Mar. Subject to the foregoing, Client shall have the right to possess a copy of the Appraisal Report and to disclose the report to Client's attorneys, accountants or other professional advisors in the course of Client's business affairs relating to the property that is the object of the Appraisal Report, provided that such attorneys, accountants or advisors are advised of Syn-Mar's rights under this proposal.

Syn-Mar will maintain the confidentiality of any Client information that is "Confidential Information" as defined in the Uniform Standards of Professional Appraisal Practice, using the same degree of care Syn-Mar uses in maintaining our own Confidential Information. Notwithstanding the foregoing, information or data will not be considered Client's "Confidential Information" unless such information or data is (1) first disclosed by Client in tangible form and is conspicuously marked "Confidential," "Proprietary" or words having similar meaning, or (2) first disclosed in intangible form and orally identified as "Confidential Information" at the time of disclosure and is subsequently summarized in tangible form conspicuously marked "Confidential" within 30 days of the original disclosure. "Confidential Information" shall not include (1) any information that is already in the possession of Syn-Mar and not subject to any duty of confidentiality; (2) information learned or deduced by Syn-Mar without any reference to Client's Confidential Information; (3) information in the public domain; or (4) information required to be disclosed by operation of law or judicial or administrative rule, regulation or subpoena.

The fee and timing quote specified in this proposal will remain valid for 7 days. Please call for a new quote and timing if the 7-day limit is exceeded.

We appreciate the opportunity to submit this proposal and look forward to working with you on the assignment.



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**Stephen P. Rethmeier, SCREA**  
**President**

**Date: October 31, 2017**

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**Oralia Y. Rebollo, Mayor**

**Date:**



### ***General Contingent and Limiting Conditions***

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

The liability of Syn-Mar Associates (The Appraiser), its employees, and subcontractors is limited to the client only. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limited conditions and assumptions of the assignment and related discussions. The appraiser(s) is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property: physically, financially, and/or legally.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. All files, work papers and documents developed in connection with this assignment are the property of Syn-Mar Associates. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part. No change of any item in the report shall be made by anyone other than the appraiser and/or officer of the firm. The appraiser and firm shall have no responsibility if any such unauthorized change is made.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

It is assumed that all information known to the client and relative to the valuation has been accurately furnished and that there are no undisclosed reports, leases, agreements, options, liens, or other encumbrances affecting the use or value of the subject property.

No responsibility is assumed for accuracy of information furnished by the work of or work by others, the client, his designee, or public records. Furthermore, no liability is assumed for such information or the work of possible subcontractors. Be advised that some of the people associated with our firm and possibly signing the report are independent contractors.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown from separate surveyor.

While the building size used herein is assumed to be correct, we cannot warrant its accuracy and assume no related liability. If there is a concern with respect to our conclusion of building size and the expectation of the client, borrower, or other market participant, we recommend a qualified individual (i.e., an architect) be engaged to measure the building based on current BOMA standards. If it is determined that the building size used herein is incorrect, we reserve the right to amend this appraisal.

No responsibility is assumed for matters legal in character or nature, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. Property taxes are assumed to be current, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

No advice is given regarding mechanical equipment or structural integrity or adequacy; nor soils and potential for settlement, drainage, and such (seek assistance from qualified architect and/or engineer); nor matters concerning liens, title status, and legal marketability (seek legal assistance); and such.

Unless otherwise stated, this appraisal assumes the roof is water tight and that the building's systems, including electrical, mechanical, and plumbing are in good operating condition. These systems have not been inspected by us, nor are we qualified to comment on their condition. Appropriate experts in these fields should be retained for such a determination. Except as otherwise noted in this report, the property appraised as though these systems are operating adequately. No judgment may be made by us as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for subject age and type. The value estimate considers there being no such conditions that would cause a loss of value.



Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Endangered species may be prevalent in undeveloped land in the area. Visual inspection denotes no presence of an endangered species of habitat. However, the appraiser is not an expert in the identification of endangered species or habitats, and this report should not be relied upon to determine whether sensitive ecological issues impact the property. This fact can only be determined by a biological survey of the property. Existence of such species or habitats on the property could affect potential uses and value. Further, it should be emphasized, this appraisal report was prepared for the sole use of the client and does not constitute an expert biological assessment of the subject property.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

If the appraiser(s) has not been supplied with a termite inspection, survey, or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above-mentioned items.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

Furnishings and equipment or personal property or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types, business and real estate interests and values are combined.

Improvements proposed, if any, on- or offsite, as well as any repairs required, are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed, and operating at levels shown and projected.

The appraisal may have been prepared using a variety of available software, including Microsoft Word, Microsoft Excel, Adobe Acrobat, Argus, etc. The reader should be aware that the calculating conventions regarding rounding iterations used by Excel and Argus differ from that of other software and handheld calculators. As a result, attempts to verify the mathematical calculations using other devices and software may yield slightly different results than stated herein.

Provision of an Insurable Value or Replacement Cost Estimate by the appraiser does not change the intended user or intended purpose of the appraisal. The appraiser assumes no liability for the Insurable Value or Replacement Cost Estimate provided and does not guarantee that any estimate or opinion will result in the subject property being fully insured for any possible loss that may be sustained. The appraisers recommend that a professional cost estimator be consulted. The Insurable Value or Replacement Cost Estimate may not be a reliable indication of reproduction cost for any date other than the effective date of this appraisal due to changing costs of labor and materials and to changing building codes and governmental regulations and requirements.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are based on income as of the appraisal date along with any reasonable expectations of change in that income over the succeeding 12 months to the extent estimable on the appraisal date; they are, however, subject to change or outcomes other than anticipated due to the dynamic nature of the real estate market.

The "estimate of market value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.



It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management, neither inefficient nor superefficient.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal.

Appraisals are based on the data available at the time the assignment is completed. Amendments or modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Unless otherwise noted herein, the review appraiser has supervised and directed all of the research effort, has taken a major role in the analysis of the data produced by this research, but has not personally performed the research and has not necessarily inspected the subject or market comparable properties.

#### **Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Syn-Mar Associates has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value; however, this has not been considered or analyzed in this appraisal.**





### QUALIFICATIONS OF THE APPRAISER

*Stephen P. Rethmeier*

*Certified General Real Estate Appraiser, State of California Certification #AG012653*

*LEED AP BD + C (GBCI#: 10929053)*

### BUSINESS EXPERIENCE

#### OWNER/PRESIDENT, SYN-MAR ASSOCIATES

Owner/General Manager of a real estate valuation services and consulting company, specializing in commercial and industrial property types. Syn-Mar employs a seasoned team of real estate appraisers, analysts, and research professionals performing real property and business appraisals, appraisal reviews, and related consulting assignments on a wide variety of property types. An additional practice emphasis is measuring the impact of sustainable and energy efficient building improvements on the economic and social value of real estate. Primary geographical areas of service include Los Angeles, Orange, Riverside, San Bernardino, San Diego, and Ventura Counties. July 1995 to present.

#### VICE PRESIDENT/PRODUCTION MANAGER, S.S. HERRON & ASSOCIATES, INC.

Developed and managed a department responsible for over 60% of total company production. This department consisted of eight full-time appraisers and additional support staff processing over 400 appraisals per year. Duties included overseeing the entire appraisal process, from booking appraisal assignments, to defining procedures and methodology, to reviewing appraisals. Also established and implemented department policy regarding interpretation and compliance with the Uniform Standards of Professional Appraisal Practice (USPAP), as well as the appraisal guidelines set forth in 12 CFR. March 1990 to July 1995.

**REAL ESTATE APPRAISER**, Paul Jackle & Associates, Huntington Beach, California. Performed appraisals on a variety of properties, including condominiums, apartments, office, retail, vacant land, single-family residential, and special-purpose properties. March 1986 to March 1990.

**ASSOCIATE MINISTER**, Vineyard Christian Fellowship, Yorba Linda, California. September 1984 to February 1986.

### SKILLS AND EXPERTISE

**REAL ESTATE VALUATION** — Over 30 years of real estate appraisal experience in support of lending, litigation, tax appeal, estate planning, and pre-marketing consultation.

**VALUATION OF SUSTAINABLE BUILDINGS** — Skilled in the valuation of LEED Certified and Energy Star Certified buildings, as well as having detailed knowledge of California Title 24 Energy Efficiency Standards and their impact on real estate development costs and operating costs.

**SOLAR PHOTOVOLTAIC ENERGY SYSTEMS** — Comprehensive knowledge of the physical and economic aspects of solar PV systems gained through long-term, hands-on engagement and partnership with solar installation contractors, manufacturers, and investors. This includes a detailed understanding of system sizing based on user energy consumption, ROI analysis, and comparative analysis of alternative energy efficient improvements and the single or combined impact on energy demand.

**MINORITY INTEREST VALUATION** — Over 15 years of experience in valuation of controlling and non-controlling minority interests in real estate holding entities (LLCs, partnerships, common tenancies).



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**SYSTEMS MANAGEMENT AND QUALITY CONTROL** — Reorganized Syn-Mar in 2012, using a systems-based approach to daily, weekly, and monthly activities. This included the documentation of over 250 standardized procedures and the introduction of the most up-to-date technologies and processes. These, combined with the introduction of a team-based approach to assignment completion, led to a 35% increase in productivity and efficiency in the first year. Ultimately this has facilitated the calm, efficient, and timely completion of over 2,300 assignments completed at total valuations exceeding \$6 billion over the past 3 years.

## FORMAL TRAINING

The Certified General Appraiser (AG) license allows a practicing appraiser to perform appraisals on “all real estate without regard to transaction value or complexity.” This license requires 300 hours of appraisal-specific coursework prior to license issuance and 14 hours of continuing education each year. Furthermore, the LEED AP designation requires an additional 15 hours per year of continuing education.

Since my AG license was obtained in 1992, the complete list of attended courses, qualifying seminars, and webinars would be extensive. Instead, the following is a list of the most recent and/or most relevant:

- Introduction to Energy Modeling – October 2015 (1 hour)
- eQuest Energy Modeling 101 – October 2015 (2 hours)
- eQuest Energy Modeling 201 – October 2015 (10 hours)
- High Volatility Commercial Real Estate: Valuation Considerations and Complexities – August 2015 (2 hours)
- Residential and Commercial Valuation of Solar – March 2015 (14 hours)
- National USPAP Update Course – April 2015 (7 hours)
- LEED v4 Exam Prep – August 2014 (11 hours)
- Introduction to Green Buildings: Principles & Concepts – April 2014 (7 hours)
- Appraising Cell Towers – December 2013 (2 hours)
- Laws and Regulations for California Appraisers – February 2013 (4 hours)
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets – November 2012 (14 hours)
- Case Studies in Limited Partnerships and Common Tenancy Valuation – 2002 (14 hours)

## AFFILIATIONS/MEMBERSHIPS

- Practicing Affiliate of the Appraisal Institute
- Member of U.S. Green Building Council (USGBC)
- Member of the AIR Commercial Real Estate Association

## TYPES OF PROPERTIES APPRAISED

Residential/Commercial/Industrial Land	Single-Family Residences
Individual Condominiums	Apartment Complexes
Office Buildings	Commercial Shopping Center
Single- & Multi-Tenant Industrial Buildings	Retail Strip Centers
Research & Development Properties	Special Purpose Properties including:
Subdivision Land & Residential Subdivisions	Religious Facilities
Hotels and Motels	Senior Housing
Leaseholds and Groundleases	Restaurants
Sandwich Leaseholds	Gas Stations
Partial Interest	Car Washes

