

**Mr. Thomas Marchese, JD**  
**6321 E. 5<sup>th</sup> Street**  
**Long Beach, CA 90803**

April 21, 2009

City of Long Beach Mayor and Council Persons  
333 West Ocean Boulevard, 14<sup>th</sup> Floor  
Long Beach, CA 90802

Re: Transmittal of An Opinion of Fairness

Dear Mayor and Council Members:

Due to the many issues and questions that have recently come to light, I retained a local MAI Appraiser to prepare a study relating to the "fairness" of the proposed land swap of the City owned or controlled land on San Francisco Avenue for 33.77 acres of oilfields and salt marsh land in the lower Bixby.

Mr. Robertson has pointed out to me that some special (extraordinary) assumptions were required in this appraisal due to a lack of information that is normally obtained during a due diligence period for the parties (i.e. Phase II Environmental investigation) and potential tideland issues for the City property adjacent to the LA river.

Please read the attached report and draw your own conclusions as to the "fairness" of the proposed land swap.

Sincerely,



Thomas Marchese, JD

APPRAISAL REPORT  
of

**An Opinion of Fairness of Proposed Exchange of Lands between  
The City of Long Beach, and LCW Partners LLC.  
City Owned APNs 7271-007, 903, 008-901, 011-900, 012-904, 012-905, & 016-901  
LCW Partners LLC Owned APN 7237-020-021 & 052  
Long Beach, Los Angeles County, California**

DATE OF VALUE

**April 17, 2009**

PREPARED FOR

**Mr. Thomas Marchese, JD  
6321 E. 5<sup>th</sup> Street  
Long Beach, California 90803**

PREPARED BY

***Robertson & Associates***  
***QUALITY APPRAISAL SERVICES***  
***3580 E. Pacific Coast Hwy. Ste. 10***  
***Long Beach, California 90804***

# **Robertson & Associates**

**APPRAISAL & CONSULTING SERVICES**

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## **LETTER OF TRANSMITTAL**

April 19, 2009

Mr. Thomas Marchese, JD  
6321 E. 5<sup>th</sup> Street  
Long Beach, California 90803

Re: Opinion of Fairness of a Proposed Exchange of Lands between  
The City of Long Beach and LCW Partners LLC.  
City Owned APNs 7271-007-903, 008-901, 011-900, 012-904, 012-905, & 016-901  
LCW Partners LLC Owned APN 7237-020-021 & 020-055 (Old APN 052)  
Long Beach, Los Angeles County, California

Dear Mr. Marchese:

In fulfillment of your request, I am pleased to transmit herewith the brief summary narrative report of my Opinion of Fairness of a Proposed Exchange of Lands between the City of Long Beach and LCW Partners, LLC. The report was prepared solely for the use of the client, Mr. Marchese, and other specific intended users, Long Beach City Council members and other Long Beach city officials. The opinion of value is developed for the client's intended use of determining the current market value to determine the fairness of the proposed transaction. The report sets forth my value opinions, along with supporting data and reasoning that form the basis of my opinion. The value opinion reported is qualified by certain definitions, limiting conditions, and certifications that are set forth in the report. The property is more completely described therein, by legal description, location maps, and photographs.

In forming my opinion of value, I gathered the market data and made the necessary studies relating to the Subject properties. I used the Sales Comparison Approach to estimate land value. Under the limitations and assumptions set forth in the Extraordinary Assumptions and Standard Assumptions and Limiting Conditions of the report, I reconciled the analyses and information obtained. This appraisal process led me to the professional opinion that the MARKET VALUES, under the **Extraordinary Assumptions** listed in the report, are:

	<b><u>13.21 Acres of Public Works Yard</u></b>	<b><u>33.77 Acres of Oil Field</u></b>
Real Estate Valuation	\$ 14,530,000	\$ 6,930,000

The Extraordinary Assumptions include "estimates" of the cost to remediate both of the sites on an equal basis. Phase II Environmental Reports were not available to determine the actual extent of contamination and the recommended procedures to remediate the properties consistent with their use. The value estimates could change depending on the cost of remediation and its allocation to the parties.

**3580 E. Pacific Coast Hwy, Long Beach, CA 90804-1981 Phone (562) 494-7520 Fax (562) 494-2995**  
**E-mail: [David@RobertsonRA.com](mailto:David@RobertsonRA.com)**

# ***Robertson & Associates***

*Opinion of Fairness of  
Proposed Exchange of Lands  
Long Beach, California*

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The effective date of the value is April 17, 2009, the date the properties were last inspected from the exterior. The date of the report is referenced above and is the date the appraisal was written and completed.

In conclusion, this investigation into the exchange of the Subject LCW Partners LLC sites with 33.77 acres located on the southeast corner of 2<sup>nd</sup> Street and Shopkeeper Road, Long Beach, CA and the 13.21 acres located at 1601 San Francisco Avenue, Long Beach, CA indicates that the proposed transaction appears unfair to the citizens and taxpayers of the City of Long Beach.

The appraisal and opinion of fairness were developed and reported in compliance with the requirements set forth by the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and the supplemental Standards of Professional Appraisal Practice and the "Code of Professional Ethics" of the Appraisal Institute. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within the report.

No other parties are authorized to use this report without the written permission of the appraisers. The client is not authorized to use this report for any other purpose other than intended purpose set for in this letter without the written permission of the appraisers. The appraisers are not responsible for any unauthorized use of this report. Here follows a summary report of my appraisal upon which the opinions expressed are based.

Respectfully submitted,  
***Robertson & Associates***



by: \_\_\_\_\_  
David C. Robertson, MAI  
CA SCGRE # AG001996  
Exp. 11/16/2010

# *Robertson & Associates*

## A SUMMARY REPORT OF The OPINION OF FAIRNESS

Location:	<b>City Of Long Beach</b> Public Works Yard 1601 San Francisco Avenue Long Beach, Los Angeles County California 90813	<b>Wetlands Area</b> Southeast Corner of 2 <sup>nd</sup> Street & Shopkeeper Road Long Beach, Los Angeles County California 90803																																
Owner of Record:	Long Beach City	LCW Partners LLC, a California Limited Liability Company																																
Type of Property:	Offices/Repair Buildings/Yard Areas	Wetlands/ Oilfield																																
Size:	Appx. 10,000 Square Feet (Actual Info not available)	N/A																																
Year Built	First on file 1950	N/A																																
Condition:	Average – Possible Yard Contamination from trucks & equipment.	Oilfield with Prior Use as A Dump Site																																
Quality:	Average	N/A																																
Site Information:	<table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Parcel</u></th> <th style="text-align: left;"><u>Acres</u></th> <th style="text-align: left;"><u>Parcel</u></th> <th style="text-align: left;"><u>Acres</u></th> </tr> </thead> <tbody> <tr> <td>Lot Size : 007-903</td> <td>2.69</td> <td>020-021</td> <td>29.38</td> </tr> <tr> <td>008-901</td> <td>2.10</td> <td>020-052</td> <td><u>4.39</u></td> </tr> <tr> <td>011-900</td> <td>2.21</td> <td>Now combined</td> <td>33.77</td> </tr> <tr> <td>012-904</td> <td>2.08</td> <td>to parcel 055</td> <td></td> </tr> <tr> <td>012-905</td> <td>2.07</td> <td></td> <td></td> </tr> <tr> <td>016-901</td> <td><u>2.06</u></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td>13.21</td> <td></td> <td></td> </tr> </tbody> </table>	<u>Parcel</u>	<u>Acres</u>	<u>Parcel</u>	<u>Acres</u>	Lot Size : 007-903	2.69	020-021	29.38	008-901	2.10	020-052	<u>4.39</u>	011-900	2.21	Now combined	33.77	012-904	2.08	to parcel 055		012-905	2.07			016-901	<u>2.06</u>			Total	13.21			
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Total	13.21																																	
Shape:	Rectangular	Irregular – Pie Shaped																																
Zoning:	IG, General Industrial	PD1 – Planned Development Area 1 SeaDip																																
Value by Sales Comparison Approach:	\$ 14,530,000 (\$25.25/SF)	\$ 6,930,000																																
Conditions of Appraisal:	For this assignment an Extraordinary Assumption is made that the site “could” be sold to a private investor regardless of the City of Long Beach v. Mansell (1970) 3 Cal.3d 462 ruling. Another extraordinary assumption is that the remedial cost to clean the site to industrial use standards is estimated at \$575,000 (\$1.00/SF of land area).	For this assignment an Extraordinary Assumption is made that the LCW site is sold without surface entry rights and the working interest owner establishes a bond to cover the estimated cost of remediating the oil field contamination. There is a remedial cost to clean or contain the dump site contaminates estimated at \$1,470,000 (\$1.00/SF of land area).																																

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<b>Final "AS IS" Value of Fee Simple Interest:</b>	\$ 14,530,000	\$ 6,930,000
Date of Value:	April 17, 2009	April 17, 2009
Exposure to Market Period:	12 Months	12 Months

## **STATEMENT OF STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

This appraisal of the subject real property interest is for no other purpose than property valuation, and the appraiser is not attempting to or holding forth any special expertise to go beyond that narrow scope. The reader should be aware that there are inherent limitations to the information and analyses contained in the report. Persons and firms reviewing, utilizing, or relying on this report, in any manner, bind themselves to accept the following assumptions and limiting conditions. These conditions are a part of the appraisal report, and they preface any certification, definition, fact, or analysis. They are intended to establish as a matter of record that the Appraiser's sole function is to provide a present market value indication for the subject property interest based upon the Appraiser's observations as to the subject property and real estate market. The appraisal is not an engineering, construction, legal, or architectural study nor survey, and expertise in these areas, among others, is not implied. The values and conclusions reported in this appraisal report are subject to the following general assumptions and limiting conditions and other such specific assumptions and specific limiting conditions as set forth in the appraisal report.

### **Limits of Liability**

1. There is no accountability, obligation, or liability to any third party. This appraisal was prepared for the client (the intended user), and for the intended purpose set forth in the appraisal. If the appraisal is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions.
2. The Appraiser(s) are in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally.
3. The contract for the appraisal, consultation, or analytical service is fulfilled, and the total fee is payable upon completion of the report. The Appraiser(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post-appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required by any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of the issuing party.
4. In the case that this appraisal is for a limited partnership, real estate investment trust, limited liability corporation, or any other syndication or stock offering in real estate, the client agrees that in the case of lawsuit (brought by lender, partner or any part owner in any form of ownership, tenant, or any other party), client will hold the Appraiser completely harmless in such action from any and all awards or settlements of any type of such lawsuit regardless of outcome.

### **Limits of Legal Opinions**

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5. No responsibility is assumed for matters of a legal nature affecting the property appraised or the title thereto, nor is any opinion rendered as to the title, which is assumed to be good and marketable unless otherwise stated in the report.
6. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified in the report.
7. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state or federal government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the report.
9. A legal survey has not been made of the property by the Appraiser(s) and no responsibility is assumed in such matters typically provided in such a survey. Plot plans, floor plans, and any sketches or illustrative material in the report may show approximate dimensions and are included to assist the reader in visualizing the property. It is assumed that the utilization of the land and the improvements are within the boundaries or property lines of the property described and that there are no encroachments or trespasses unless otherwise noted in the report.

### **Limits of Property Inspections and Engineering Reports**

10. Although the appraisal may contain information about the physical items that are a part of this property being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete and detailed physical report. The Appraiser(s) are not construction, engineering, environmental, or legal experts, and any statements given in this report should be considered preliminary in nature. The client is urged to retain an expert in the appropriate field, if desired.
11. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions, or for any engineering which might be required to discover such factors.
12. The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, any mechanical equipment, and structural construction is based on a casual inspection only. Because no detailed inspection was made and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does or does not exist. Specifically no guarantees are made as to the adequacy or condition of any item, and the client is strongly urged to retain an expert for the appropriate type of inspection, if desired.
13. Environmental Hazards - Unless otherwise stated in the report, the existence of hazardous substances, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor were observed by the Appraiser(s) during the inspection. The Appraiser(s) have no knowledge of the existence of such materials on or in the property unless otherwise stated. The Appraiser(s) are not qualified to detect such substances or conditions. The presence of substances such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property. The value estimate is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. It is assumed that there is full compliance with all applicable local, state, and federal environmental regulations and

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laws unless non-compliance is stated, defined, and considered in the report. The client is urged to retain an expert in this field, if desired.

14. ADA Compliance - The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser(s) are not experts in the field of compliance with the various requirements of the law. The client is advised to hire such an expert, if desired. The Appraiser(s) have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformity with various detailed requirements of ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. The value estimate is predicated on the assumption that there are no non-compliance conditions that would cause a loss in value. It is assumed that there is full compliance with all applicable local, state, and federal ADA regulations and laws unless non-compliance is stated, defined, and considered in the report. If any non-compliance is determined to exist in the future, the Appraiser(s) reserve the right to adjust the value herein at an additional fee.

15. Earthquake Compliance - The Appraiser(s) have not determined whether the subject property is located in a Special Study (Fault Rupture Hazard) Zone designated under the Alquist-Priolo Act, unless specifically stated. However, the property that is the subject of this appraisal is within a geographical area prone to earthquakes and other seismic disturbances. The Appraiser(s) are not seismologists and no seismic or geological studies have been provided to the Appraiser(s) concerning the geological and/or seismic condition of the property. The Appraiser(s) have not made a specific compliance survey and analysis of the subject property to determine whether or not it is in conformity with the various detailed seismic requirements of the city, county or state. It is possible that such a survey could reveal that the property does not meet seismic requirements. If so, this fact could have a negative effect on the value of the property. The value estimate is predicated on the assumption that there are no non-compliance conditions that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. It is assumed that there is full compliance with all applicable local, and state seismic regulations and laws unless non-compliance is stated, defined, and considered in the report. The Appraiser(s) assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

### **Limits on Reliability of Data and Analyses**

16. The appraisal process is limited by economic and time constraints. The Appraiser(s) directed their time and effort in the investigative stage of the appraisal thought to be the most productive. However, there is a possibility that the Appraiser(s) will not obtain all information relevant to the subject property and the comparable sale and rental data.

17. Information, estimates, and opinions furnished by others, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. A reasonable effort has been made to verify such information; however, no responsibility for the accuracy of such items furnished by others is assumed by the Appraiser(s).

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

19. Before relying on any statement made in the appraisal report, interested parties should contact the Appraiser(s) for the exact extent of the data collection on any point which they believe to be important in their decision making. This will enable the interested parties to determine whether they



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think the extent of the data collection process was adequate to their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

20. Opinions and estimates expressed in the appraisal report represent the Appraiser's best judgment but should not be construed as advice or recommendation to act. Any actions taken by the client, or any others, should be based upon their own judgment and take into account other factors than just the value estimate and information given in this report.

21. This appraisal is an estimate of value based on an analysis of information available at the time the appraisal was made. All values in the report are based upon the Appraiser's analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. No responsibility is assumed for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in the report or the date of the field inspection, whichever comes first.

### **Limits of the Appraisal Report**

22. This report is a technical document addressed to the specific needs of the client. Casual readers should understand that this report does not contain all of the information available concerning the subject property and the real estate market. While no factors the Appraiser(s) believe to be significant to the client have been knowingly withheld, it is always possible that the Appraiser(s) have information of significance, which may be important to others which are not included in this appraisal report.

23. The market value assumes a knowledgeable buyer and seller. The subject property is typically valued in its as is condition. It is assumed that a typical buyer or current owner going forth will manage the property in a competent and responsible matter.

24. On all appraisals subject to completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.

25. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

26. This report is made for the information and/or guidance of the client and possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose except that stated in the report, nor by any person other than the party to whom it is addressed without the written consent of the Appraiser(s), and in any event only with the proper written qualification and only in its entirety.

27. If the client is a federally approved financial institution, the appraisal, or a copy thereof, may be furnished for the purpose stated in the appraisal to: the borrower if the appraisal fee is paid by same, the mortgagee or its successors or assigns, mortgage insurers, or any department, agency, or instrumentality of the United States or any state or the District of Columbia, and the Appraisal Institute.

28. Neither all, nor any part of the content of the report, or a copy thereof (including conclusions as to the property value, the identity of the Appraiser(s), professional designations, reference to professional appraisal organizations, or the firm with which the Appraiser(s) are connected), shall be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser(s).

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## **PURPOSE OF ANALYSIS**

The purpose of this memorandum is to convey an opinion of fairness to the client regarding the exchange of the above-referenced properties.

### *Definition Of "Opinion Of Fairness"*

A "fairness opinion" is a statement from a financial expert that a transaction is "fair from a financial point of view" to certain parties at interest. In theory, such opinions should protect minority shareholders (or citizens) who are diffuse and cannot have a direct voice in transactions. Fairness opinions serve two primary purposes: 1) to assist and justify the decision making of directors and 2) to persuade shareholders to tender shares or to agree to approve the terms of a transaction.

The issues of fairness and the need for fairness opinions generally arise where actual or potential conflicts of interest exist among parties involved in a transaction. A fairness opinion attempts to provide a posture maintaining arm's length standards where they do not otherwise exist. Officers, directors, and majority shareholders of a corporation owe a fiduciary responsibility to minority shareholders. Dissident minority shareholders may seek injunctive relief, rescission, damages, or a statutory appraisal, and may allege the transaction involves inadequate disclosure, breach of duty, or even fraud. Fairness opinions are most useful when they are the product of thorough research by independent financial advisers, and not simply "rubber stamp" endorsements of decisions previously made in the corporate boardroom. Their purpose is to provide an objective standard against which directors, shareholders, and other interested parties may measure proposals and opportunities concerning their company.

*Market Value* is defined by the federal financial institutions regulatory agencies as follows:

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in US dollars or in terms of financial arrangements compatible thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, subpart C-appraisals, 34.42 Definitions (f).)

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## **COMPETENCY RULE**

To the best of their knowledge the undersigned Appraiser(s) hereby acknowledge they hold the appropriate licenses and have attained a level of competency necessary to complete this assignment in a diligent manner, utilizing all of the commonly recognized analysis and techniques generally considered normal in the industry. To the best of their knowledge, the Appraiser(s) have performed similar types of valuations. However, if the Appraiser(s) have not, they have complied with all USPAP requirements in obtaining the necessary knowledge and competency required. The readers are referred to the Exhibit Section of this report that further defines the professional status of the undersigned Appraiser(s).

## **SCOPE, APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

This is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

As agreed upon with the client prior to the preparation of this appraisal, this report is the result of the following SCOPE OF WORK designed to insure the overall reliability and credibility of the conclusion(s) rendered.

The scope of work for this appraisal assignment included the following:

- Reading of the request for appraisal services and related attachments to determine the appropriate scope of work for the assignment;
- For this assignment, the Sales Comparison Approach is used;
- For this assignment, the Income Approach was not used;
- For this assignment, the Cost Approach was not used;
- An examination of the properties to gather the information necessary to understand how they compare to the competing properties in their market;
- Research of public records and other sources deemed reliable for information relative to the valuation of the properties;
- Research of public records and other sources deemed reliable for comparable sales of similar parcels in the competing markets;
- Perform an analysis of the data and develop a presentation of the opinions of value with sufficient reasoning to establish a credible result of the appraisal assignment; and
- Provide the client with a summary report of the appraisal with a depth of discussion specific to the client's needs and for the intended use and users.

## **VALUATION METHODOLOGIES**

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This appraisal utilizes one of the three approaches to determine the market value.

## SALES COMPARISON APPROACH

This procedure in appraisal analysis is predicated upon actual market transactions. It is a process of analyzing sales of similar, recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data, (b) verification of the sales data, (c) the degree of comparability or extent of adjustment necessary for time differences and (d) the absence of non-typical conditions affecting the sale price.

### SUBJECT LOCATION MAP



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## **AREA/NEIGHBORHOOD DESCRIPTION**

Both properties are located in the same general area of the southeast part of the Los Angeles County. In regards to an opinion of fairness, the properties' locations in the same general area are considered equal.

## **PROPERTY HISTORY**

LCW Partners LLC purchased a large number of parcels of vacant land and oilfield properties from Bixby Oil & Gas LLC on October 30, 2007 inclusive of the oil rights. The exact sale price is not known but the buyers obtained a loan from American Capital Financial Services, Inc. in the amount of \$33,038,523. There are no other known sales in the last 36 months but title was transferred to the Bixby Oil & Gas LLC in August of 2006 from the Bixby Ranch. The LCW property is offered in an exchange for the City of Long Beach's public works yard.

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## SITE DESCRIPTIONS

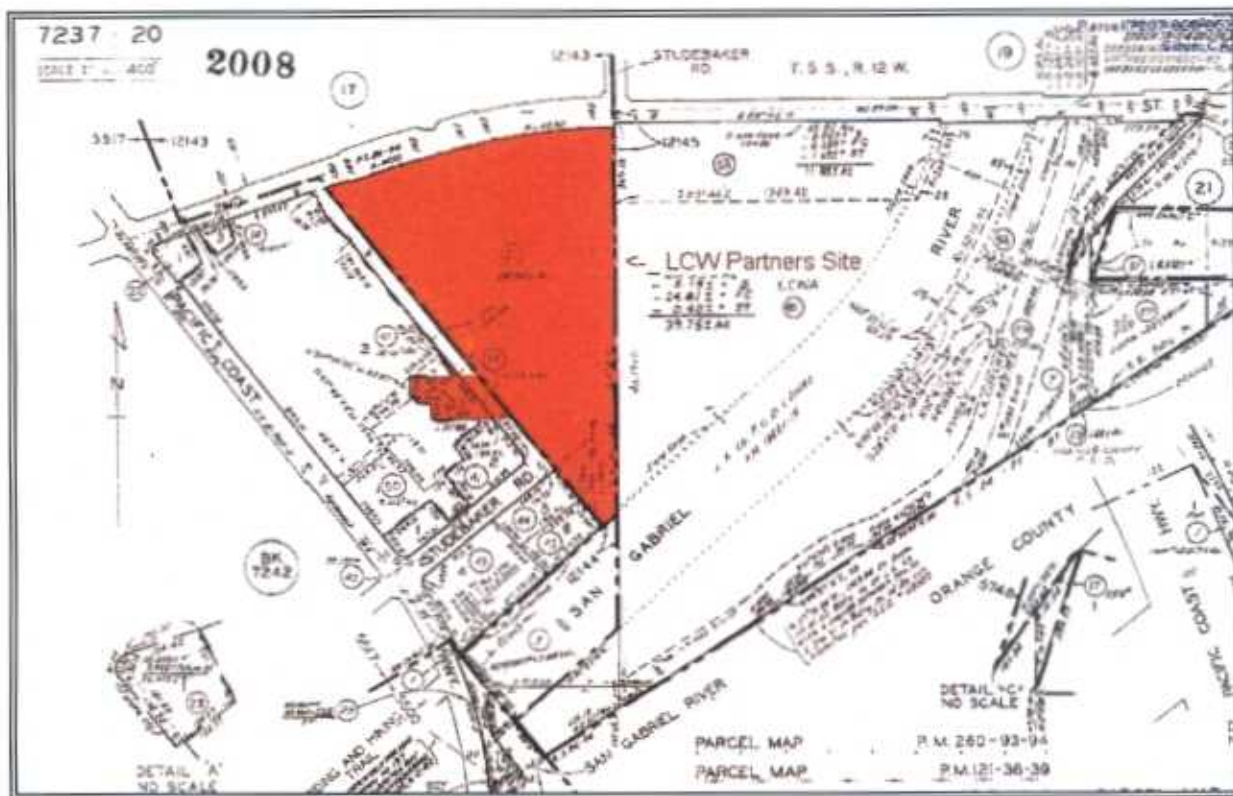
### LCW Partners Sites

The LCW sites consist of two interior lots with one having good frontage on 2<sup>nd</sup> Street and along a portion of Shopkeeper Road. The lots are irregular in shape and one has been recently added to another parcel number by the tax assessor.

Lot Size:	Parcel 021	Gross 29.38 Acres
	Parcel 052	Gross 4.39 Acres
	Total	Gross 33.77 Acres

Zoning:	PD-1, SeaDip
Topography:	Salt Marsh Land
Earthquake:	Not in Alquist-Priolo Zone – but in an area of seismic activity.

### PLAT MAP



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AERIAL VIEW OF LCW PARTNERS SITE



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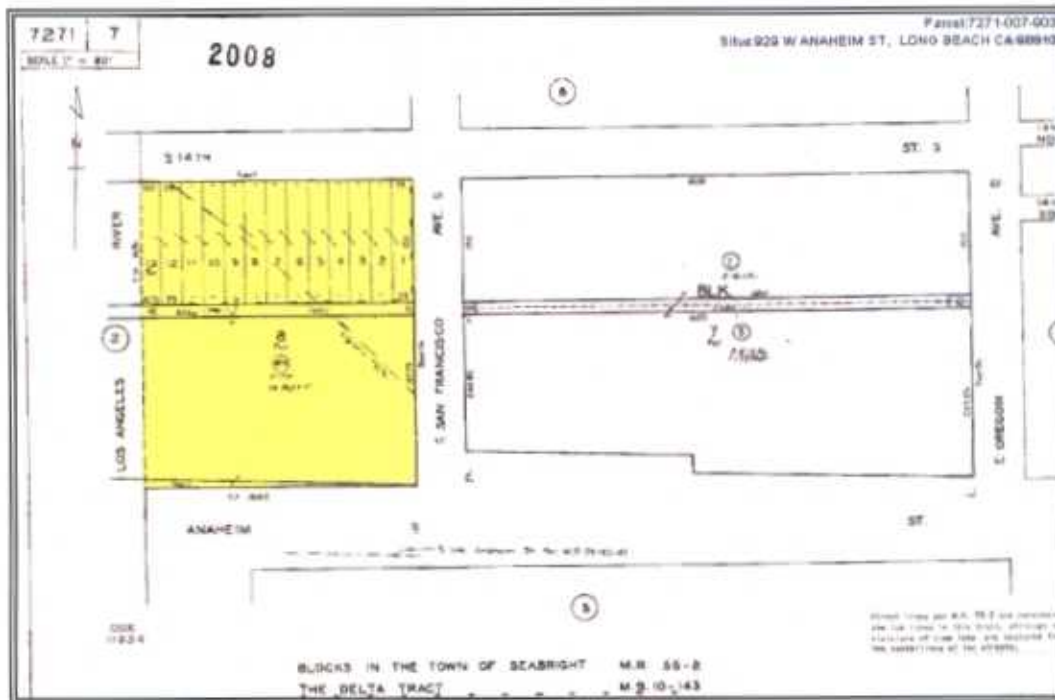
## City of Long Beach Sites

The Public Works Yard sites consist of six blocks of land on the west side of San Francisco Avenue between Anaheim Street and Esther Street, just south of Pacific Coast Highway. The lots are rectangular in shape with some small cut-outs owned by the LA County Flood Control District. The site benefits from the private use of several of the east-west streets that dead end into the Subject site.

Lot Size:	Parcel 7-903	Gross 2.69 Acres
	Parcel 8-901	Gross 2.10 Acres
	Parcel 11-900	Gross 2.21 Acres
	Parcel 12-904	Gross 2.08 Acres
	Parcel 12-905	Gross 2.07 Acres
	Parcel 16-901	Gross <u>2.06</u> Acres
	Total	Gross 13.21 Acres

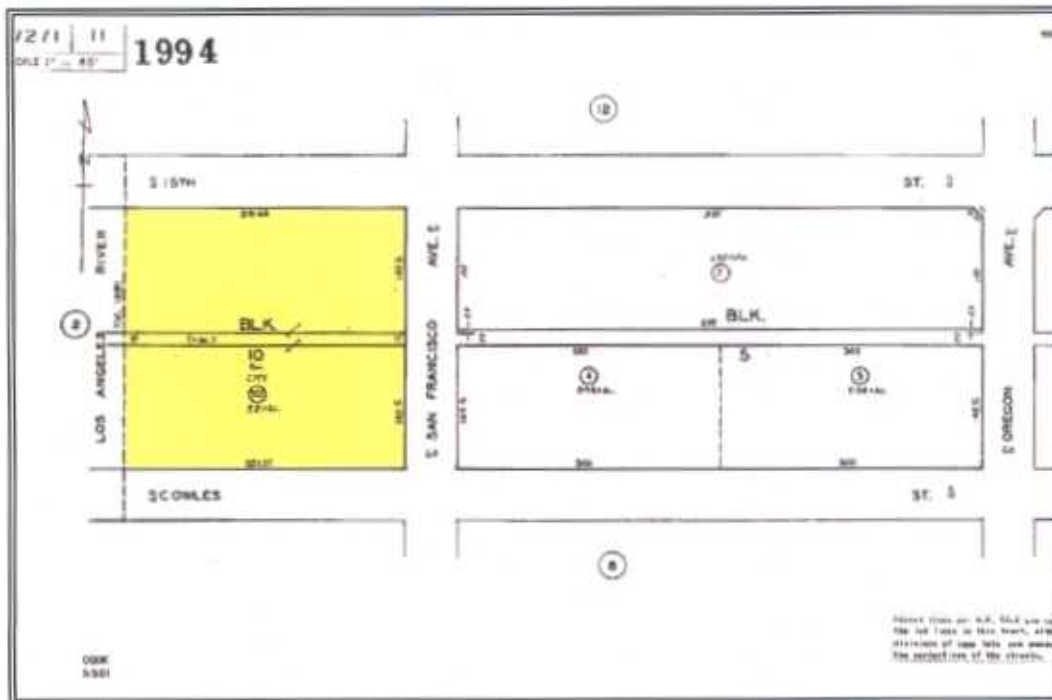
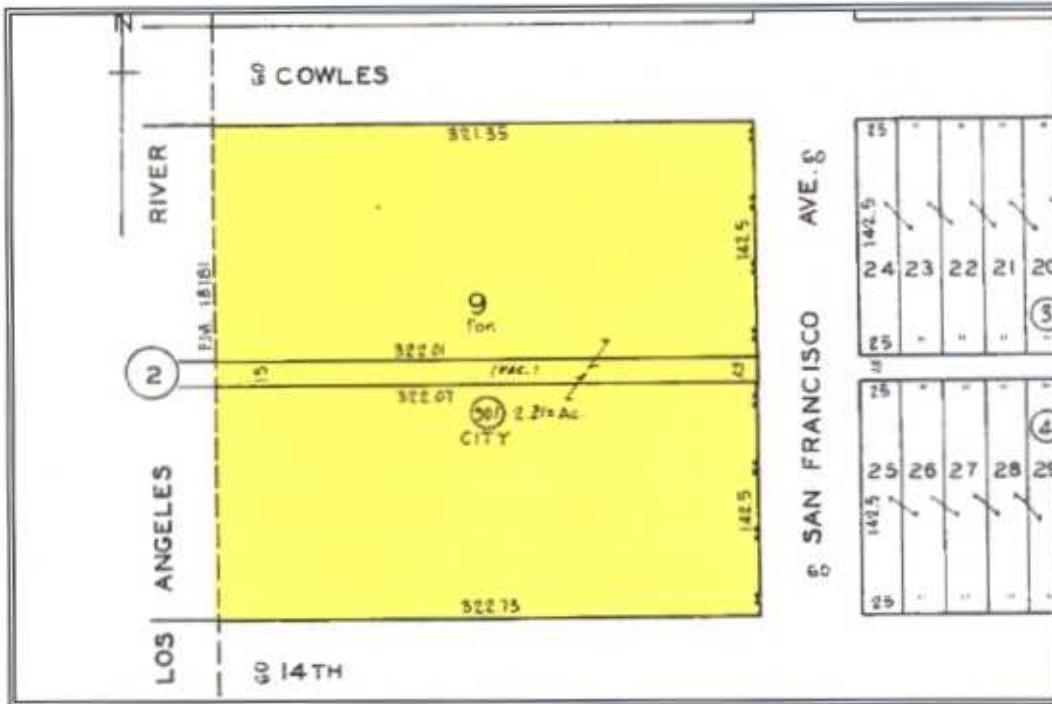
Zoning: IG, General Industrial.  
Topography: Level  
Earthquake: Not in Alquist-Priolo Zone – but in an area of seismic activity.

### PLAT MAPS





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AERIAL VIEW OF CITY PROPERTY SITES



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## **TITLE ISSUES**

The Appraiser was not furnished with a title report or a preliminary title report. The client is advised to obtain a preliminary title report and legal counsel in the interpretation of any matters affecting the title of the property. It is an assumption of this report that C,C,& Rs, easements, and/or encroachments, if any, have no impact on the value and marketability of the Subject.

It is also noted that City Public Works Yard is adjacent to the Los Angeles River and may be considered tidelands with limited rights to sell the property to a private party. For purposes of this assignment an Extraordinary Assumption is made that the site "could" be sold to a private investor regardless of the City of Long Beach v. Mansell (1970) 3 Cal.3d 462 ruling.

## **IMPROVEMENT DESCRIPTION**

The City Public Works Yard has approximately 10,000 SF of buildings according to the City of Long Beach's archived permits, but in reality the property has a much larger square footage of various buildings. Compared to the size of the land area, the older improvements on the site are considered to have minimal value.

## **HIGHEST AND BEST USE**

The purpose of this appraisal is to develop an opinion of fairness which requires opinions of market value. The highest and best use identifies the most profitable, competitive use to which a property can be put. Highest and Best Use has been defined as "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value."<sup>1</sup>

In forming an opinion as to the highest and best use of the Subject Properties, the following analytical approaches are utilized.

Physically Possible - the use(s) which may be physically developed on the property.

Legally Permissible - the consideration of all the Subject's permitted legal uses as delineated by current zoning and city regulations.

Financially Feasible - the possible and permissible uses that may be profitably developed on the property.

Maximally Productive - the possible, permissible, and feasible use that provides the highest present value of the property.

It should be noted that this Highest and Best Use analysis is limited in scope and does not include any market demand studies or in-depth construction cost analysis to determine a true cost-benefit

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9 Appraisal Institute, *The Appraisal of Real Estate*, (12<sup>th</sup> ed., Chicago, 2001), pg. 305.

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analysis. The conclusions are general uses based on the above analytical approaches and the observation of general market conditions.

The highest and best use for the LCW Partners LLC site is most impacted by what is legally permissible. The SeaDip plan requires a large set back for wild animal and bird habitat, and it is likely that the property is an area of delineated wetlands. Financially feasible is also a factor with the historic record of dumping on the site. The remediation of the dump site uses on the site would make many projects unfeasible. The current use of the site is as an oil field. The oil field generates some income, does not impact the requirement for habitats, and has not triggered a need to remediate the dump sites. The current oil field use appears to be the current highest and best use. Longer term, a restored wetlands eco-system on the site could provide unmeasurable benefits.

The highest and best use for the City Public Works Yard is also impacted by what is legally permissible. Its current use is a public use consistent with area zoning and other nearby industrial uses. The physical features are also good with good access to the freeway and to the harbor. Assuming the property could be sold for private business use, it is likely that a distribution facility/trucking terminal would be the most productive use of the site.

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## VALUATION

The land valuation portion of the Cost Approach is used to determine the value in this appraisal of the Subject Property.

### **COST APPROACH**

This approach in appraisal valuation is based on the proposition that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the Subject Property when time is not a constraint. It is particularly applicable when the property being appraised involves relatively new improvements, which represent the highest and best use of the land, or when there exist no comparable properties on the market. The Subject sites are considered to have little or no improvements other than adjacent street improvements.

### **SALES COMPARISON APPROACH FOR LAND**

I researched sales of similar parcels of vacant land via public records, CoStar, the MLS, and visual inspections. The following sales were considered useful in valuing each of the Subject sites. More detailed information on each comparable is located in the addendum.

#### **Valuation of the City of Long Beach Public Works Yard.**

The valuation in this section of the report is subject to some assumptions that are not typical or are not easily quantifiable. For purposes of this assignment an Extraordinary Assumption is made that the site "could" be sold to a private investor regardless of the City of Long Beach v. Mansell (1970) 3 Cal.3d 462 ruling. Another extraordinary assumption is that the remedial cost to clean the site to industrial use standards is estimated at \$575,000 (\$1.00/SF of land area).

Four closed sales were considered useful for this analysis. The sales occurred from February 2008 through August 2008. The Appraiser found no comparable sales in 2009 year-to-date. The slow market for sales of land is typical of recessionary economic periods and all comparables were adjusted for declines in values. The comparables are generally smaller and range in size from 0.61 acres to 17.33 acres with unadjusted prices per acre from \$1,327,178 to \$2,295,082 per acre. (\$30.57/SF to \$52.69/SF)

The adjustments are shown on the Excel work sheet located in the addenda. After all adjustments, the comparables indicate a range of value from prices per acre from \$1,018,422 to \$1,202,855 per acre. (\$23.38/SF to \$27.61/SF).

**Sale Comp #1** is one of the more recent sales in the Harbor area of Long Beach. This sale of a larger parcel is weighted 50% due to its more similar size and similar contamination issues. **Sale Comp #2** is a little older sale of a salvage yard on Anaheim Street just west of the Subject. Due to its small size, it required a large adjustment and can only be weighted 25%. **Sale Comp #3** is weighted 10% as a smaller lot and the comparable most distant from the ports. **Sale Comp #4** is a sale of a smaller site, but a larger site than Comps #2 and #3. It is also an older sale and is weighted 15% towards an

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overall value. The following map and graph shows the comparables' location, adjusted values in comparison to the Subject, and the weighted average value for the Subject.

## SUBJECT & SALE COMPARABLE LOCATION MAP



Range of Indicated Values - \$13,453,000 to \$15,890,000

$$13.21 \text{ ACRES} \times \$1,100,000 / \text{ACRE} = \$14,531,000$$

**Rounded**                      **\$ 14,530,000**

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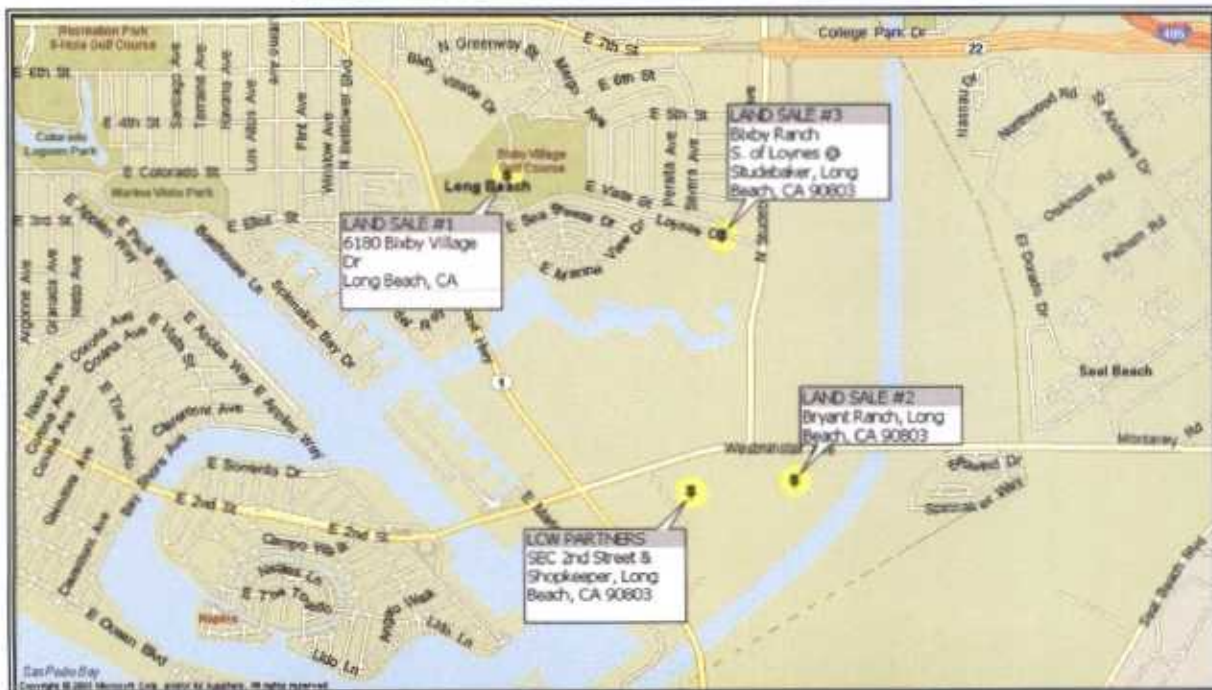
## Valuation of the LCW Partners LLC Sites

The valuation in this section of the report is subject to an assumption that is not typical or is not easily quantifiable. For purposes of this assignment an Extraordinary Assumption is made that the LCW site is sold without surface entry rights and the working interest owner establishes a bond to cover the estimated cost of remediating the oil field contamination. There is also a remedial cost to clean or contain the dump site contaminates estimated at \$1,470,000 (\$1.00/SF of land area).

Three closed sales were considered useful for this analysis along with the LA County assessor's allocation of value to the primary LCW site in the swap. The sales range in closing dates from June 2005 through May 2007. The Appraiser found only one sales of open land in 2009. This sale involved 100% financing and subsequent actions by the purchaser of the site indicate that the transaction was not a true arms-length sale. There was also one sale in October of 2008 at \$157,563/acre (\$3.62/SF) in San Dimas. The slow market for sales of land is typical of recessionary economic periods and all comparables were adjusted for declines in values. The comparables are all in the immediate area of the Subject and range in size from 11.27 acres to 39.75 net acres with unadjusted prices per acre from \$115,350 to \$352,201 per acre. (\$2.65/SF to \$8.09/SF)

The adjustments are shown on the Excel work sheet located in the addenda. After all adjustments, the comparables indicate a range of value from prices per acre from \$153,416 to \$250,750 per acre. (\$3.52/SF to \$5.76/SF).

### SUBJECT & SALE COMPARABLE LOCATION MAP





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**Sale Comp #1** is the recent sale of a golf course located in the same area as the Subject. The golf course generates income, but is a limited use due the underlying landfill. This sale of a slightly smaller parcel is weighted 40% due to its more similar size and similar contamination issues. **Sale Comp #2** is the sale of a larger wetlands area adjacent to the Subject on the east. The purchase was a complicated transaction and encompassed nearly 65 acres of which were not in the river bed. The sale price included oil rights, transferred to a separate party and a substantial donation by the selling trust. In spite of the complicated purchase transaction and large adjustments, Comp #2 is weighted 40%. **Sale Comp #3** is the older purchase of a group of smaller open space property on or near the intersection of Loynes Drive and Studebaker Road. These non-contiguous parcels sold as open space and are weighted 10% as a smaller sale. **Comp #4** is the LA County Assessor's allocation of value (net of oil rights) of the entire October 2007 purchase price of the Bixby's Los Cerritos Wetlands area and is weighted 10% towards an overall value. The following graph shows the comparables' adjusted values in comparison to the Subject and the weighted average value for the Subject.



Range of Indicated Values - \$5,181,000 to \$8,261,000

$$33.77 \text{ ACRES} \times \$205,000 / \text{ACRE} = \$6,922,850$$

**Rounded** **\$ 6,930,000**

### CONCLUSIONS/RECONCILIATION

The land valuation portion of the Cost Approach was used, and the land value was determined by using the Sales Comparison Approach. The Sales Comparison Approaches indicated value conclusions based on a comparative analysis of recent sales of similar parcels of land. The merits of this approach are limited by the heterogeneous nature of real estate, changing market conditions, various financing terms, and the inherent subjectivity of adjustments. The value by the Sales Comparison Approach was based on sales of comparable parcels of land near each of the Subject properties. A detailed analysis of each of the sale comparables provided values that ranged for each of the two exchange properties. Weighting the sales in terms of comparability and reliability of the data and the adjustments indicated a value for each of the Subject exchange properties, under the **Extraordinary Assumptions** listed in the report, of:

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	<u>13.21 Acres of Public Works Yard</u>	<u>33.77 Acres of Oil Field</u>
Real Estate Valuation	\$ 14,530,000	\$ 6,930,000

The Extraordinary Assumptions include “estimates” of the cost to remediate both of the sites on an equal basis. Phase II Environmental Reports were not available to determine the actual extent of contamination and the recommended procedures to remediate the properties consistent with their use. The value estimates could change depending on the cost of remediation and its allocation to the parties.

The effective date of the value is April 17, 2009, the date the properties were last inspected from the exterior.

**In conclusion, this investigation into exchange of the Subject LCW Partners LLC sites with 33.77 acres located on the southeast corner of 2<sup>nd</sup> Street and Shopkeeper Road, Long Beach, CA and the 13.21 acres located at 1601 San Francisco Avenue, Long Beach, CA indicates that the proposed transaction appears unfair to the citizens and taxpayers of the City of Long Beach.**

The date of the report is referenced above and is the date the appraisal was written and completed.

## REASONABLE EXPOSURE TIME

Reasonable exposure time is one of a series of conditions in most market value definitions, and exposure time is always presumed to precede the effective date of value (Statement on Appraisal Standards No. 6, Appraisal Standards Board of the Appraisal Foundation). Exposure time may be defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In other words, it is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time, but also adequate, sufficient, and reasonable effort. The fact that reasonable exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process; supply and demand conditions as of the effective date of the appraisal, the use of current cost information, the analysis of historical sales information, and the analysis of future income expectancy estimated for the effective date of the appraisal.

The estimate of the time period for reasonable exposure is not intended to be a prediction of the date of sale (Appraisal Standard Board). Instead, it is an integral part of the analyses conducted during the appraisal assignment. The estimate may be expressed as a range and can be based on the following:

- ◆ Statistical information about days on the market.
- ◆ Information gathered through sales verification.
- ◆ Interviews with market participants.

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The reasonable exposure period is a function of price, time, and use, not an isolated estimate of time alone. In this appraisal, a market value estimate consistent with the prices of the comparable sales and current escrows which occurred over the past year has been derived. To estimate the marketing period, the Appraisers queried the brokers as to the marketing periods of the sale properties, which ranged from two months to 16 months. A number of owners and brokers active in the market were questioned as to the reasonable time to expose a property, such as the Subject, to the market in order to affect a reasonable sales price.

After conducting the analysis above, a reasonable exposure time for the Subject properties of 10 to 12 months is estimated due to contamination issues. Therefore, the "AS IS" market value estimates as of the date of value that the Subject has been actively marketed for 12 months preceding the date of value for sale purposes.

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## CERTIFICATION

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

- The statements of facts and data reported by the appraiser and utilized in the appraisal process are true and correct.
- The analyses, opinions, and conclusions in this appraisal report are limited only by the special and general assumptions and limiting conditions stated in this report, and are the appraiser's personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this appraisal report, and I have no personal interest or bias with respect to the parties involved.
- My compensation and/or continued employment are not contingent upon an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this appraisal report.
- The conclusion(s) of the appraisal were not based on any requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Code of Professional Ethics & the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute, as well as all applicable state and federal appraisal and banking regulations in force as of the date of this appraisal report.
- I have performed this report in accordance with the Competency Rule of the Uniform Standards of Professional Appraisal Practice (USPAP).
- The principal appraiser who completed this appraisal report did personally inspect the subject property.
- The appraiser who has reviewed this report did not personally inspect the subject property.
- No one provided significant professional assistance to the appraiser(s) signing this appraisal report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, the appraiser, **David C. Robertson**, has completed the requirements of the continuing education program of the Appraisal Institute.



SIGNED:

APPRAISER:

STATE CERTIFIED

GENERAL APPRAISER:

NUMBER:

EXPIRATION DATE:

\_\_\_\_\_  
David C. Robertson, MAI

California

AG001996

November 16, 2010

April 18, 2009

Date

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## **QUALIFICATIONS** **DAVID C. ROBERTSON, MAI**

### **REAL ESTATE EXPERIENCE**

Mr. Robertson has over twenty-five years experience in real estate as a real estate owner, broker, syndicator, developer, construction loan officer, commercial loan officer, mortgage & equity investment advisor, commercial loan underwriter, appraiser, and appraisal department manager. This broad range of experience allows Mr. Robertson to uniquely understand the factors that affect real estate valuation.

### **FRACTIONAL INTEREST VALUATION**

Mr. Robertson has over 10 years of experience in the valuation of fractional ownership interests including interests in limited liability companies (LLCs), limited partnerships (LPs or FLPs), and tenant-in-common interests. The scope and depth of the fractional ownership interests provides strong support in valuation negotiations with the Internal Revenue Service in audited estate and gift tax returns.

### **BUSINESS VALUATION**

Mr. Robertson has over 10 years of experience in business valuation. The first business valuations were the going concern value of management intensive real estate. Valuations of small business enterprises that are not real estate related are conducted with associated CPA's experienced in valuing businesses in that industry.

### **SCOPE OF APPRAISAL ASSIGNMENTS**

Mr. Robertson's experience includes appraisal and review of the following types of real estate:

Residential -	Tract Houses to \$6,000,000 Luxury Homes.
Apartments -	Duplexes to 250+ Unit Apartment Complexes.
Retail -	Single Tenant Stores to Neighborhood Centers with 100,000+ Square Feet.
Offices -	Professional Office Buildings to 132,000+ Square Foot Class 'A' Office Buildings.
Industrial -	Industrial Condominiums to 150,000+ Square Foot Multi-Tenant Industrial Parks.
Vacant Land -	Residential, Subdivision, Industrial, and Commercial
Other -	Mobile Home Parks, Restaurants, Bank Branches, Senior Housing, Assisted Living & Nursing Homes, and other Special Use Properties
Expert Witness -	In matters of real estate valuation and has performed numerous appraisals for bankruptcy and other legal proceedings.

Mr. Robertson's experience includes appraisal of the following types of businesses:

Real Estate & Investment Corporations	Real Estate & Petroleum Lease Holding Corporations
Restaurant Companies	Gas Station & Car Wash Businesses
Motel/Hotel Going Concern Value	Construction Material Companies

### **WORK EXPERIENCE**

1991-Pres.	Quality Appraisal Service, Inc. dba Robertson & Associates, President
1991-1992	Wilford - Robertson Associates, Managing Partner
1988-1991	American Savings Bank, Senior Vice-President & Chief Appraiser
1987-1988	American Savings & Loan Assoc., Vice-President, Reg. Mgr. Income Property Lending
1985-1987	Norris, Beggs & Simpson, Investment Advisor
1984-1985	GE Mortgage Corporation, Commercial Loan Officer
1982-1984	California Federal Savings & Loan Assoc., Construction Loan Officer
1979-1982	R.K. Development Co., Apartment & Condominium Developer
1975-1979	Coast Equities, Inc., Associate Real Estate Broker
1971-1973	U.S. Navy, Lt(jg) Navigator & Personnel Officer

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Qualifications cont'd.

## **EDUCATION**

Bachelor of Science Degree - 1971 - U.S. Naval Academy, Annapolis, MD.  
Graduate Courses Business & Finance - 1976 - 1978, California State University, Long Beach, CA

American Institute of Real Estate Appraisers  
Appraisal Principles & Practice  
Basic Valuation  
Capitalization Theory A & B  
Case Studies & Valuation Analysis & Report Writing  
Standards of Professional Appraisal Practice  
Completed Demonstration Report & Comprehensive Exam

### Recent Continuing Education

Subdivision Seminar	Congregate & Residential Care Facilities
Operating Expenses Seminar	Low Income Housing Valuation
Litigation Seminar	Impact of Detrimental Conditions
Business Practices & Ethics 2008	
Market Trends 2000, 2001, 2002, 2003, 2004, 2005, & 2007	
Uniform Standards of Professional Appraisal Practice Update	
Valuing Family Limited Partnerships	
National IRS Symposium on Valuation Issues 2006 & 2007	
Case Studies in Limited Partnerships & Common Tenancy Valuations	

## **DESIGNATIONS & LICENSES**

State of California - Certified General Real Estate Appraiser #AG001996  
State of California - Real Estate Broker #00459112  
Appraisal Institute - MAI # 09835  
Institute of Business Appraisers – Member

Mr. Robertson was a director on the Board of the California Market Data Cooperative, a company that supplies market data to real estate appraisers, from 1989 to 1998.

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## **PARTIAL LIST OF CLIENTS**

### **Banks and Savings And Loans**

American Security Bank  
Alliance Bank  
Brentwood Bank of California  
Cal Fed  
Coast Federal Bank  
Citibank  
Farmers and Merchants Bank  
FCB Taiwan California Bank  
First Coastal Bank  
First Federal Bank  
Fidelity Thrift & Loan  
Grand National Bank  
International Savings Bank  
International City Bank  
Jackson Federal Bank  
Pacific Union Bank  
Palm Springs Savings Bank  
People's Bank  
Security Pacific Bank  
Spectrum Bank  
Union Bank  
Washington Mutual Bank (American Savings Bank, Great Western Savings & Home Savings)  
Wells Fargo Bank  
Western Bank  
Western Financial Savings Bank

### **Mortgage Companies**

Ameriquest  
Citified Diversified  
Countrywide Funding  
General American Credits  
Imperial Credit Companies  
Independent Mortgage  
Goodman Dean  
Keystone Mortgage Corporation  
Mark III Mortgage  
Metrociti Mortgage Corporation  
North American Mortgage Company  
Westfall & Company, Inc.

### **Accountants**

Baldwin Business Services  
Frostad & Ward  
Bill Griffith & Company  
McKinney & Company  
Murchison & Marek  
Murray & Marek, LLP

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## **Insurance Companies**

Allstate Life Insurance Company  
American Insurance Company  
Crown Life Insurance Company  
Farmers Life Insurance Company  
International Order of Foresters  
John Hancock Life Insurance Company  
New York Life Insurance  
Northwestern National Life Insurance Company  
Standard Life Insurance

## **Corporations**

Benjamin & Associates  
California Glass Bending Corporation  
DiGiorgio Corporation  
Essex Properties Corporation  
Galardi Group  
Gramercy Enterprises  
Great Western Hotels  
Japan Leasing Corporation  
LAEROC Partners, Inc.  
Pay-Less Shoes  
Questmark Group  
San Gabriel River Company, Inc.

## **Attorneys**

Adams & Boskovich  
Baker & Hostetler  
Buchalter, Nemer, Fields & Younger  
Carlsmith Ball Wichman Murray Case & Ichiki  
Misty L. Colwell, Esq.  
William D. Evans, Esq.  
Frankel & Tennant  
Hagel & Coulter  
Stanley Hartford, Esq.  
Michael Nishkian, Esq.  
Riedman, Dalessi, & Dybens  
Seltzer Caplan Wilkins & McMahon  
William Szczepaniak, Esq.  
D. Michael Trainotti, Inc.

## **Government Agencies**

California State University, Los Angeles  
Federal National Mortgage Association  
State of California, Department of Insurance



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## ADDENDA

- | <u>No.</u> | <u>Exhibit</u>   |
|------------|--|
| 1.         | Comparable Sale Data Tables & Adjustment Grid<br>City of Long Beach Property |
| 2.         | Comparable Sale Data Tables & Adjustment Grid<br>LCW Partners LLC Property   |

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### LAND SALE COMPARABLE TABLE

Long Beach City Public Works Yard

1601 San Francisco Avenue

Long Beach, CA 90813

ITEM	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4		
Address	1601 San Francisco Avenue Long Beach, CA 90813	1710 Pier B Street Long Beach, CA 90813	1421 W. Anaheim Street Long Beach, CA 90813	16630 S. Main Street Carson (PO), CA 90746	21205 S. Main Street Carson, CA 90745		
Assessor Parcel Number	Various 7271	7436-009-002	7432-018-027	6126-010-025	7343-001-014 & 041		
Interest Sold	Fee Simple	Fee Simple	Leased Fee	Fee Simple	Fee Simple		
Proximity To Subject	N/A	1.3 Miles SW	0.5 Miles WSW	8.0 Miles NNW	5.5 Miles NW		
Sale Date	N/A	August 14, 2008	March 5, 2008	August 11, 2008	February 29, 2008		
Sale Price	N/A	\$23,000,000	\$1,400,000	\$1,500,000	\$3,150,000		
Size (Acres)	13.21	17.33	0.61	0.92	1.81		
Zoning	IG	IP	IG	ML	MH		
Frontage	Anaheim & San Francisco	Long Beach Harbor	200' Anaheim	156' S Main	130' S Main		
Shape	Rectangular	Basically Rectangular	Rectangular	Rectangular	Basically Rectangular		
Topography	Level	Level	Level	Level	Level		
Utilities	All Available	All Available	All Available	All Available	All Available		
Location	Near Harbor	In Harbor	Near Harbor	N. Carson	S. Carson		
Map Page	795 C5	795 A7	795 B6	734 C6	764 C5		
Financing Terms	Cash Down 1st TD 2nd TD	N/A \$23,000,000 \$0	N/A \$1,400,000 \$0	N/A \$1,500,000 \$0	N/A \$3,150,000 \$0		
Price/Acre	N/A	\$1,327,178	\$30.47	\$2,295,082	\$52.69	\$1,630,435	\$1,740,331

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### LAND SALE ADJUSTMENT TABLE

Long Beach City Public Works Yard  
1601 San Francisco Avenue  
Long Beach, CA 90813

ITEM	SUBJECT	SALE #1		SALE #2		SALE #3		SALE #4		
<b>ADJUSTMENTS - PRICE</b>										
Property Rights Conveyed	Fee Simple	\$0	Fee Simple	\$0	Leased Fee	\$0	Fee Simple	\$0	Fee Simple	\$0
Adjusted Price	\$0		\$23,000,000		\$1,400,000		\$1,500,000		\$3,150,000	
Cash Equivalency	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0
Adjusted Price	\$0		\$23,000,000		\$1,400,000		\$1,500,000		\$3,150,000	
Conditions of Sale	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0
Adjusted Price	\$0		\$23,000,000		\$1,400,000		\$1,500,000		\$3,150,000	
Demolition Cost/Improvement Value	Bldgs & Poss. Contamination	\$0	Contamination	\$180,000	3,200 SF Bldg	(\$186,552)	Old SFR	(\$40,045)	N/A	(\$78,785)
Adjusted Price	\$575,000		\$23,180,000		\$1,213,448		\$1,459,955		\$3,071,215	
Time Adjustment	N/A	\$0	8 Month Old Sale	(\$1,390,800)	13 Month Old Sale	(\$118,311)	8 Month Old Sale	(\$87,597)	14 Month Old Sale	(\$307,121)
<b>FINAL ADJUSTED PRICE</b>	<b>\$0</b>		<b>\$21,789,200</b>		<b>\$1,095,137</b>		<b>\$1,372,357</b>		<b>\$2,764,093</b>	
Price Per Square Foot	\$0.00		\$1,257,311		\$1,795,306		\$1,491,693		\$1,527,123	
<b>ADJUSTMENTS - INDICATORS</b>										
Location	Near Harbor		In Harbor	-20.00%	Near Harbor	0.00%	Gardena	5.00%	S. Carson	5.00%
Corner/Frontage	Anaheim & San Francisco		Railroad Line	-3.00%	Interior - 200'	5.00%	Interior - 156'	5.00%	Interior Thru Lot - 130'	0.00%
Size	13.21		17.33	2.00%	0.61	-40.00%	0.92	-35.00%	1.81	-30.00%
Shape	Rectangular		Basically Rectangular	0.00%	Rectangular	0.00%	Rectangular	0.00%	Basically Rectangular	0.00%
Topography	Level		Level	0.00%	Level	0.00%	Level	0.00%	Level	0.00%
Other	Extra Land Unused Streets		None	2.00%	None	2.00%	N/A	2.00%	N/A	2.00%
Zoning	IG		IP	0.00%	IG	0.00%	ML	0.00%	MH	0.00%
<b>Total Percentage Adjustment</b>				<b>-19.00%</b>		<b>-33.00%</b>		<b>-23.00%</b>		<b>-23.00%</b>
<b>ADJUSTED UNIT OF COMPARISON</b>										
Weight Assigned to Comparable	Weighted Average		50%		25%		10.0%		15%	
Adjusted Price/Acre	\$1,101,168		\$1,018,422	\$23.38	\$1,202,855	\$27.61	\$1,148,603		\$1,175,885	
Indicated Value	\$14,546,428									

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### LAND SALE COMPARABLE TABLE+A26

LCW Partners LLC - Oilfield & Wetlands

33.77 Acres

Long Beach, CA 90803

ITEM	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4
Address	33.77 Acres Long Beach, CA 90803	6180 Bixby Village Dr Long Beach, CA 90803	Bryant Ranch Sale Long Beach, CA 90803	Loynes & Studebaker Wetlands Long Beach, CA 90803	Assessor Data+ Long Beach, CA 90803
Assessor Parcel Number	7237-020-021 & old 052	7237-023 - Various	7237-020-901	7237-017-006,007, etc	7237-020-021 & 052
Interest Sold	Subject to Surface Oil Rights	Fee Simple	Subject to Surface Oil Rights	Fee Simple	Subject to Surface Oil Rights
Proximity To Subject	N/A	0.9 Miles NNW	Adjacent East	0.6 Miles NNE	N/A
Sale Date	N/A	May 31, 2007	June 19, 2006	June 29, 2005	N/A
Sale Price	N/A	\$6,000,000	\$14,000,000	\$1,300,000	\$4,800,000
Size (Acres)	33.77	28.60	39.75 Net	11.27	29.38
Zoning	PD1	PD1	PD1	PD1	PD1
Frontage	Appx 1,600' 2nd St	PCH, Bixby Village	None	Corner of Loynes & Studebaker	Appx 1,600' 2nd St
Shape	Irregular - Pie	Irregular	Irregular & Split	Irregular & Split	Irregular - Pie
Topography	Level	Some Moderate Slope	Level	Level	Level
Utilities	Available	All Available	All Available	All Available	Available
Location	SE Long Beach	SE Long Beach	SE Long Beach	SE Long Beach	SE Long Beach
Map Page	826 E2	796 D7	826 E2	826 E1	826 E2
Financing Terms	Cash Down 1st TD 2nd TD	N/A \$2,100,000 \$3,900,000	\$14,000,000 \$0	\$1,300,000 \$0	\$4,800,000 N/A
Price/Acre	N/A	\$209,790	\$352,201 \$8.09	\$115,350 \$2.65	\$163,376

## Robertson & Associates

### LAND SALE ADJUSTMENT TABLE LCW Partners LLC - Oilfield & Wetlands 33.77 Acres Long Beach, CA 90803

ITEM	SUBJECT	SALE #1		SALE #2		SALE #3		SALE #4		
<b>ADJUSTMENTS - PRICE</b>										
Property Rights Conveyed	Subject to Surface Oil Rights	\$0	Fee Simple	\$0	Subject to Surface Oil Rights	(\$3,000,000)	Fee Simple	\$0	Subject to Surface Oil Rights	\$0
Adjusted Price	\$0	\$6,000,000	\$11,000,000	\$1,300,000	\$4,800,000					
Cash Equivalency	N/A	\$0	N/A	\$0	Seller \$4,000,000 Donation	(\$1,000,000)	N/A	\$0	N/A	\$0
Adjusted Price	\$0	\$6,000,000	\$10,000,000	\$1,300,000	\$4,800,000					
Conditions of Sale	Dump Issue	\$0	Dump Sealed	\$0	Oil Field Indemnification	(\$1,470,000)	Dump Issue	\$0	Dump Issue	\$0
Adjusted Price	\$1,470,000	\$6,000,000	\$8,530,000	\$1,300,000	\$4,800,000					
Demolition Cost/Improvement Value	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0	N/A	\$0
Adjusted Price	\$0	\$6,000,000	\$8,530,000	\$1,300,000	\$4,800,000					
Time Adjustment	N/A	\$0	24 Month Old Sale	(\$300,000)	36 Month Old Sale	(\$426,500)	46 Month Old Sale	(\$65,000)	N/A	\$0
<b>FINAL ADJUSTED PRICE</b>	<b>\$0</b>	<b>\$5,700,000</b>	<b>\$8,103,500</b>	<b>\$1,235,000</b>	<b>\$4,800,000</b>					
Price Per Square Foot	<b>\$0.00</b>	<b>\$199,301</b>	<b>\$203,862</b>	<b>\$109,583</b>	<b>\$163,376</b>					
<b>ADJUSTMENTS - INDICATORS</b>										
Location	SE Long Beach	SE Long Beach	0.00%	SE Long Beach	0.00%	SE Long Beach	0.00%	SE Long Beach	0.00%	
Corner/Frontage	2nd & Shopkeeper - 1600	PCH, Bixby Village	0.00%	None	10.00%	Corner of Loynes & Studebaker	10.00%	2nd & Shopkeeper - 1600	0.00%	
Size	33.77	28.60	0.00%	39.75	0.00%	11.27	-5.00%	29.38	0.00%	
Shape	Irregular - Pie	Irregular	0.00%	Irregular & Split	10.00%	Irregular & Split	10.00%	Irregular - Pie	0.00%	
Topography	Level	Some Moderate Slope	0.00%	Level	0.00%	Level	0.00%	Level	0.00%	
Other	None	9% Return on GG	-5.00%	None	0.00%	None	0.00%	None	0.00%	
Zoning	PD1	PD1	0.00%	PD1	0.00%	PD1	25.00%	PD1	0.00%	
<b>Total Percentage Adjustment</b>			<b>-5.00%</b>		<b>20.00%</b>		<b>40.00%</b>		<b>0.00%</b>	
<b>ADJUSTED UNIT OF COMPARISON</b>										
Weight Assigned to Comparable	Weighted Average	40%	40%	10.0%	10%					
Adjusted Price/Acre	\$205,267	\$189,336	\$244,634	\$5.62	\$153,416	\$3.52	\$163,376			
Indicated Value	\$6,931,870									