Folsom City Council
Staff Report

MEETING DATE:	8/11/2026
AGENDA SECTION:	New Business
ITEM TITLE:	Resolution No 11686 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Lakeside Church in the Amount of $7.1 Million for the Purchase of ~6.69 acres at the Northeast Corner of East Bidwell Street and Oak Avenue Parkway and Appropriation of Funds (Folsom Housing Fund 238)
FROM:	Community Development Department

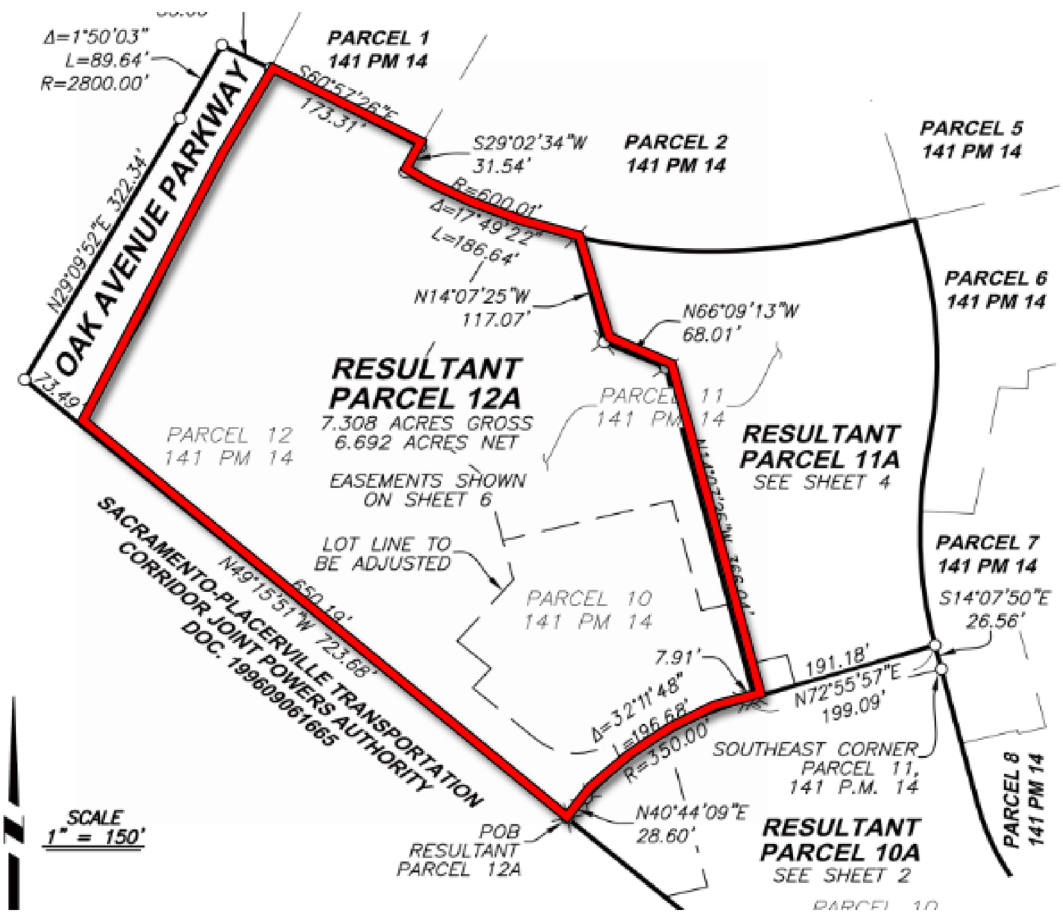
RECOMMENDATION / CITY COUNCIL ACTION

Staff respectfully recommends that the City Council approve Resolution No 11686 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Lakeside Church in the Amount of $7.1 Million for the Purchase of ~6.69 acres at the Northeast Corner of East Bidwell Street and Oak Avenue Parkway and Appropriation of Funds (Folsom Housing Fund 238)

BACKGROUND / ISSUE

The subject property is an undeveloped site of approximately 6.69 acres located at the northeast corner of East Bidwell Street and Oak Avenue Parkway, adjacent to the existing Lakeside Church campus. The property is approximately one-half mile north of Highway 50 along East Bidwell Street and immediately adjacent to the Los Rios Community College campus. Lakeside Church owns several parcels surrounding its existing facility and recently completed a lot line adjustment and parcel merger to create the approximately 6.7-acre development site. The property was subsequently listed for sale as a commercial and/or multifamily residential infill opportunity. See vicinity map and parcel map on the following page.

Vicinity Map



Parcel Map

The property is designated Professional/Office/East Bidwell Mixed Use Overlay in the General Plan and zoned Business Professional–Planned Development. These designations allow commercial and/or multifamily residential development. In addition, the site is identified in the City's Housing Element as one of the inventory sites available to meet the City's Regional Housing Needs Allocation (RHNA) for lower-income housing, with an assumed development capacity of approximately 200 multifamily units.

Housing Element Program H-17 (Study the Purchase of Land for Affordable Housing) directs the City to explore the feasibility of using Housing Trust Fund revenues to acquire land for affordable housing development. If approved, this would represent the third acquisition of land using housing funds for future affordable housing.

Previous acquisitions include:

1. 300 Persifer Street, which was originally acquired in the 1960s and used for various City purposes over several decades. The property was recently transferred to Habitat for Humanity using Housing Trust Fund resources for development of ten for-sale homes affordable to lower-income households.
2. Leidesdorff Site (1.92 acres), which was recently acquired for future affordable housing as part of the long-term redevelopment plan for the Corporation Yard area.

When this property was listed for sale in June 2026, prospective purchasers were required to submit offers by July 15, 2026. At its July 14, 2026, closed session meeting, the City Council directed staff to submit an offer and negotiate the purchase of the property using Housing Fund resources given the site's strategic importance from an infrastructure planning perspective and as a potential student housing site adjacent to the community college campus.

Following Council direction, staff submitted an offer on July 15, 2026, contingent upon completion of an appraisal. According to the listing broker, the seller received 12 offers (including the City's), primarily from affordable multifamily housing developers. Following additional negotiations, the City's offer was accepted, subject to appraisal and formal City Council approval. Adoption of the proposed resolution authorizes completion of the purchase and allocation of housing funds.

Acquisition of the property advances multiple Housing Element goals, policies, and programs. Ownership of the site will allow the City to control the timing of development as infrastructure improvements are completed and to identify the most appropriate development partner to ensure the project meets community needs and is compatible with surrounding development.

The City retained Colliers to prepare an independent appraisal of the property. The appraisal supports a market value of $7.0 million. The negotiated purchase price of $7.1 million is a qualifying expenditure under the Folsom Housing Fund and is well within the fund's approximately $22 million unencumbered balance.

POLICY / RULE

In 2013, the City established an inclusionary housing in-lieu fee to support affordable housing through the Folsom Housing Fund (Fund 238). As originally adopted, the fee equaled one percent of the sales price of the lowest-priced home within a subdivision multiplied by the total number of units. In 2025, following completion of a Nexus study, the City Council revised the methodology to a square-footage-based fee while maintaining a generally comparable level of revenue.

Pursuant to a legal agreement with the Sacramento Housing Alliance, at least 50 percent of the fees collected must be used to fund the construction or substantial rehabilitation of multifamily rental housing affordable to low- and very low-income households. The acquisition and disposition of land for affordable housing development are eligible uses of Fund 238.

ANALYSIS

State Housing Element Law (Government Code Section 65580) requires local jurisdictions to adequately plan for the housing needs of all economic segments of the community. The City of Folsom Housing Element, adopted in August 2021, identifies the City's housing needs based on the Regional Housing Needs Allocation (RHNA) prepared by the Sacramento Area Council of Governments (SACOG).

SACOG assigned Folsom a RHNA of 6,363 housing units between 2021 and 2029, including 2,226 very low-income units and 1,341 low-income units. The Housing Element assumes that a substantial portion of these lower-income housing needs will be met through multifamily rental housing.

In August 2025, staff presented the City Council with a mid-cycle Housing Element implementation update. As part of that presentation, staff summarized RHNA progress and reviewed expenditures from the City's housing funds.

Income Level	RHNA Allocation	Progress to Date	Remaining RHNA
Very Low (0 - 50% AMI)	2,226	225	2,001
Low (51 - 80% AMI)	1,341	347	994
Moderate (81 – 120% AMI)	829	817	12
Above Moderate (> 120% AMI)	1,967	3,473	--
Total	**6,363**	**4,862**	**3,007**

Since 2019, the City Council has approved approximately $13.7 million in long-term, low-interest loans to support financing gaps for more than 550 deed-restricted affordable housing units across six multifamily affordable housing developments. In addition to providing affordable housing loans, Fund 238 may be used for Housing Element implementation, housing programs, and the acquisition or disposition of land for affordable housing.

At its August 2025 meeting, the City Council expressed interest in using Fund 238 to acquire appropriately zoned multifamily sites and to partner with affordable housing developers on City-owned property.

Acquisition of the subject property directly advances several Housing Element goals, policies, and programs. Specifically, ownership of the property helps ensure that a site identified in the Housing Element inventory is ultimately developed with lower-income housing (Goal H-1) in a location that provides convenient access to transit, employment, commercial services, schools, and other community amenities (Policy H-1.2). Housing Element Programs H-16 and H-17 specifically encourage the use of Housing Trust Fund resources to acquire land for affordable housing and facilitate affordable housing development on City-owned sites.

Any future development proposal would remain subject to all applicable public review processes, City development standards, environmental review, and discretionary approvals.

A key advantage of this acquisition is the site's location adjacent to the Los Rios Community College campus, where affordable student housing demand is high and supply is limited. This objective is reflected in General Plan Land Use Policy 3.1.8 (College District), which states:

> "Encourage development of a vibrant, walkable district centered around Folsom Lake College and East Bidwell Street adjacent to the Broadstone District that includes higher density residential, retail, and daily service uses for employees and residents as well as students, faculty, and staff."

While Los Rios is not currently pursuing on-campus student housing, future partnerships with private developers to provide off-campus student housing remain a viable opportunity. Given the site's proximity to the campus and its potential for direct pedestrian and vehicle connections, staff will continue to explore opportunities to incorporate affordable student housing—and potentially faculty and staff housing—as part of future development of the property.

The City's appraisal, prepared by Colliers (Attachment 2), concludes with an estimated market value of $7.0 million based on accepted appraisal methodology and comparable sales. Given the site's development readiness, exceptional location, and access to employment, transit, schools, commercial services, and Highway 50, the property generated substantial market interest, including offers from numerous affordable housing developers.

Recognizing the strategic public benefits associated with long-term ownership and coordinated development, City staff negotiated a purchase price of $7.1 million. This modest premium above the appraised value reflects the significant public value of controlling both the timing and type of future affordable housing development at this important location. In addition to advancing Housing Element implementation, acquisition of the property provides the City with greater control over future development in a key corridor adjacent to the Los Rios Community College campus. Given recent State housing legislation that has reduced local discretion over higher-density housing near transit, City ownership will allow thoughtful planning to ensure future development is compatible with surrounding land uses while addressing community housing needs.

Staff recommends that the City Council authorize the City Manager to execute the Purchase and Sale Agreement with Lakeside Church at the negotiated purchase price of $7.1 million with the following key terms:

1. Purchase Price ($7.1 million) and deposit amounts (1% of purchase price)
2. Inspection (Due Diligence) Period – 45 days
3. Closing Date – 15 days after expiration of the Inspection Period
4. Monument Sign – Seller desire to relocate existing monument sign near the intersection along the edge of the parcel with an easement granted for agreed upon sign location contingent on receiving required City approvals
5. Expenses – Seller pays broker fees, parties split escrow costs, seller pays for title policy, and buyer pays for any endorsements
6. Default remedies – if seller defaults in reps and warranties or its obligation to close prior to the closing date, buyer can seek specific performance plus costs and expenses or terminate the agreement and have the deposit returned plus transaction expenses up to $25,000. For other defaults (such as a breach of representation after closing) buyer may only bring a claim if the damages are over $25,000 and damages are capped at $250,000.

See Attachment 3 for Purchase and Sale Agreement.

FINANCIAL IMPACT

The purchase of the property for $7.1 million will be funded by the Folsom Housing Fund (Fund 238), which has sufficient available resources to complete the acquisition. Acquisition of land for affordable housing is an eligible expenditure under Fund 238 and directly implements Housing Element Program H-17.

ENVIRONMENTAL REVIEW

Staff have reviewed the proposed property acquisition pursuant to the California Environmental Quality Act (CEQA) and determined that the action is exempt under CEQA Guidelines Section 15061(b)(3), commonly referred to as the Common Sense Exemption.

The proposed action consists solely of the acquisition of real property and will not result in any physical change to the environment. The property is currently vacant, and the acquisition does not approve or authorize any development, grading, or construction activity. Future development of the site will require separate environmental review and compliance with the City's zoning regulations and CEQA, as applicable.

The property's General Plan and zoning designations will remain unchanged, and the site will continue to serve as an identified Housing Element inventory site for lower-income RHNA obligations. Accordingly, it can be seen with certainty that the proposed acquisition has no potential to result in a significant environmental impact and is therefore exempt from CEQA.

ATTACHMENTS

1. Resolution No 11686 – A Resolution Authorizing the City Manager to Execute a Purchase and Sale Agreement with Lakeside Church in the Amount of $7.1 Million for the Purchase of ~6.69 acres at the Northeast Corner of East Bidwell Street and Oak Avenue Parkway and Appropriation of Funds (Folsom Housing Fund 238)
2. Appraisal
3. Purchase and Sale Agreement

Submitted,

Pam Johns
Community Development Director

ATTACHMENT 1

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT WITH LAKESIDE CHURCH IN THE AMOUNT OF $7.1 MILLION FOR THE PURCHASE OF ~6.69 ACRES AT THE NORTHEAST CORNER OF EAST BIDWELL STREET AND OAK AVENUE PARKWAY AND APPROPRIATION OF FUNDS
(FOLSOM HOUSING FUND 238)

RESOLUTION NO. 11686

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A PURCHASE AND SALE AGREEMENT WITH LAKESIDE CHURCH IN THE AMOUNT OF $7.1 MILLION FOR THE PURCHASE OF ~6.69 ACRES AT THE NORTHEAST CORNER OF EAST BIDWELL STREET AND OAK AVENUE PARKWAY AND APPROPRIATION OF FUNDS (FOLSOM HOUSING FUND 238)

WHEREAS, Lakeside Church owns approximately 6.69 acres of undeveloped land located at the northeast corner of East Bidwell Street and Oak Avenue Parkway (the "Property"); and

WHEREAS, the Property is designated Professional/Office/East Bidwell Mixed Use Overlay in the City's General Plan and is zoned Business Professional–Planned Development, allowing for commercial and/or multifamily residential development; and

WHEREAS, the City of Folsom has identified the Property in its Housing Element as an available site to meet the lower-income Regional Housing Needs Allocation (RHNA) consistent with Housing Element Goal H-1 (Adequate Land Supply for Housing) and Policy H-1.2 (Location of Higher-Density Housing Sites); and

WHEREAS, Housing Element Program H-17 (Study the Purchase of Land for Affordable Housing) states that the City shall explore the feasibility and appropriateness to establish a program to use housing trust fund money or other sources to purchase land to support the development of affordable housing dispersed throughout the city; and

WHEREAS, acquisition of the Property will further the goals, policies, and programs of the City's Housing Element by preserving a strategically located site for future affordable housing development and providing the City with the ability to guide the timing, type, and quality of future development in a manner consistent with community needs; and

WHEREAS, the Property is located adjacent to the Los Rios Community College campus, creating opportunities to explore future partnerships for affordable housing, including potential student and workforce housing; and

WHEREAS, the City retained Colliers to prepare an independent appraisal of the Property, which concluded an estimated market value of $7.0 million; and

WHEREAS, the negotiated purchase price of $7.1 million reflects the strategic public benefit of acquiring and preserving the Property for future affordable housing purposes and is supported by the significant market demand for the site; and

WHEREAS, the purchase of the Property would be funded by the City’s Housing Fund 238, which has sufficient funds available to cover the cost of the purchase; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom finds that the acquisition of the Property is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (Common Sense Exemption).

Finding. The acquisition of the Property is exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3).

Evidence. There is no possibility that the acquisition of the Property will result in a physical change in the environment. The Property consists of vacant land designated for commercial and/or multifamily residential development and assumed to accommodate ~200 units in the RHNA. The acquisition of the Property does not approve any development project, nor does it disturb the physical environment. The proposed action now is simply a transfer of property ownership. Any future development of the site would be subject to review under FMC Title 17 (Zoning) and CEQA. No change in zoning or allowed use is proposed. The sites are listed in the Housing Element as available to meet the City's lower income RHNA and none of those designations or the associated underlying assumptions will change as a part of this agreement. Therefore, the proposed purchase is exempt from CEQA review.

BE IT FURTHER RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute a Purchase and Sale Agreement with Lakeside Church in the amount of $7.1 Million for the purchase of ~6.69 acres at the northeast corner of East Bidwell Street and Oak Avenue Parkway with funds allocated from the Folsom Housing Fund (Fund 238).

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate $7.1 million for this agreement. The appropriation will be made in the Folsom Housing Fund (Fund 238).

PASSED AND ADOPTED this 11th day of August, 2026, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

____
Justin Raithel, MAYOR

ATTEST:

____
Christa Freemantle, CITY CLERK

ATTACHMENT 2

APPRAISAL

Valuation & Advisory Services

Colliers

Vacant BP Zoned Land

701 Oak Avenue Parkway
Folsom, California 95630

APPRAISAL REPORT

Date of Report:	August 5, 2026
Colliers File Number:	SMF260804

Prepared for

Pam Johns
Community Development Director
City of Folsom
50 Natoma Street
Folsom, CA 95630

Accelerating success.

Letter of Transmittal

August 5, 2026

Pam Johns
Community Development Director
City of Folsom
50 Natoma Street
Folsom, CA 95630

RE: Vacant BP Zoned Land
701 Oak Avenue Parkway
Folsom, California 95630

Colliers File #: SMF260804

Ms. Johns:

This appraisal report satisfies the scope of work and requirements agreed upon by City of Folsom and Colliers Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). My appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest. The following table conveys the final opinion of market value of the subject property that is developed within this appraisal report:

Value Type	Interest Appraised	Date of Value	Value
As-Is Market Value	Fee Simple	July 31, 2026	$7,000,000

The subject consists of a vacant parcel of land that is zoned BP – Business Professional and is slated for future multi-family development. The subject site will contain 6.69-net acres (291,416 SF) or a 7.31-gross acre (318,249 SF) site at 701 Oak Avenue Parkway in Folsom, California.

Currently, there are three vacant parcels and the APN's are as follows: 072-1310-010, 011 & 012. There is a proposed lot line adjustment in which the resultant parcel will encompass approximately 6.69 net acres. According to the client, the lot line adjustment was approved and parcel merger was recorded on July 16, 2026. However, the new parcel map has yet not been created.

The subject property is currently listed for sale, but is not in contract at this time. The subject is being marketed for sale by Peter Nixon with Newcastle Properties Group and the asking price is $6,835,000 or $23.45/SF. The broker indicated that the subject was on the market for about 6 weeks and during that time, the broker received 11 offers. Six of the offers were full price offers at $6,835,000. There were a few offers below the asking price. There are two offers at $7,100,000. All of the offers came from affordable housing developers. The city of Folsom originally submitted a full price offer, but later submitted a higher offer at $7,100,000. The as is value in this appraisal is slightly below the $7,100,000 offer price by the City of Folsom, but is above the asking price and above some of the offers made by other buyers.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the appraisal guidelines of City of Folsom.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at my opinion of value are fully discussed below. I advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

Extraordinary Assumptions

The land area is based upon the Sacramento County recorded parcel merger and lot line adjustment document. The land area indicated in this report is based upon lot line adjustment map and is assumed to be accurate. An ALTA survey was not provided for this appraisal. This appraisal assumes the land area is correct. A change to this assumption could impact the assignment results.

Colliers International has not observed, yet is not qualified to detect, the existence of potentially hazardous material or underground storage tanks, which may be present on or near the site. The existence of hazardous materials or underground storage tanks may influence the value of the property. For this appraisal, Colliers International has specifically assumed that any hazardous materials and/or underground storage tanks do not affect the property, which may be present on or near the property.

Hypothetical Conditions

None

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

The signature below indicates my assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

Colliers Valuation & Advisory Services

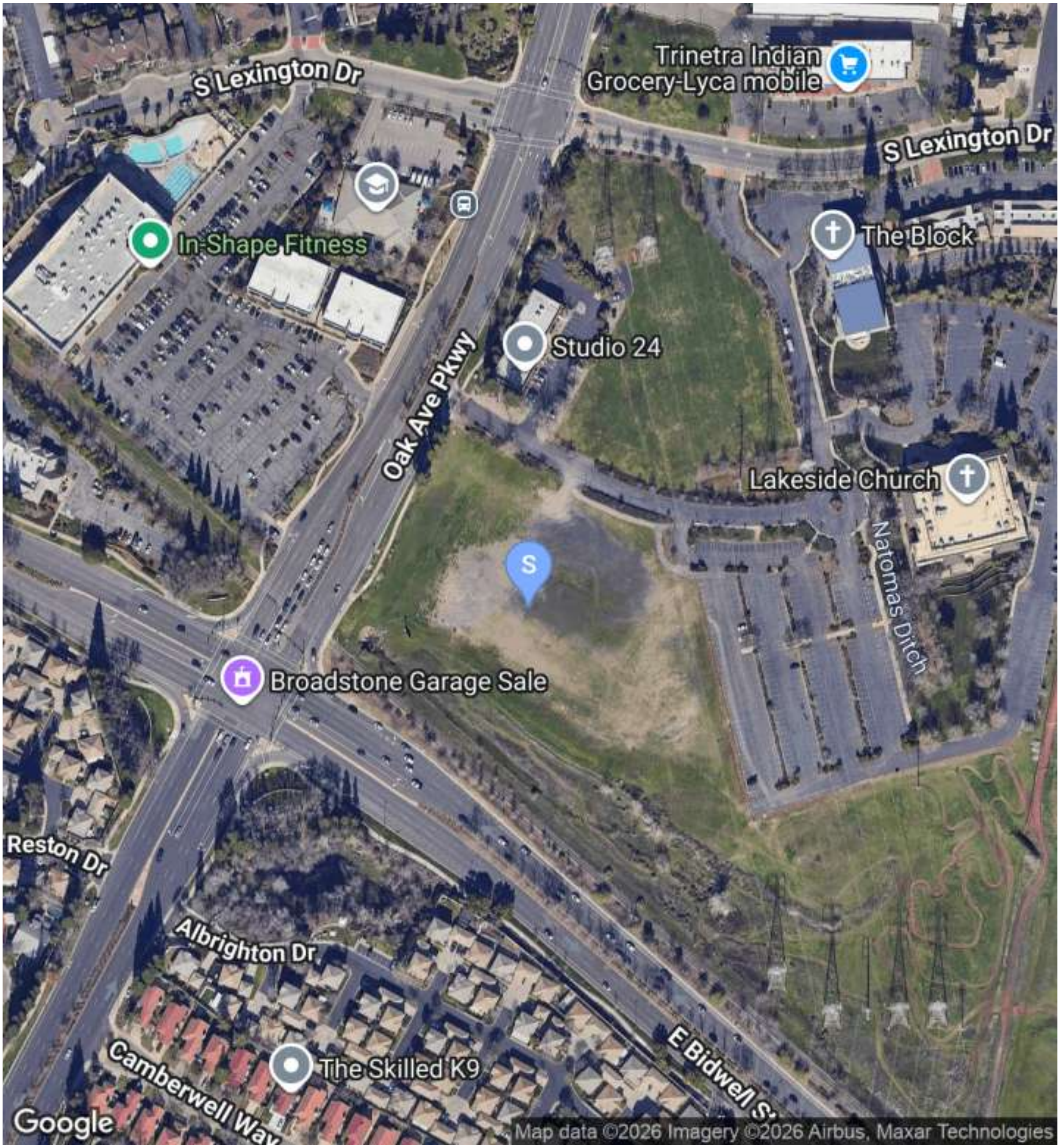
Joe Esparza, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
State of California License #AG031186
+1 916 724 5582
joe.esparza@colliers.com

Table of Contents

Executive Summary

General Information		
Property Name	Vacant BP Zoned Land	
Property Type	Land - Multi-Family Land	
Address	701 Oak Avenue Parkway	
City	Folsom	
State	California	
Zip Code	95630	
County	Sacramento	
Core Based Statistical Area (CBSA)	Sacramento--Roseville--Arden-Arcade, CA	
Market	Sacramento	
Submarket	Folsom	
Latitude	38.664394	
Longitude	-121.135398	
Number Of Parcels	1	
Assessor Parcel	072-1310-010	
Total Taxable Value	$2,174,772	
Census Tract Number	85.10	
Site Information		
Land Area	**Acres**	**Square Feet**
Usable	6.69	291,416
Unusable	0.62	26,833
Excess	0.00	0
Surplus	0.00	0
Total	**7.31**	**318,249**
Topography	Level at street grade	
Shape	Irregular	
Access	Average	
Exposure	Average	
Current Zoning	Business Professional-Planned Development (BP-PD)	
Overlay District	East Bidwell Mixed Use	
Flood Zone	Zone X (Shaded)	
Seismic Zone	Moderate Risk	
Highest & Best Use		
As Vacant	Mixed Use Development As Market Conditions Warrant	
Exposure Time & Marketing Period		
Exposure Time	Six Months or Less	
Marketing Period	Six Months or Less	

Valuation Summary	
Valuation Indices	**As-Is Market Value**
Interest Appraised	**Fee Simple**
Date of Value	**July 31, 2026**
Final Value Conclusion	
Final Value	**$7,000,000**
$/SF	$24/SF
Land Valuation	
Land Value	**$7,000,000**
Value/SF	$24.00


S Lexington Dr
Trinetra Indian
Grocery-Lyca mobile
S Lexington Dr
In-Shape Fitness
The Block
Studio 24
Oak Ave Pkwy
Lakeside Church
S
Natomas Ditch
Broadstone Garage Sale
Reston Dr
Albrighton Dr
E Bidwell St
The Skilled K9
Camberwell Way
Google
Map data ©2026 Imagery ©2026 Airbus, Maxar Technologies


View of Subject Site


View of Subject Site


View of Subject Site


View of Subject Site


View of Subject Site


View of Subject Site

View of Subject Site

View of Subject Site

View of Subject Site

Rail Line

View of E Bidwell Street

View of Oak Avenue Parkway

Property Identification

The subject property consists of a vacant parcel of land that is zoned BP-PD and contains 6.69 net acres or 7.31 gross acres located at the NEC of Oak Avenue Parkway and E Bidwell Street in Folsom, Sacramento County, California. There are three parcels are 072-1310-010, 011 & 012. However, these three parcels will be merged and a new lot line adjustment will be performed to create a 6.69 net acre parcel. The parcel merger was recorded by the County, but the parcel map has not been created.

The Sacramento County Assessor's Parcel numbers are: 072-1310-010, 011 & 012.

The legal description of the subject property is as follows: The following legal description shows the resultant parcel totaling 7.308 gross acres.

RESULTANT PARCEL 12A

All that portion of Parcels 10, 11, and 12 as shown on the "Parcel Map of Lexington Hills Business Park" filed in Book 141 of Parcel Maps, Map No. 14, in the office of the Sacramento County Recorder, in the City of Folsom, County of Sacramento, State of California, lying North and West of the following described line:

Beginning at a point on the Southwest line of said Parcel 12, from which the Southeast corner of said Parcel 11 bears the following 4 courses:

1) North 40°44'09" East 28.60 feet to the beginning of a 350.00 foot radius tangent curve to the right,
2) Along said curve through a central angle of 32°11'48" a distance of 196.68 feet,

3) North 72°55’57” East 199.09 feet to the East line of said Parcel 11,
4) Along said East line, South 14°07’50” East 26.56 feet.

Thence, from said Point of Beginning, North 40°44’09” East 28.60 feet to the beginning of a 350.00 foot radius tangent curve to the right;

Thence, along said curve through a central angle of 32°11’48” a distance of 196.68 feet;

Thence, North 72°55’57” East 7.91 feet;

Thence, North 14°07’25” West 366.04 feet;

Thence, North 66°09’13” West 68.01 feet;

Thence, North 14°07’25” West 117.07 feet to a point on the North line of said Parcel 11.

Containing, 7.308 acres, more or less.

See Exhibit “B”, plat to accompany description, attached hereto and made a part hereof.

Resultant Parcels 10A, 11A and 12A are subject to Notes and Dedications per said “Parcel Map of Lexington Hills Business Park”

Together with Reciprocal Easements for Ingress, Egress, Sewer, Drain and Utilities, on, over, across, and under the Parcels owned by the owners shown hereon, Lakeside Church. (Resultant Parcel 2 per 20031106 O.R. 1497 and Parcels 4 through 12 per 141 P.M. 14)

LICENSED PROFESSIONAL SURVEYOR
BRADEN D. BARNUM
No. 8507
EXP. 12-31-26
STATE OF CALIFORNIA

5-1-2026

Scope of Work

The scope of work for this appraisal assignment is outlined below:

The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.

- The appraiser confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraiser completed an office and multi family supply/demand market analysis of the Sacramento market and Folsom sub-market. Conclusions were drawn regarding the subject property’s competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.

- The appraiser confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the land sales comparison approach to value, which were adjusted and reconciled as appropriate.
- Technological tools, including closed-end Artificial Intelligence (AI) operating within controlled and secure environments, were utilized in the development of this appraisal report. The use of AI is limited to research of publicly available information in the regional and local market analysis sections of the report. Safeguards are in place to mitigate risks of bias, discrimination, or unlawful outcomes. In accordance with USPAP, the integrity and confidentiality of all non-public information is maintained and is neither shared with nor used to train or enhance any tool. AI-generated content is independently reviewed and approved by the appraiser(s) prior to inclusion and remains subject to their professional judgment. Any broader use of AI beyond this scope will be disclosed as necessary to avoid a misleading report.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- I understand the Competency Rule of USPAP and the author of this report meets the standards.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

Sources of Information

The following sources were contacted to obtain relevant information:

Sources of Information	
Item	**Source**
Tax Information	Sacramento County Tax Collector
Zoning Information	City of Folsom Zoning Code
Site Size Information	Sacramento County Assessor's Parcel Map
Flood Map	Realquest
Demographics	Esri ArcGIS®
Legal Description	Grant Deed

Subject Property Inspection

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

Subject Property Inspection			
Appraiser	**Inspected**	**Extent**	**Date of Inspection**
Joe Esparza, MAI	Yes	Site Only	July 31, 2026

The subject site was inspected on July 31, 2026 and was unaccompanied during the site visit.

Client Identification

The client of this specific assignment is City of Folsom.

Purpose

The purpose of this appraisal is to develop an opinion of the As-Is Market Value of the subject property's fee simple interest.

Intended Use

The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone. This report is specifically not intended for any litigation, arbitration, or any other alternative dispute resolution purposes.

Intended Users

Intended users of this report include City of Folsom. Use of this report by third parties and other unintended users is not permitted. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

Assignment Dates

Date of Report	August 5, 2026
Date of Inspection	July 31, 2026
Valuation Date - As-Is	July 31, 2026

Personal Intangible Property

No personal property or intangible items are included in this valuation.

Property and Sales History

Current Owner

The subject title is currently recorded in the name of Lakeside Church. This entity acquired the site in December 1997.

Three-Year Sales History

The subject has not sold within the past three years.

Subject Sale Status

The subject property is currently listed for sale, but is not in contract at this time. The subject is being marketed for sale by Peter Nixon with Newcastle Properties Group and the asking price is $6,835,000 or $23.45/SF. The broker indicated that the subject was on the market for about 6 weeks and during that time, the broker received 11 offers. Six of the offers were full price offers at $6,835,000. There were a few offers below the asking price. There are two offers at $7,100,000. All of the offers came from affordable housing developers. The city of Folsom originally submitted a full price offer, but later submitted a higher offer at $7,100,000. The as is value in this appraisal is slightly below the $7,100,000 offer price by the City of Folsom, but is above the asking price and above some of the offers made by other buyers.

Definitions of Value

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda (see Interagency Guidelines definition).

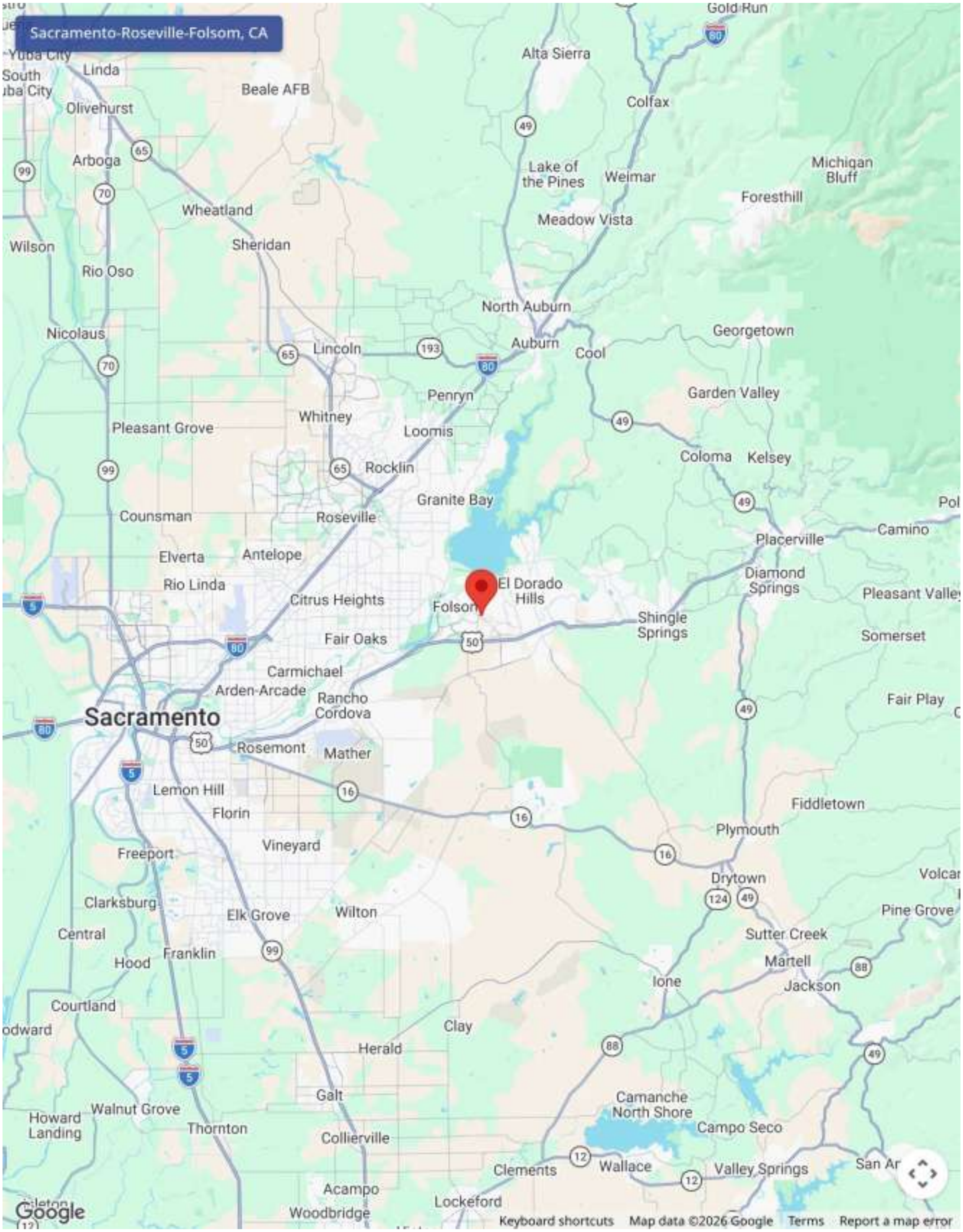
Property Rights Appraised

The property rights appraised constitute the fee simple interest.

Value Scenarios

The valuation scenarios developed in this appraisal report include the As-Is Market Value of the subject property's fee simple interest.

Regional Map



Sacramento-Roseville-Folsom, CA

The subject property is located within the State of California in the Sacramento-Roseville-Folsom, CA Core Based Statistical Area (CBSA). The subject's region is the 27th most populous within the United States.

Demographics

The following table provides a regional demographic overview, the regional trends and overall impact on the subject property.

Demographics	U.S.	State	CBSA	CBSA Insights
2020 Total Population	331,449,281	39,538,223	2,397,382	Projected Rate **Above US Avg.**
2026 Total Population	343,528,394	39,812,276	2,500,020	
2020-2026 Growth Rate: Population	0.6%	0.1%	0.7%	
2031 Total Population	351,813,408	40,153,869	2,566,552	
2026-2031 Growth Rate: Population	0.5%	0.2%	0.5%	
2020 Family Households	82,828,617	9,296,271	586,988	Projected Rate **Above US Avg.**
2026 Family Households	85,751,035	9,380,338	606,365	
Annual Change	0.9%	0.5%	0.9%	
2031 Family Households	88,391,130	9,556,020	626,284	
Annual Change	0.6%	0.4%	0.7%	
2020 Average Household Size	2.55	2.87	2.70	Current Level **Above US Avg.**
2026 Average Household Size	2.49	2.80	2.66	
2031 Average Household Size	2.47	2.77	2.64	
2026 Average Household Income	$122,692	$151,302	$139,165	Current Level **Above US Avg.**
2031 Average Household Income	$138,579	$169,263	$156,095	
Annual Change	2.59%	2.37%	2.43%	
2026 Per Capita Income	$48,241	$53,106	$51,432	
2031 Per Capita Income	$55,073	$60,118	$58,166	
Annual Change	2.68%	2.51%	2.49%	
2025 Cost of Living Index			103	
2026 Median Home Value	$376,272	$783,218	$640,536	**Above US Avg.**
2031 Median Home Value	$456,370	$915,926	$744,836	
2026 Owner Occupied HUs	85,987,568	7,614,006	571,278	% Renters **Consistent with US**
% Total Housing Units	64%	55%	62%	
2026 Renter Occupied HUs	48,409,994	6,288,576	347,876	
% Total Housing Units	36%	45%	38%	
Overall Impact on Subject Property				**Positive**

Sources: ESRI, U.S. Bureau of Economic Analysis(RPP).

0.7%	2.66	103	38%
# Households over next 5 years (CBSA)	Average Household Size (CBSA)	Cost of Living Index (CBSA) (100 = US)	Renter Occupied Housing Units (CBSA)

Employment, Labor & Output

The following table illustrates the regional employment, labor, and output trends and their impact on the subject property. It is noted that GDP is included given it reflects demand for goods and services, but timely data is only available at US level. The region's employer mix highlights variety and depth of major employers.

Employment, Labor & Output	U.S.	State	CBSA	CBSA Trend
Employment (2025)	161,586,000	18,667,830	1,141,005	Above US Avg.
Employment Growth (Last 10 Years)	9.1%	7.2%	16.6%	
Unemployment Rate (5 years prior)	3.6%	3.9%	3.3%	Above US Avg.
Unemployment Rate (6 months prior)	4.1%	5.5%	4.8%	
Unemployment Rate	4.1%	5.1%	4.5%	
Labor Force Participation	63.5%	63.7%	62.7%	Below US Avg.
% Labor Force With HS Diploma	45.3%	39.9%	44.4%	Above US Avg.
% Labor Force with College Degree (or higher)	31.5%	32.5%	32.7%	
Gross Domestic Product (Last 4 Quarters)				Consistent with US
Current Quarter	2.1%			
Current Quarter minus 1	0.5%			
Current Quarter minus 2	0.5%			
Current Quarter minus 3	0.5%			
Overall Impact on Subject Property				**Neutral**

Sources: BLS

Top 10 Employment Sectors

Sector	Estimated Employees
Office and Administrative Support	117,770
Food Preparation and Serving Related	91,850
Business and Financial Operations	90,990
Sales and Related	79,320
Transportation and Material Moving	78,130
Healthcare Support	76,480
Educational Instruction and Library	65,400
Healthcare Practitioners and Technical	63,690
Construction and Extraction	55,040
Home Health and Personal Care Aides	52,930

Top 10 Major Employers

Employer	Estimated Employees
State of California	110,000
UC Davis Health	18,000
Kaiser Permanente	15,000
Intel Corporation	6,000
Dignity Health	5,500
Sutter Health	5,000
Sacramento County	4,500
City of Sacramento	4,000
Sacramento Municipal Utility District	2,200
Health Net	2,000

Sources of the Top 10 Employment Sectors: US Bureau of Labor Statistics. Sources of the Top 10 Major Employers: Sacramento Business Journal Book of Lists, California Employment Development Department, Sacramento Area Commerce and Trade Organization.

16.6%	4.5%	32.7%	2.1%
Employment Growth (CBSA)	Unemployment Rate (CBSA)	College Educated Labor (CBSA)	Gross Domestic Product (US)

Infrastructure & Public Services

Airports

The airports serving the region are shown below.

Airport Name	IATA Code	Airport Type	Passenger Enplanements	Passenger Rank	Cargo Weight	Cargo Rank	Distance (miles)
Sacramento International Airport	SMF	International	13,912,718 (2025)				31
Sacramento Executive Airport	SAC	General Aviation					
Mather Airport	MHR	General Aviation					
Auburn Municipal Airport	AUN	General Aviation					
Placerville Airport	PVF	General Aviation					

Sources: FAA, Airport websites

Interstate & Major Highways

The interstate highways serving the region are shown below.

Interstate	Local Name	Direction	Connects To
I-80		East-West	San Francisco Bay Area to Teaneck, New Jersey, passing through Sacramento, CA
US-50	El Dorado Freeway	East-West	West Sacramento to Ocean City, Maryland, passing through Folsom, CA and South Lake Tahoe
I-5		North-South	Canada to Mexico, passing through Sacramento, CA

Sources: DOT, State transportation maps

Railways

The rail services serving the region are shown below.

Rail	Operator	Overview
Light Rail (Gold Line)	Sacramento Regional Transit District (SacRT)	Connects Folsom to downtown Sacramento and other regional destinations. Operates with 15-minute frequency on weekdays and 30-minute frequency on weekends.

Sources: FRA, Rail operator websites

Higher Education

The educational institutions serving the region are shown below.

Type of School	Providers
Public School District (K-12)	Folsom-Cordova Unified School District
Community College	Folsom Lake College
University	California State University Sacramento; University of California Davis; National University; University of Phoenix
Private School (Grades 4-12)	Fusion Academy Folsom

Sources: IPEDS, School district websites

Ports & Waterways

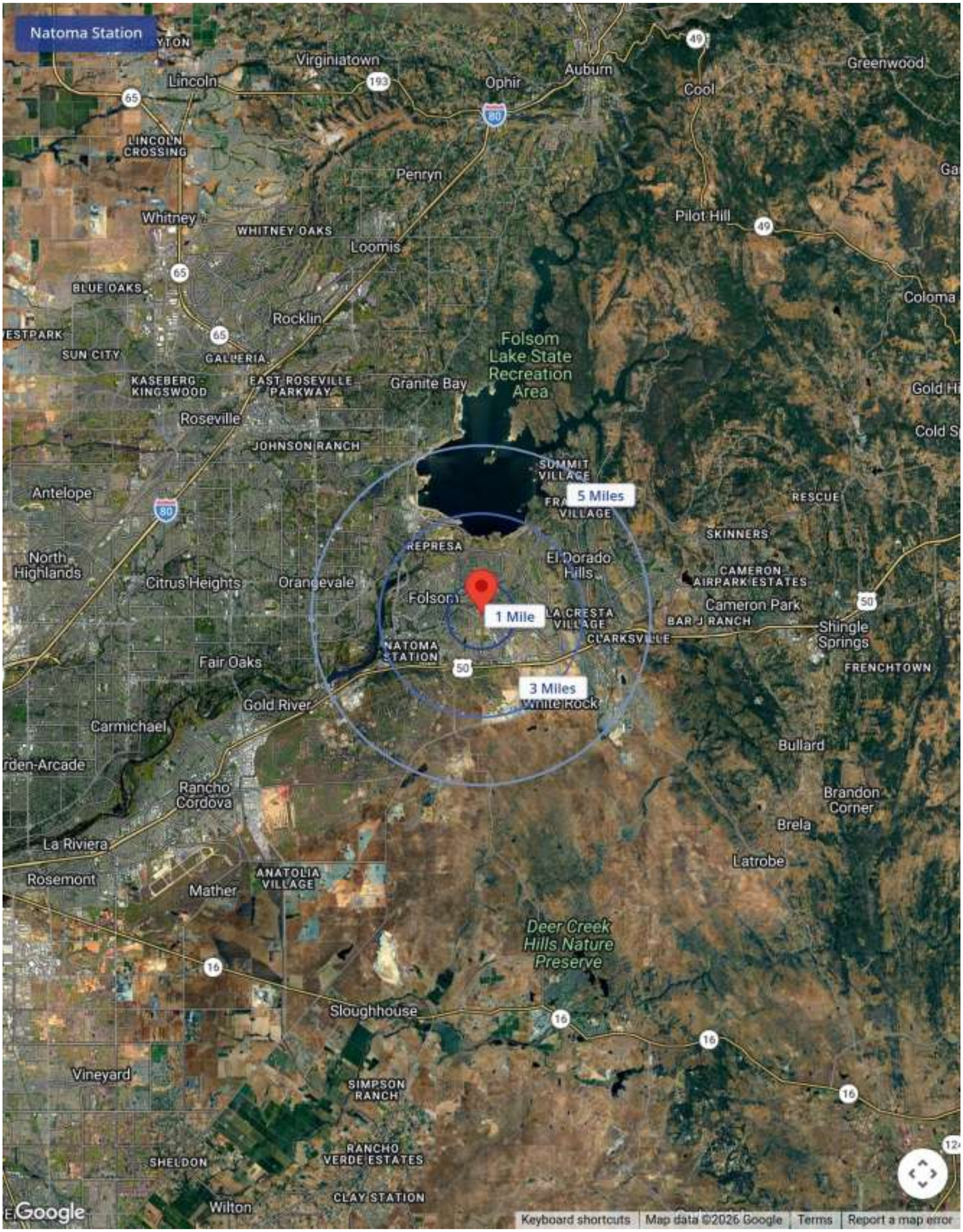
The ports and waterways serving the region are shown below.

Type	Overview
Inland Port	The Port of West Sacramento, also known as the Port of Sacramento, is an inland port located in West Sacramento. It is 79 nautical miles northeast of San Francisco and is centered in the California Central Valley. The port is accessed via the 43-mile long, 30-foot-deep Sacramento Deep Water Ship Channel. It specializes in bulk, break-bulk, agriculture, and construction cargo (no containerization shipments). Primary cargos are rice exports and cement imports. Operations are leased and managed by SSA Marine.
Shipping Channel	The Sacramento Deep Water Ship Channel is a 43-mile long, 30-foot deep canal connecting the Port of West Sacramento to the Sacramento River and eventually to San Francisco Bay. The channel is 200 feet wide and was completed in 1963. It primarily handles agricultural products and other bulk goods.

Sources: USACE, Port Authority reports

Overall Impact on Subject Property		Positive

Local Map


Natoma Station
Virginiatown
Lincoln
Ophir
Auburn
Cool
Greenwood
LINCOLN CROSSING
Penryn
Pilot Hill
Whitney
WHITNEY OAKS
Loomis
BLUE OAKS
Coloma
Rocklin
Folsom Lake State Recreation Area
SUN CITY
GALLERIA
KASEBERG - KINGSWOOD
EAST ROSEVILLE PARKWAY
Granite Bay
Roseville
JOHNSON RANCH
SUMMIT VILLAGE
Antelope
5 Miles
RESCUE
SKINNERS
REPRESA
North Highlands
Citrus Heights
Orangevale
El Dorado Hills
CAMERON AIRPARK ESTATES
Folsom
1 Mile
LA CRESTA VILLAGE
Cameron Park
BAR J RANCH
Shingle Springs
CLARKSVILLE
NATOMA STATION
Fair Oaks
FRENCHTOWN
3 Miles
White Rock
Gold River
Carmichael
Bullard
Rancho Cordova
Brandon Corner
Brela
La Riviera
Latrobe
Rosemont
ANATOLIA VILLAGE
Mather
Deer Creek Hills Nature Preserve
Sloughhouse
Vineyard
SIMPSON RANCH
RANCHO VERDE ESTATES
SHELDON
CLAY STATION
Wilton
Google
Keyboard shortcuts
Map data ©2026 Google
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Report a map error

Local Area Insights

The subject is located at 701 Oak Avenue Pkwy, Folsom, CA. Its immediate area is commonly referred to as Natoma Station. The following provides insight into the local area and its influence on the subject property. We have placed emphasis on the 5-mile radius as most meaningful for trends in the subject's local area.

Natoma Station

The following table provides a demographic overview of the local area based on a 1/3/5 mile radius from the subject property. We have placed emphasis on the 5 mile radius as most meaningful for trends in the subject's local area.

Demographics	1 Mile	3 Miles	5 Miles	Local Insights
Land Area (Square Miles)	3	25	69	Suburban
Population Density (Pop./Sq. Mile)	4,733	3,535	2,211	
2020 Total Population	14,484	76,702	137,546	Improving
2026 Total Population	14,752	88,465	153,180	
Annual Rate Change	0.4%	2.4%	1.7%	
2031 Total Population	15,077	91,407	157,022	
Annual Rate Change	0.4%	0.7%	0.5%	
2020 Family Households	3,851	19,125	36,153	Improving
2026 Family Households	3,847	21,983	40,061	
Annual Change	0.4%	2.5%	1.9%	
2031 Family Households	3,945	22,873	41,404	
Annual Change	0.5%	0.8%	0.7%	
2020 Average Household Size	2.53	2.69	2.65	Stable
2026 Average Household Size	2.52	2.68	2.62	
2031 Average Household Size	2.52	2.67	2.60	
2026 Average Household Income	$182,135	$205,211	$198,860	Projected Rate Improving
2031 Average Household Income	$203,661	$226,701	$221,294	
Annual Change	2.4%	2.1%	2.3%	
2026 Per Capita Income	$71,667	$72,155	$73,172	
2031 Per Capita Income	$80,226	$80,211	$82,154	
Annual Change	2.4%	2.2%	2.5%	
2026 Median Home Value	$758,432	$749,494	$771,281	Improving
2031 Median Home Value	$843,504	$843,628	$861,572	
Owner Occupied Housing Units	3,214	20,995	40,695	Below CBSA
% Total Housing Units	55.59%	68.60%	72.97%	
Renter Occupied Housing Units	2,568	9,609	15,075	
% Total Housing Units	44.41%	31.40%	27.03%	
Overall Impact on Subject Property				**Neutral**

Sources: ESRI

0.7%
Households over next 5 years (5 Miles)

2.62
Average Household Size (5 Miles)

27.03%
Renter Occupied Housing Units (5 Miles)

Infrastructure & Public Services

Major Roadways

The major roadways serving the local area are shown below.

Name	Type	Connectivity	Distance (miles)
Oak Avenue Parkway	Named Avenue / Local Arterial	Connects to residential areas and other local roads. It is a designated commercial truck route for portions within Folsom.	0.0
East Bidwell Street	Named Street / Commercial Corridor	Major north-south arterial with commercial services. Designated as a local truck route and STAA terminal access route for portions within Folsom.	0.2
Folsom Boulevard	Named Boulevard / Arterial	Major east-west arterial in Sacramento County, connecting Folsom to Rancho Cordova and Sacramento. Designated as a local truck route and STAA terminal access route.	2.2
Blue Ravine Road	Named Road / Arterial	Major east-west arterial connecting Folsom Boulevard to the El Dorado County line. Designated as a local truck route.	2.5
Iron Point Road	Named Road / Arterial	East-west arterial connecting Folsom Boulevard to the El Dorado County line. Designated as a local truck route and STAA terminal access route.	2.8
Greenback Lane	Named Lane / Arterial	Major east-west arterial in Sacramento County, extending from the Sacramento County line to Folsom Boulevard. Designated as a local truck route.	4.5
Natoma Street	Named Street / Local Arterial	Connects various parts of Folsom, including residential and busier sections. Portions are designated as a local truck route.	2.3

Sources: DOT, State transportation maps, Commercial Truck Routes | Folsom, CA, Folsom Boulevard - Wikipedia

Public Transportation

The public transportation services serving the local area are shown below.

Service Type	Operator	Details	Distance (miles)
Bus	Sacramento Regional Transit District (SacRT)	Route 10 FSL (Folsom Stage Line)	0.2
		Route 20 FSL (Folsom Stage Line)	0.5
		Route 10 stop at Creekside Dr & Oak Ave Pkwy	0.8
		Route 10 stop at Iron Point Rd & Oak Ave Pkwy	1.3
		Route 20 stop at Blue Ravine Rd & Natoma Station Dr	2.9
Light Rail	Sacramento Regional Transit District (SacRT)	Gold Line - Historic Folsom Station	2.3

Sources: SacRT, Transit authority websites, East Bidwell Street & Oak Avenue Parkway, Folsom CA - Walk Score, Public Transportation | Folsom, CA, Select Stop - m.sacrt.com, How to get to Oak Avenue Parkway, Folsom by bus or light rail? - Moovit

Public Schools

The public schools serving the local area are shown below.

School Name	Grade Levels	Distance (miles)
Russell Ranch Elementary School	K-5	1.4
Folsom Hills Elementary School	K-5	1.7
Oak Chan Elementary School	K-5	2.0
Natoma Station Elementary School	K-5	2.5
Empire Oaks Elementary School	K-5	2.9
Sutter Middle School	6-8	2.3
Folsom High School	9-12	2.5
Vista Del Lago High School	9-12	2.8
Folsom Lake College	Higher Education	1.9
Sandra J. Gallardo Elementary School	K-5	3.8
Mangini Ranch Elementary School	K-5	4.1
Carl H. Sundahl Elementary School	K-5	4.9
Gold Ridge Elementary School	K-5	3.0

Sources: School district websites, 2026 Best Public Schools in Folsom - Niche, Best Public Schools in 95630 (Folsom, CA) (2026), Find the Best Public Schools in Folsom, CA | Compare Now - Winnie, Folsom - Navigate Realty | Neighborhood Guide, Empire Oaks Elementary - Folsom Cordova Unified School District

Community Services

The community services serving the local area are shown below.

Service Type	Name	Distance (miles)
Public Library	Folsom Public Library	2.4
Police Department	Folsom Police Department	2.4
Fire Department	Folsom Fire Department Station 35	1.9
Senior Center	Folsom Senior Center	2.4
Hospital	Mercy Hospital Folsom	2.4
Family Resource Center	Folsom Cordova Community Partnership Family Resource Center	1.9
Community Care Center	Powerhouse Ministries Crisis and Community Care Center	2.2

Sources: Local government websites, Senior Center - Folsom, CA, Family Resource Center, Folsom Cordova Community Partnership - For Every Woman, Community Support - Folsom Cordova Community Partnership, Powerhouse Ministries, 7 Cups: Online Therapy & Chat

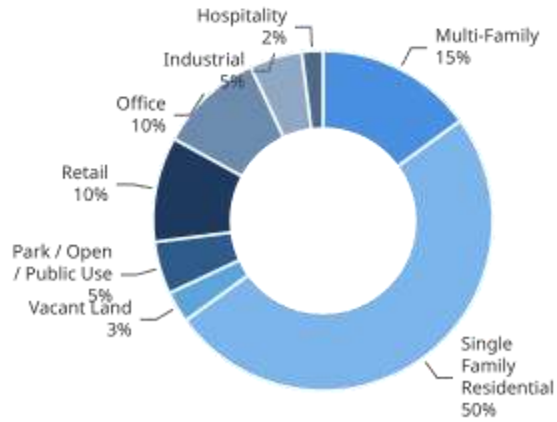
Overall Impact on Subject Property	Positive

Land Use Mix

The local area has a mix of commercial uses nearby, the composition of which is shown in the graph/table below.

Property Type	5-Mile Radius
Non Commercial Land Uses	
Multi-Family	15%
Single Family Residential	50%
Vacant Land	3%
Park / Open / Public Use	5%
Total Non Commercial	**73%**
Commercial Land Uses	
Retail	10%
Office	10%
Industrial	5%
Hospitality	2%
Total Commercial	**27%**
Grand Total	**100%**

Sources: Local zoning records, Satellite imagery analysis, Folsom, California Zoning Map | United States Zoning Data - Zoneomics, Folsom Planning Area - The Hodgson Company, 95630 Mixed Use Properties for Sale | LoopNet, 95630 Land & Lots For Sale - 25 Listings - Zillow, Google Gemini & Appraiser Observations



Surrounding Land Uses

The uses adjacent to the property are noted below:

Direction	Description
North	Office Building
South	E Bidwell Street
East	Vacant Land
West	Oak Avenue Parkway

Overall Impact on Subject Property	**Neutral**

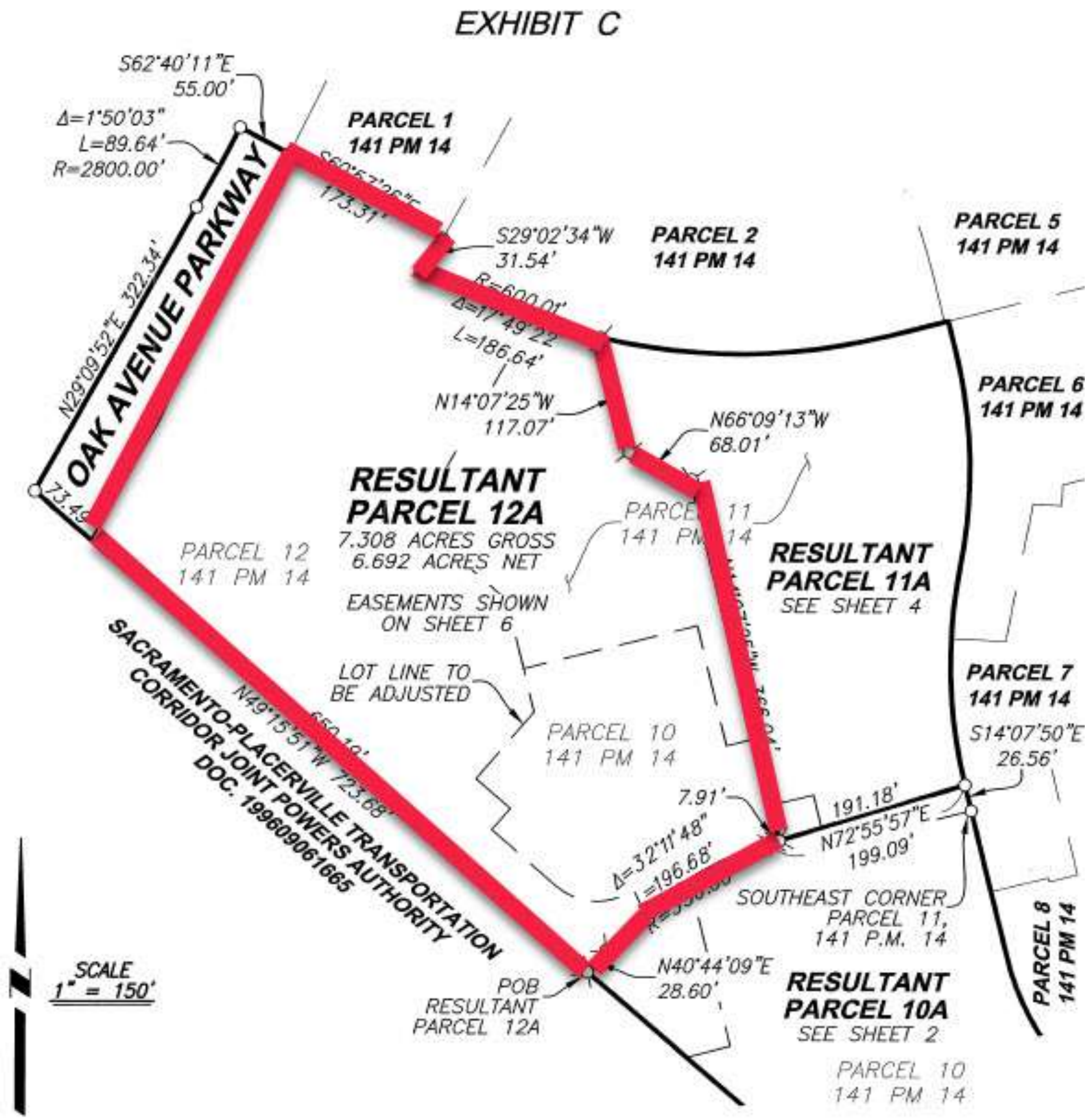
Conclusions

Trends in the regional, local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence on the subject. The overall impact on the subject property considers each section and trend.

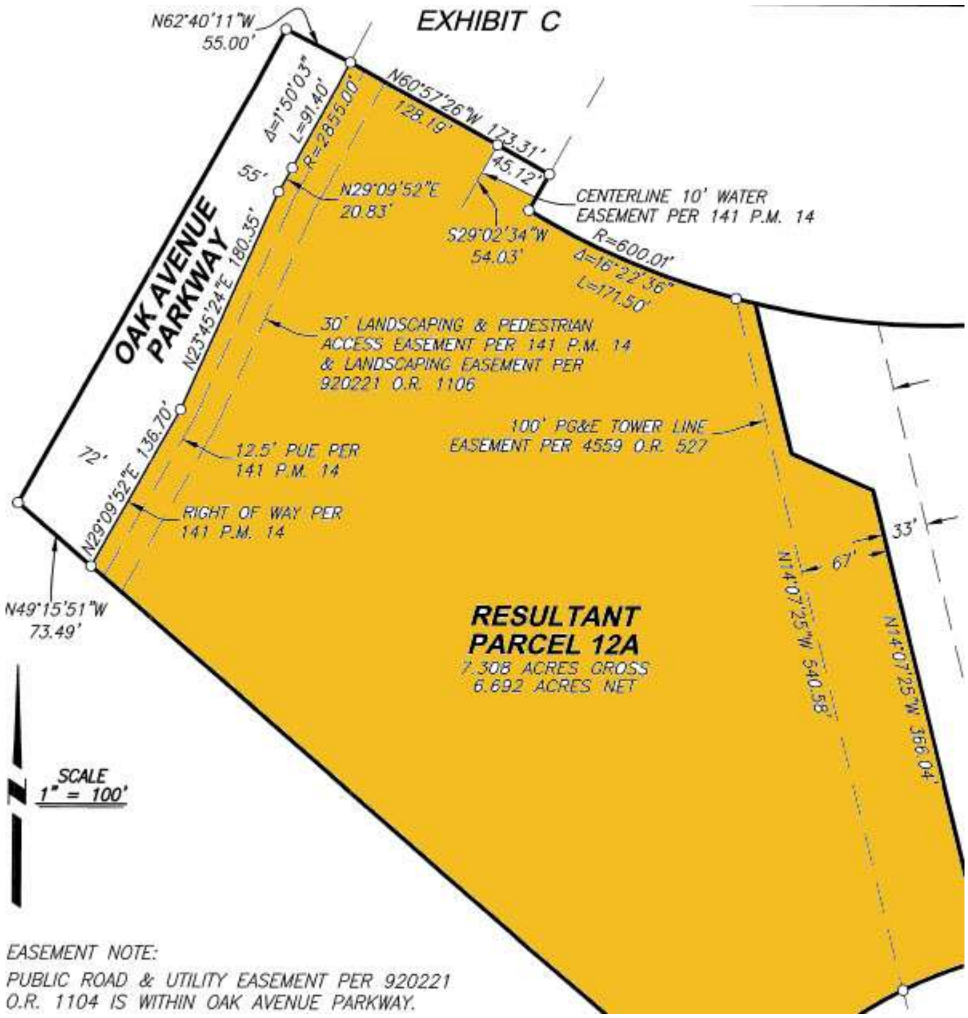
Regional and Local Area	Impact on Subject
Regional - Demographic Trends	**Positive**
Regional - Employment, Labor & Output	**Neutral**
Regional - Infrastructure & Public Services	**Positive**
Local - Demographic Trends	**Neutral**
Local - Infrastructure & Public Services	**Positive**
Local - Land Uses	**Neutral**
Overall Impact on Subject Property	**Neutral**

Regional growth in employment and income trends, coupled with positive local demographic and infrastructure indicators, suggest a favorable external influence on the subject property.

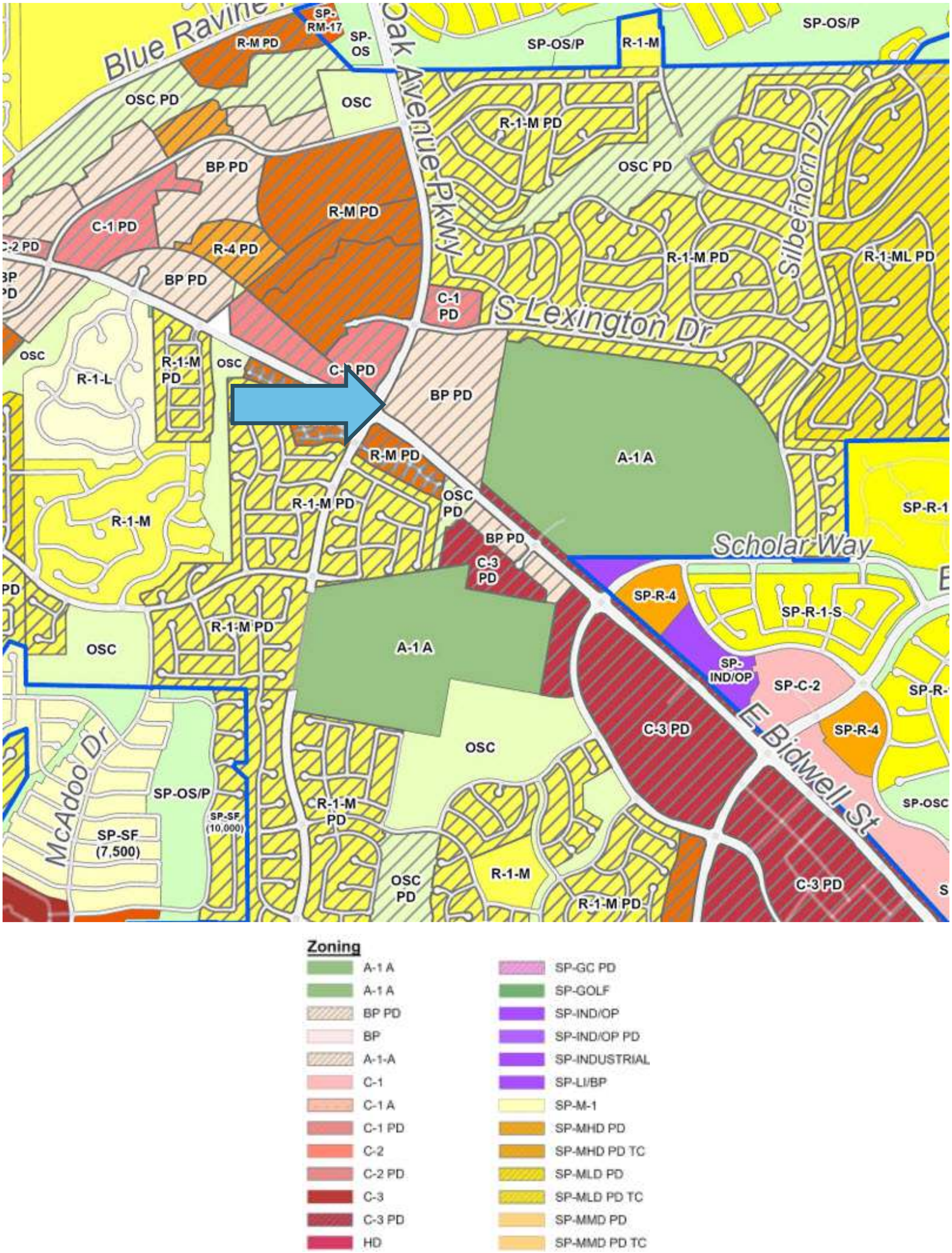
Plat Map – Resultant Parcel After Lot Line Adjustment



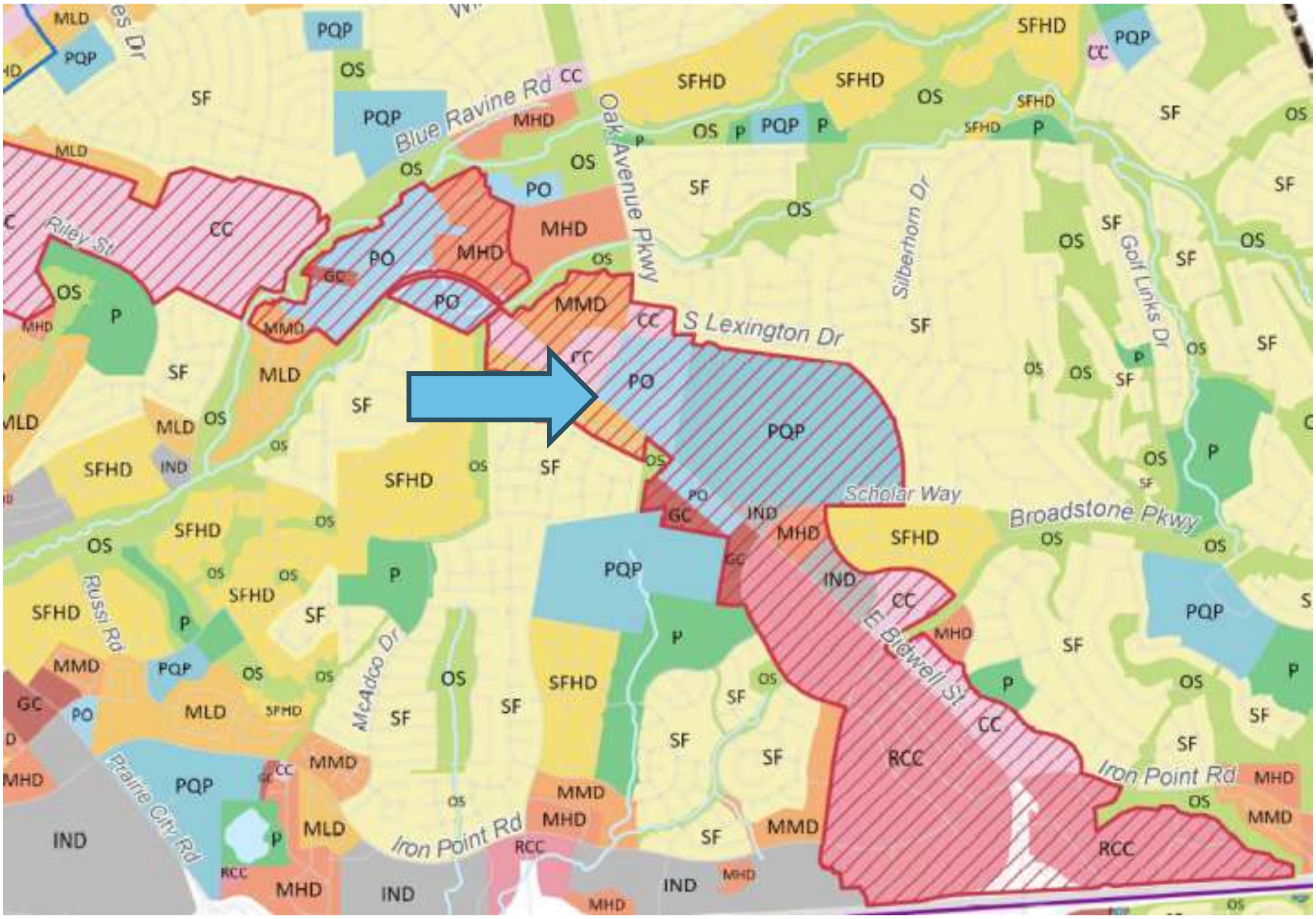
Plat Map – Resultant Parcel After Lot Line Adjustment



Zoning Map


Blue Ravine
Oak Avenue Pkwy
S Lexington Dr
Silberhorn Dr
Scholar Way
E Bidwell St
McAdoo Dr
SP-RM-17
SP-OS
R-M PD
OSC PD
OSC
SP-OS/P
R-1-M
R-1-M PD
BP PD
C-1 PD
R-M PD
R-4 PD
R-1-ML PD
C-1 PD
R-1-L
R-1-M PD
A-1 A
R-1-M
OSC PD
BP PD
C-3 PD
SP-R-4
SP-R-1-S
SP-IND/OP
SP-C-2
SP-R-4
SP-OSC
SP-OS/P
SP-SF (10,000)
SP-SF (7,500)
R-1-M PD
Zoning
A-1 A
A-1 A
BP PD
BP
A-1-A
C-1
C-1 A
C-1 PD
C-2
C-2 PD
C-3
C-3 PD
HD
SP-GC PD
SP-GOLF
SP-IND/OP
SP-IND/OP PD
SP-INDUSTRIAL
SP-LI/BP
SP-M-1
SP-MHD PD
SP-MHD PD TC
SP-MLD PD
SP-MLD PD TC
SP-MMD PD
SP-MMD PD TC

General Plan Map



- IND - Industrial/Office Park
- MHD - Multifamily High Density (20-30 du/ac)
- MMD - Multifamily Medium Density (12-20 du/ac)
- MLD - Multifamily Low Density (7-12 du/ac)
- MU - Mixed Use (20-30 du/ac | FAR 0.5-1.5)
- OS - Open Space
- P - Parks
- PO - Professional/Office
- PQP - Public and Quasi-Public Facility
- RCC - Regional Commercial Center

Flood Map

Flood Map Report

For Property Located At

CoreLogic
RealQuest Professional

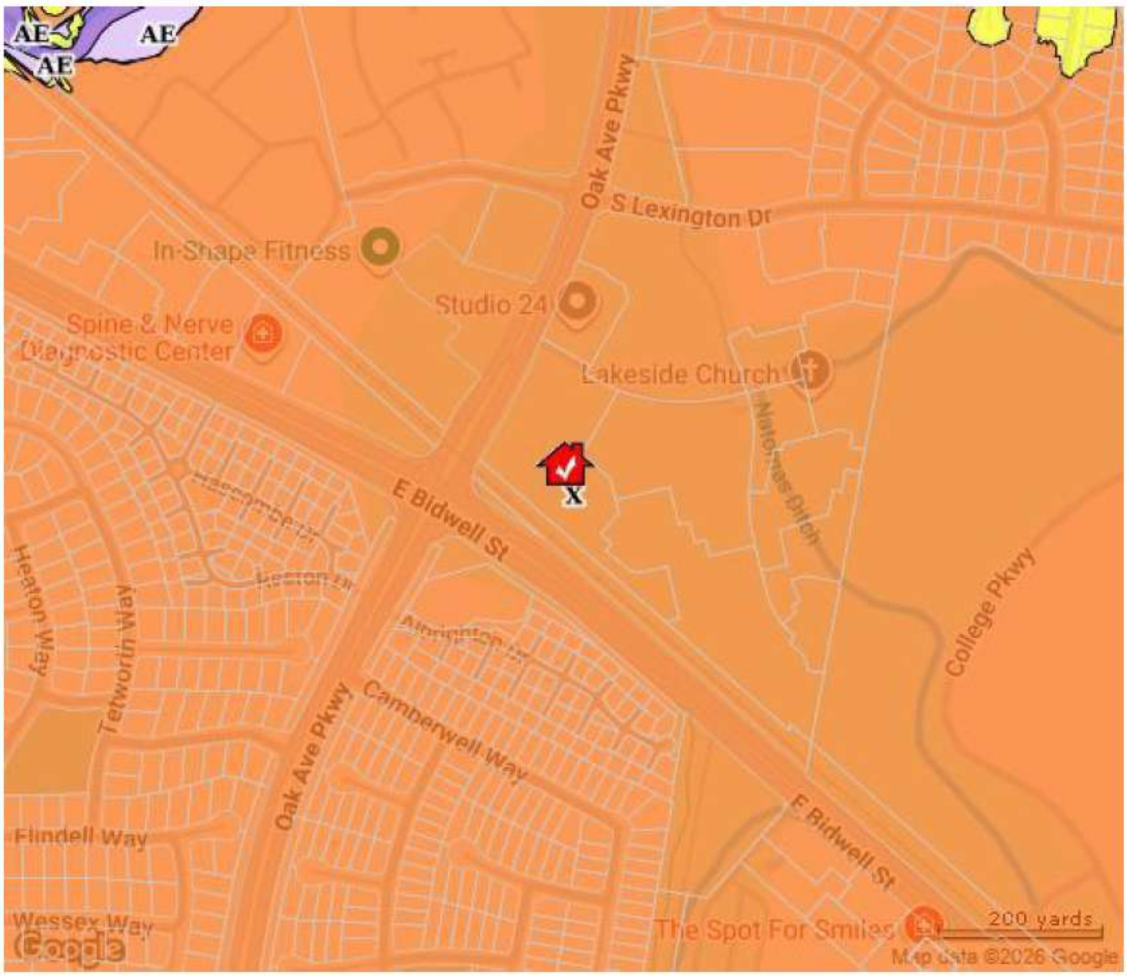
701 OAK AVENUE PKWY, FOLSOM, CA 95630-6802

Report Date: 08/02/2026 **County:** SACRAMENTO, CA

Flood Zone Code	Flood Zone Panel	Panel Date
X	060263 - 06067C0117J	02/22/2024
Special Flood Hazard Area (SFHA)	**Within 250 ft. of multiple flood zones?**	**Community Name**
Out	No	FOLSOM

Flood Zone Description:

Zone X-An area that is determined to be outside the 100- and 500-year floodplains.



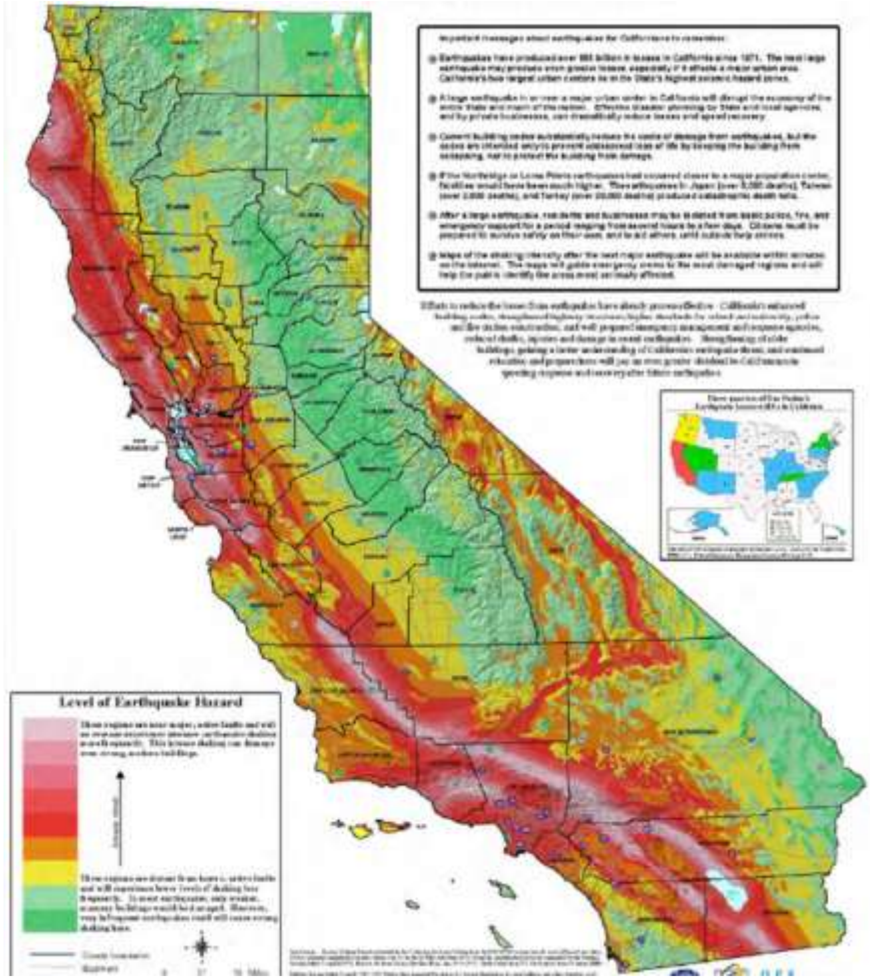
Flood Zones

Coastal 100-year Floodway	100-year Floodway	Undetermined	500-year Floodplain incl. levee protected area
Coastal 100-year Floodplain	100-year Floodplain	Unknown or Area Not Included	Out of Special Flood Hazard Area

General Description	The subject site will consist of 1 legal parcel after the lot line adjustment. As noted below, the subject site has 318,249 SF (7.31 AC) of gross land area. The area is estimated based on the approved lot line adjustment parcel map, but has not been recorded, and may change if a professional survey determines more precise measurements. Per the parcel merger map, the net land area is 6.69 acres.	
Assessor Parcel	072-1310-010	
Number Of Parcels	1	
Land Area	**Acres**	**Square Feet**
Primary Parcel	6.69	291,416
Unusable Land	0.62	26,833
Excess Land	0.00	0
Surplus Land	0.00	0
Total Gross Land Area	**7.31**	**318,249**
Shape	Irregular - See Plat Map For Exact Shape	
Topography	Level at street grade	
Drainage	Assumed Adequate	
Utilities	All available to the site	

Street Improvements	**Street**	**Direction**	**No. Lanes**	**Street Type**	**Curbs**	**Sidewalks**	**Streetlights**	**Center Lane**	**Gutters**
Oak Avenue Parkway	Primary Street	two-way	four-lane	major arterial	✓	✓	✓		✓
E Bidwell Street	Primary Street	two-way	four-lane	major arterial	✓		✓		✓
Frontage	Refer to plat map								

Accessibility	The accessibility of the subject is rated as average. The subject is accessed from two streets, with the main entrance and primary point of ingress/egress being Oak Avenue Parkway. Major transportation arterials within proximity to the subject include E Bidwell Street, Blue Ravine Road and Broadstone Parkway, providing linkage to the surrounding area. Primary access is from Oak Ave Parkway. There is not access from E Bidwell Street due to the rail line that runs along the frontage road.
Exposure	The subject has average exposure, as it is located along a major arterial. The project's exposure rating takes into account its above average visibility and its average traffic count. It also considers the subject's exposure from multiple streets.
Seismic	The U.S. Geological Survey (USGS) produces a seismic hazards map that is considered the standard map for assessing seismic risk. According to the USGS map, the subject property is considered to be within a Moderate Risk zone.
	Additionally, the California Geological Survey has another mapping program as a part of the Alquist-Priolo Earthquake Fault Zoning Act of 1972. As a part of this law, property owners are required to formally disclose that their property lies within the fault zones defined by the California Geological Survey, before selling the property. According to California Geological Survey, the subject is not located within 1,000 feet of an Alquist-Priolo Fault Zone.



Flood Zone

Zone X (Shaded). This is referenced by Community Number 060263, Panel Number 06067C0117J, dated February 22, 2024. Zone X (shaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Moderate risk areas within the 0.2-percent-annual-chance floodplain, areas of 1-percent-annual-chance flooding where average depths are less than 1 foot, areas of 1-percent-annual-chance flooding where the contributing drainage area is less than 1 square mile, and areas protected from the 1-percent-annual-chance flood by a levee. No BFEs or base flood depths are shown within these zones. (Zone X (shaded) is used on new and revised maps in place of Zone B.)

Site Rating

A+

Easements

A preliminary title report was not available for review. During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Introduction

The subject property is located within the Sacramento County municipality. The assessed value and property tax for the current year are summarized in the following table.

Assessment & Taxes							
Tax Year	2026					Tax Rate	1.0907%
Tax Rate Area	04-000					Taxes Current	Yes
Taxes SF Basis	Total Land Area						
APN	**Land**	**Impv**	**Personal**	**Total**	**Exemptions**	**Taxable**	**Base Tax**
072-1310-010	$782,408	$0	$0	$782,408	$0	$782,408	$8,534
072-1310-011	$686,602	$0	$0	$686,602	$0	$686,602	$7,489
072-1310-012	$705,762	$0	$0	$705,762	$0	$705,762	$7,698
Totals	**$2,174,772**	**$0**	**$0**	**$2,174,772**	**$0**	**$2,174,772**	**$23,720**
Total/SF	**$6.83**	**$0.00**	**$0.00**	**$6.83**	**$0.00**	**$6.83**	**$0.07**
Additional Tax Charges							
Willow Creek Estates L&L							$204
Total Additional Tax Charges							**$204**
Total Base Tax & Additional Tax Charges							**$23,924**
Total Base Tax & Additional Tax Charges Per SF							**$0.08**

Source: Sacramento County Assessment & Taxation

Subject Property Analysis

The total taxable value for the subject property is $2,174,772 or $6.83/SF. There are no exemptions in place. Total taxes for the property are $23,924 or $0.08/SF.

In California, reassessments of property values occur upon the sale of a property due to the passage of Proposition 13 in July of 1978. If this has not occurred during the tax year, properties are limited to a maximum increase in assessed value of 2% per year. Taxes are based upon 1% of full cash value plus any amounts necessary to satisfy general obligation bonds or other indebtedness. In the valuation section, property taxes for the subject are estimated by applying the current tax rate to the concluded value since the stabilized property taxes are calculated by assuming a sale at market value per Proposition 13.

According to the Sacramento County Assessor's Office, real estate taxes for the subject property are current as of the date of this report.

Tax Comparables

Real estate taxes in California are set based on market value at the time of sale rather than market value as of the current date. With real estate values generally increasing since Proposition 13 was originated in 1978, it is common for California properties that have been owned for a significant period of time to have a lower real estate tax burden than a property that was recently sold. Therefore, tax comparables are not commonly used in the state of California.

Introduction

The zoning characteristics for the subject property are summarized below:

Zoning Summary	
Municipality Governing Zoning	City of Folsom Planning & Zoning Department
Current Zoning	Business Professional-Planned Development (BP-PD)
Overlay District	East Bidwell Corridor Mixed-Use
Permitted Uses	Permitted uses within this zoning district primarily include a wide range of residential and commercial uses.
Current Use	Multi-Family Land
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

Zoning Requirements	
Conforming Use	The subject's improvements represent a legal, conforming use.
Minimum Site Area (SF)	6,000 SF
Minimum Yard Setbacks	
Front (Feet)	20
Rear (Feet)	20
Side (Feet)	6
Minimum Density (Units/Acre)	30 : 1
Maximum Site Coverage	60%
Maximum Building Height	35 Feet
Maximum Floor Area Ratio (FAR)	0.2 to 1.5 times the lot area

Source: City of Folsom Planning & Zoning Department

BP, Business Professional: The intent of the BP zone is to designate areas suitable for business and professional offices. Uses in the BP zone are intended to be low-intensity commercial uses and compatible with higher-intensity residential uses. Retail commercial activities are discouraged. The BP zone may serve as a buffer between retail commercial and residential areas. The BP zone should be located along major arterials or have direct access to one via a collector street.

The **East Bidwell Corridor Mixed-Use Overlay** is a special zoning designation in Folsom, California, created to allow a mix of housing, retail, and offices along East Bidwell Street. It helps the city meet state housing goals by increasing residential density without changing older suburban neighborhoods. According to the planning department, the subject is located in the East Bidwell Corridor Mixed Use Overlay district.

Zoning and Development Rules

- **Allowed uses**: Combines multi-family housing with retail shops, restaurants, and professional offices.
- **Housing density**: Mandates higher density limits, such as a minimum of 30 units per acre for certain affordable or targeted projects. The subject has 6.69 net acres of land area and the minimum density is 30 units per acre. As a result, the minimum number of units is 200 developable units. The subject could be improved with a higher density, but would have to comply with FAR requirements.
- **Design standards**: Follows objective rules to make buildings more walker-friendly, visually attractive, and consistent in layout.

Zoning Conclusions

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed. According to the city planner, the subject is permitted to have a minimum density of 30 units per acre.

Introduction

This section provides a study of office and multi family supply/demand conditions for the Sacramento Market and Folsom Submarket, and transaction trends. These findings are used to support my conclusions for the competitive position, general vacancy and exposure period for the subject property. The first analysis highlights the office market and the second analysis provides insight into the apartment market.

Sacramento Office Market

The following is an analysis of supply/demand trends in the Sacramento Office market using information provided by CoStar, widely recognized as a credible source for tracking market statistics. The table below presents historical data for key market indicators.

Sacramento Historical Statistics (Last Ten Years)

Period	Supply	Added Supply	Net Absorption	Vacancy	Asking Rent
2016	107,786,115 SF	387,367 SF	1,288,918 SF	10.2%	$1.75/SF
2017	107,862,947 SF	82,832 SF	783,438 SF	9.5%	$1.78/SF
2018	108,022,106 SF	303,295 SF	699,737 SF	9.0%	$1.86/SF
2019	108,565,382 SF	616,776 SF	1,432,095 SF	8.2%	$1.90/SF
2020	109,079,082 SF	781,456 SF	(5,219) SF	8.6%	$2.00/SF
2021	110,044,656 SF	1,302,667 SF	186,108 SF	9.2%	$2.07/SF
2022	110,729,227 SF	773,414 SF	(138,948) SF	9.9%	$2.13/SF
2023	110,787,954 SF	97,677 SF	(373,400) SF	10.3%	$2.15/SF
2024	112,240,932 SF	1,566,908 SF	1,045,848 SF	10.5%	$2.17/SF
2025	112,877,808 SF	679,492 SF	309,589 SF	10.8%	$2.20/SF
CAGR	0.5%	-	-	-	2.3%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the past ten years the Sacramento Office market inventory increased by 4.80%. Further there was positive absorption, increase in vacancy and increase of the average asking rent. There has been new construction in each of the last ten years while net absorption has been positive in seven of the last ten years. Vacancy decreased each year through 2021 before increasing each year to 10.8% in 2025. Asking rent has increased in each of the last ten years.

The following table summarizes the trailing four quarter performance of the Sacramento market.

Sacramento Trailing Four Quarter Performance

Period	Supply	Added Supply	Net Absorption	Vacancy	Asking Rent
2025 Q3	112,877,808 SF	0 SF	27,835 SF	10.7%	$2.19/SF
2025 Q4	112,877,808 SF	0 SF	(71,995) SF	10.8%	$2.19/SF
2026 Q1	112,877,808 SF	0 SF	49,893 SF	10.7%	$2.17/SF
2026 Q2	112,869,928 SF	0 SF	(68,550) SF	10.8%	$2.14/SF

Source: Costar®

Over the past four quarters the Sacramento office market has experienced no growth of supply. Net absorption was negative over the past 12 months and vacancy has remained generally flat. However, asking rents have declined a bit.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

Sacramento Market Trend Analysis			
	Q2 2026	2025	Last 10
Total SF	112,869,928	112,877,808	109,799,621
Vacant SF	12,156,157	12,190,803	10,562,724
Market Vacancy	10.8%	10.8%	9.6%
Construction Growth Rate	0.0%	0.6%	0.5%
Absorption Rate	(0.1%)	0.3%	0.5%
Average Asking Rent/SF	$2.14	$2.20	$2.00

Source: Costar®

Sacramento Market Conclusion

Based on the preceding analysis, the Sacramento Office market demonstrates generally stable fundamentals. There has been new construction in each of the last ten years while net absorption has been positive in seven of the last ten years. Vacancy decreased each year through 2021 before increasing each year to 11% in 2025. Asking rent has increased in each of the last ten years. Analysis of supply and demand factors indicate the market is generally stable.

Folsom Office Submarket Overview

The following is an analysis of supply/demand trends in the Folsom Office submarket using information provided by CoStar. The table below presents historical data for key submarket indicators.

Folsom Historical Statistics (Last Ten Years)					
Period	Supply	Added Supply	Net Absorption	Vacancy	Asking Rent
2016	6,429,698 SF	20,704 SF	312,628 SF	7.7%	$1.85/SF
2017	6,437,195 SF	7,497 SF	79,177 SF	6.6%	$1.87/SF
2018	6,447,011 SF	9,816 SF	71,329 SF	5.6%	$1.90/SF
2019	6,452,374 SF	5,363 SF	113,149 SF	3.9%	$2.02/SF
2020	6,472,745 SF	20,371 SF	(56,074) SF	5.1%	$2.14/SF
2021	6,472,745 SF	0 SF	108,562 SF	3.4%	$2.19/SF
2022	6,472,745 SF	0 SF	(287,929) SF	7.9%	$2.31/SF
2023	6,492,745 SF	20,000 SF	7,757 SF	8.0%	$2.36/SF
2024	6,527,525 SF	34,780 SF	25,113 SF	8.1%	$2.36/SF
2025	6,527,525 SF	0 SF	45,924 SF	7.4%	$2.38/SF
CAGR	0.2%	-	-	-	2.6%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

The Folsom office submarket has experienced some new growth over the past 10 years. Due to relatively low vacancy and current market conditions, there has only been some construction in seven of the last 10 years. Further there was positive absorption, fluctuating vacancy and increase of the asking average rent. Net absorption has been positive in eight of the last 10 years. Vacancy decreased from 2016 to 2019, before increasing in 2020 due to Covid 19 remained somewhat elevated in the 5% to 9% range through 2025. The vacancy reached 7.4% in 2025. Asking rent has generally increased over the last five years and reached a high of $2.38/SF in 2025.

The following table summarizes the trailing four quarter performance of the Folsom submarket.

Folsom Trailing Four Quarters Performance					
Period	Supply	Added Supply	Net Absorption	Vacancy	Asking Rent
2025 Q3	6,527,525 SF	0 SF	(15,746) SF	7.1%	$2.39/SF
2025 Q4	6,527,525 SF	0 SF	(23,626) SF	7.4%	$2.37/SF
2026 Q1	6,527,525 SF	0 SF	(70,786) SF	8.5%	$2.37/SF
2026 Q2	6,527,525 SF	0 SF	(14,004) SF	8.7%	$2.42/SF

Source: Costar®

Over the past four quarters the Folsom office submarket has experienced no growth of supply. There was also negative net absorption, increase in vacancy rates and increase of asking rent in the marketplace.

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

Folsom Market Trend Analysis	Q2 2026	2025	Last 10
Total SF	6,527,525	6,527,525	6,473,231
Vacant SF	569,687	483,037	412,345
Market Vacancy	8.7%	7.4%	6.4%
Construction Growth Rate	0.0%	0.0%	0.2%
Absorption Rate	(0.2%)	0.7%	0.6%
Average Asking Rent/SF	$2.42	$2.38	$2.14

Source: Costar®

Folsom Office Submarket Conclusion

Based on the preceding analysis, the Folsom Office submarket demonstrates generally stable fundamentals. There has been limited new construction in the past 10 years and no new construction over the past 12 months. Net absorption was positive in only one of the last four quarters. Vacancy has increased over the past four quarters and is currently 8.5% in the last quarter. Asking rent has been generally stable over the last four quarters with little movement. Analysis of supply and demand factors indicate the market is generally stable due to relatively low vacancy and negative net absorption.

Folsom/Orangevale/Fair Oaks Apartment Submarket Overview

The table below presents a current quarter snapshot of the key indicators within the Folsom submarket.

Folsom/Orangevale/Fair Oaks Submarket at a Glance — 2026 Q1

	Total Units	Occupancy (%)	Absorp. (Units)	New Inv. (Units)	Removals (Units)	Inventory Units Δ	Inventory % Δ	Under Const.	Near-Term Deliveries[1]		
Inventory	15,995	95.7%	83	0	0	0	0.0%	0	0		
	By Vintage							By Style			
Category	**2020+**	**2010s**	**2000s**	**1990s**	**1980s**	**1970s**	**Pre-1970s**	**Low-Rise**	**Mid-Rise**	**High-Rise**	**Total**
Occupancy	93.8%	96.2%	96.8%	95.6%	96.2%	96.3%	97.9%	95.7%	95.5%	n.a.	95.7%
Quarterly Occ. Δ	1.4%	2.2%	0.1%	0.3%	0.3%	0.8%	1.4%	0.5%	1.3%	n.a.	0.5%
Annual Occ. Δ	-1.9%	-1.0%	0.5%	-0.5%	-1.2%	0.6%	0.0%	-0.7%	-0.4%	n.a.	-0.7%
Rent ($/mo.)	$2,534	$2,561	$2,217	$2,066	$1,865	$1,898	$2,071	$2,130	$2,505	n.a.	$2,151
Rent ($/sf)	$2.49	$2.30	$2.31	$2.17	$2.33	$2.38	$2.54	$2.30	$2.69	n.a.	$2.32
Annual Revenue Δ2	-1.0%	1.2%	0.6%	-3.1%	-0.6%	5.2%	4.8%	-0.5%	-4.1%	n.a.	-0.7%
% Offering Concessions	46.7%	13.3%	0.0%	39.2%	19.5%	0.0%	0.0%	25.4%	0.8%	n.a.	24.0%
Avg. Concession	3.3%	9.9%	n.a.	8.7%	4.8%	n.a.	n.a.	5.7%	5.2%	n.a.	5.7%
Qtr. Same-Property Rent Δ	1.5%	1.1%	1.3%	-1.4%	1.8%	1.1%	-2.3%	0.8%	0.1%	n.a.	0.8%
Ann. Same-Property Rent	0.9%	2.2%	0.1%	-2.6%	0.6%	4.6%	4.8%	0.3%	-3.7%	n.a.	0.0%

Source: MPF Research® [1] Delivering within next four quarters. [2] Annual Revenue Change = Annual Occ. Change + Annual Rent Change

Submarket Occupancy, Rental Rate, and Concession Trends

Occupancy Analysis — Folsom/Orangevale/Fair Oaks Submarket

	By Vintage							By Style			Submarket	Market	Versus
Period	**2020+**	**2010s**	**2000s**	**1990s**	**1980s**	**1970s**	**Pre-1970s**	**Low-Rise**	**Mid-Rise**	**High-Rise**	**Total**	**Total**	**Market**
2021	95.6%	96.2%	96.9%	97.3%	97.3%	97.9%	94.6%	97.1%	n.a.	n.a.	97.1%	97.3%	🔴
2022	96.5%	92.4%	95.5%	96.1%	97.8%	97.3%	99.3%	96.6%	95.5%	n.a.	96.5%	97.8%	🔴
2023	92.9%	97.1%	94.8%	92.0%	95.5%	94.5%	100.0%	94.0%	93.5%	n.a.	94.0%	94.7%	🔴
2024	94.1%	94.3%	94.9%	94.1%	96.5%	95.1%	91.7%	95.0%	93.5%	n.a.	94.9%	94.4%	🟢
2025	95.7%	97.1%	96.3%	96.1%	97.4%	95.7%	97.9%	96.4%	95.9%	n.a.	96.4%	95.7%	🟢
2026	93.8%	96.2%	96.8%	95.6%	96.2%	96.3%	97.9%	95.7%	95.5%	n.a.	95.7%	95.4%	🟢
2025 Q2	94.9%	96.2%	96.7%	96.4%	97.1%	96.8%	100.0%	96.6%	94.7%	n.a.	96.5%	96.0%	🟢
2025 Q3	91.5%	96.2%	96.9%	96.9%	96.2%	95.6%	100.0%	95.5%	96.3%	n.a.	95.5%	95.5%	🟢
2025 Q4	92.4%	94.3%	96.7%	95.3%	96.0%	95.6%	95.8%	95.3%	94.1%	n.a.	95.2%	95.2%	🟢
2026 Q1	**93.8%**	**96.2%**	**96.8%**	**95.6%**	**96.2%**	**96.3%**	**97.9%**	**95.7%**	**95.5%**	**n.a.**	**95.7%**	**95.4%**	🟢

Source: MPF Research® Legend: 🟢 Outperforming 🔴 Underperforming 🔵 Similar

Inventory/Occupancy

As presented, the Folsom/Orangevale/Fair Oaks market maintains a current inventory of 15,995 units, representing no change from the previous quarter The current market-wide occupancy rate of 95.7% is indicated through a range extending from 93.8% to 97.9% across all property styles and vintages. When compared to the previous quarter, the market-wide average occupancy rate has increased 0.5%. On a current-quarter annualized basis, occupancy rates have decreased -0.7%.

Effective Rent ($/Unit)												Folsom/Orangevale/Fair Oaks Submarket	
	By Vintage							By Style			Submarket	Market	Versus
Period	2020+	2010s	2000s	1990s	1980s	1970s	Pre-1970s	Low-Rise	Mid-Rise	High-Rise	Total	Total	Market
2021	$2,251	$2,207	$2,030	$1,841	$1,621	$1,663	$1,496	$1,832	n.a.	n.a.	$1,832	$1,643	●
2022	$2,592	$2,386	$2,210	$2,120	$1,823	$1,893	$1,684	$2,078	$2,539	n.a.	$2,106	$1,892	●
2023	$2,445	$2,461	$2,157	$2,100	$1,792	$1,911	$1,792	$2,046	$2,532	n.a.	$2,077	$1,925	●
2024	$2,588	$2,542	$2,193	$2,101	$1,844	$1,872	$1,991	$2,085	$2,514	n.a.	$2,111	$1,956	●
2025	$2,517	$2,506	$2,207	$2,122	$1,868	$1,794	$1,976	$2,077	$2,601	n.a.	$2,109	$1,970	●
2026	$2,534	$2,561	$2,217	$2,066	$1,865	$1,898	$2,071	$2,130	$2,505	n.a.	$2,151	$1,991	●
2025 Q2	$2,589	$2,593	$2,273	$2,142	$1,872	$1,859	$1,949	$2,121	$2,559	n.a.	$2,148	$2,004	●
2025 Q3	$2,531	$2,594	$2,246	$2,140	$1,894	$1,903	$1,973	$2,157	$2,591	n.a.	$2,182	$2,010	●
2025 Q4	$2,496	$2,533	$2,188	$2,092	$1,837	$1,877	$2,120	$2,114	$2,504	n.a.	$2,136	$1,978	●
2026 Q1	**$2,534**	**$2,561**	**$2,217**	**$2,066**	**$1,865**	**$1,898**	**$2,071**	**$2,130**	**$2,505**	**n.a.**	**$2,151**	**$1,991**	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

Effective Rent ($/SF)												Folsom/Orangevale/Fair Oaks Submarket	
	By Vintage							By Style			Submarket	Market	Versus
Period	2020+	2010s	2000s	1990s	1980s	1970s	Pre-1970s	Low-Rise	Mid-Rise	High-Rise	Total	Total	Market
2021	$2.24	$1.99	$2.13	$1.92	$2.01	$1.98	$1.73	$2.02	n.a.	n.a.	$2.02	$1.90	●
2022	$2.60	$2.15	$2.31	$2.21	$2.27	$2.25	$1.95	$2.27	$2.73	n.a.	$2.30	$2.19	●
2023	$2.46	$2.21	$2.26	$2.20	$2.24	$2.41	$2.07	$2.25	$2.72	n.a.	$2.28	$2.22	●
2024	$2.60	$2.29	$2.29	$2.20	$2.29	$2.36	$2.44	$2.29	$2.70	n.a.	$2.31	$2.24	●
2025	$2.53	$2.26	$2.30	$2.22	$2.32	$2.26	$2.42	$2.28	$2.80	n.a.	$2.31	$2.26	●
2026	$2.49	$2.30	$2.31	$2.17	$2.33	$2.38	$2.54	$2.30	$2.69	n.a.	$2.32	$2.26	●
2025 Q2	$2.60	$2.33	$2.36	$2.24	$2.32	$2.35	$2.39	$2.33	$2.75	n.a.	$2.35	$2.29	●
2025 Q3	$2.49	$2.33	$2.34	$2.24	$2.35	$2.39	$2.42	$2.33	$2.79	n.a.	$2.35	$2.28	●
2025 Q4	$2.45	$2.28	$2.28	$2.20	$2.29	$2.35	$2.60	$2.28	$2.69	n.a.	$2.30	$2.24	●
2026 Q1	**$2.49**	**$2.30**	**$2.31**	**$2.17**	**$2.33**	**$2.38**	**$2.54**	**$2.30**	**$2.69**	**n.a.**	**$2.32**	**$2.26**	●

Source: MPF Research® Legend: ● Outperforming ● Underperforming ● Similar

Rental Rate/Revenue

On a per unit basis, rental rates By Vintage range from a low of $1,865 per month to a high of $2,561 per month. When analyzed on the basis of style, rental rates range from $2,130 (Low-Rise) to $2,505 (High-Rise). In Total, the market-wide inventory-weighted average rental rate is $2,151 per unit per month. On a per square foot basis, rental rates range from a low of $2.17 to a high of $2.54 when analyzing property vintage and $2.30 to $2.69 when analyzed by property style. In aggregate, the market-wide average rental rate is $2.32 per square foot. Annual revenue change, defined as annual occupancy change plus annual rent change represents a decrease of -0.7% Versus the previous same-quarter annual period.

Percent of Properties Offering Concessions											Folsom/Orangevale/Fair Oaks Submarket		
	By Vintage							By Style			Submarket	Market	Versus
Period	2020+	2010s	2000s	1990s	1980s	1970s	Pre-1970s	Low-Rise	Mid-Rise	High-Rise	Total	Total	Market
2021	0.0%	0.0%	0.0%	10.0%	0.0%	0.0%	0.0%	2.8%	n.a.	n.a.	2.8%	5.4%	🔴
2022	0.0%	0.0%	20.5%	11.9%	2.2%	0.0%	0.0%	9.1%	0.0%	n.a.	8.5%	6.0%	🟢
2023	30.7%	0.0%	22.0%	18.1%	6.6%	11.9%	0.0%	18.4%	0.0%	n.a.	17.2%	11.4%	🟢
2024	0.0%	0.0%	17.8%	27.9%	12.5%	11.9%	0.0%	17.2%	0.0%	n.a.	16.1%	15.4%	🟢
2025	30.7%	64.8%	0.0%	23.6%	25.4%	11.9%	0.0%	19.3%	0.0%	n.a.	18.1%	16.6%	🟢
2026	46.7%	13.3%	0.0%	39.2%	19.5%	0.0%	0.0%	25.4%	0.8%	n.a.	24.0%	19.9%	🟢
2025 Q2	30.7%	26.7%	0.0%	23.0%	13.9%	0.0%	0.0%	14.7%	0.0%	n.a.	13.8%	17.4%	🔴
2025 Q3	49.1%	19.0%	7.7%	4.7%	7.1%	7.5%	0.0%	16.0%	7.9%	n.a.	15.6%	17.0%	🔴
2025 Q4	39.6%	45.7%	0.0%	0.7%	9.5%	0.0%	0.0%	11.7%	0.0%	n.a.	11.0%	17.7%	🔴
2026 Q1	**46.7%**	**13.3%**	**0.0%**	**39.2%**	**19.5%**	**0.0%**	**0.0%**	**25.4%**	**0.8%**	**n.a.**	**24.0%**	**19.9%**	🟢

Source: MPF Research® Legend: 🟢 Outperforming 🔴 Underperforming 🔵 Similar

Concessions as a Percent of PGI											Folsom/Orangevale/Fair Oaks Submarket		
	By Vintage							By Style			Submarket	Market	Versus
Period	2020+	2010s	2000s	1990s	1980s	1970s	Pre-1970s	Low-Rise	Mid-Rise	High-Rise	Total	Total	Market
2021	n.a.	n.a.	n.a.	0.8%	n.a.	n.a.	n.a.	0.8%	n.a.	n.a.	0.8%	4.6%	🔴
2022	n.a.	n.a.	1.9%	1.5%	0.8%	n.a.	n.a.	1.7%	n.a.	n.a.	1.7%	3.5%	🔴
2023	4.2%	n.a.	6.4%	2.0%	1.1%	1.4%	n.a.	3.8%	n.a.	n.a.	3.8%	2.6%	🟢
2024	n.a.	n.a.	2.6%	5.1%	1.6%	1.5%	n.a.	3.6%	n.a.	n.a.	3.6%	4.0%	🔴
2025	7.0%	4.7%	n.a.	1.9%	3.5%	2.2%	n.a.	3.8%	n.a.	n.a.	3.8%	5.9%	🔴
2026	3.3%	9.9%	n.a.	8.7%	4.8%	n.a.	n.a.	5.7%	5.2%	n.a.	5.7%	6.3%	🔴
2025 Q2	1.3%	8.3%	n.a.	3.4%	8.8%	n.a.	n.a.	4.0%	n.a.	n.a.	4.0%	5.9%	🔴
2025 Q3	3.7%	9.5%	4.0%	1.2%	7.1%	0.6%	n.a.	3.8%	5.5%	n.a.	3.8%	6.6%	🔴
2025 Q4	3.6%	4.4%	n.a.	3.0%	6.0%	n.a.	n.a.	4.0%	n.a.	n.a.	4.0%	6.6%	🔴
2026 Q1	**3.3%**	**9.9%**	**n.a.**	**8.7%**	**4.8%**	**n.a.**	**n.a.**	**5.7%**	**5.2%**	**n.a.**	**5.7%**	**6.3%**	🔴

Source: MPF Research® Legend: 🟢 Outperforming 🔴 Underperforming 🔵 Similar

Concessions Offered

Analyzed By Vintage, the percentage of properties currently offering concessions range from 0.0% (2000s) to 46.7% (2020+). When singularly analyzing property style, this range shifts to a low of 0.8% (mid-rise) to a high of 25.4% (low-rise). An aggregate, market-wide average of 24.0% is indicated.

Concessions Given

The average concession given ranges from 3.3% to 9.9% (vintage) and 5.2% to 5.7% (style) of potential gross revenue. An inventory-weighted average across all vintages and styles of 5.7% is indicated.

Folsom/Orangevale/Fair Oaks Submarket Conclusion

The Folsom/Orangevale/Fair Oaks submarket continues to demonstrate relatively stable fundamentals within the Sacramento–Roseville–Folsom metro, supported by steady renter demand and limited near-term supply pressure. Current occupancy stands at 95.7%, outperforming the metro average and reflecting a 0.5-point quarterly increase, though down 0.7 points year-over-year as demand has moderated slightly. Despite this annual softening, occupancy remains in line with historical norms and is forecast to decline modestly to 94.4% over the next year amid weaker projected demand.

Average effective rents in the submarket measure approximately $2,151 per month, among the higher levels in the metro, and have remained flat year-over-year, outperforming broader market trends. Quarterly rent growth of 0.8% and revenue growth of 1.3% indicate some near-term pricing resilience, though annual revenue has declined 0.7% as concessions have increased. Currently, about 24.0% of units are offering concessions, reflecting heightened competition for renters. With no meaningful supply pipeline underway and inventory growth expected to remain negligible, the submarket is well-positioned for gradual stabilization. As demand recovers and concession usage moderates, Folsom/Orangevale/Fair Oaks should maintain its position as a relatively stable, higher-income submarket within the region.

Inflation Impact / Macroeconomy Overview

Federal Rate Chart		
FOMC Meeting End Date	Rate Change (bps)	Target Rate Change
Prior to March 2022	-	0.00% to 0.25%
March 16, 2022	+ 25-bps	0.25% to 0.50%
May 4, 2022	+ 50-bps	0.75% to 1.00%
June 15, 2022	+ 75-bps	1.50% to 1.75%
July 27, 2022	+ 75-bps	2.25% to 2.50%
September 21, 2022	+ 75-bps	3.00% to 3.25%
November 2, 2022	+ 75-bps	3.75% to 4.00%
December 14, 2022	+ 50-bps	4.25% to 4.50%
February 1, 2023	+ 25-bps	4.50% to 4.75%
March 22, 2023	+ 25-bps	4.75% to 5.00%
May 3, 2023	+ 25-bps	5.00% to 5.25%
June 14, 2023	-	5.00% to 5.25%
July 26, 2023	+ 25-bps	5.25% to 5.50%
September 20, 2023	-	5.25% to 5.50%
November 1, 2023	-	5.25% to 5.50%
December 13, 2023	-	5.25% to 5.50%
January 31, 2024	-	5.25% to 5.50%
March 20, 2024	-	5.25% to 5.50%
May 1, 2024	-	5.25% to 5.50%
June 12, 2024	-	5.25% to 5.50%
July 31, 2024	-	5.25% to 5.50%
September 18, 2024	- 50-bps	4.75% to 5.00%
November 7, 2024	- 25-bps	4.50% to 4.75%
December 18, 2024	-25-bps	4.25% to 4.50%
January 29, 2025	-	4.25% to 4.50%
March 19, 2025	-	4.25% to 4.50%
May 7, 2025	-	4.25% to 4.50%
June 18, 2025	-	4.25% to 4.50%
July 30, 2025	-	4.25% to 4.50%
September 17, 2025	-25-bps	4.00% to 4.25%
October 29, 2025	-25-bps	3.75% to 4.00%
December 10, 2025	-25-bps	3.50% to 3.75%
January 28, 2026	-	3.50% to 3.75%
March 18, 2026	-	3.5% to 3.75%
April 29, 2026	Meeting April 28-29	TBD

Over the past two years, macroeconomic conditions have slowed commercial real estate activity and constrained debt markets. Following a period of aggressive monetary tightening through 2022 and early 2023, GDP growth moderated and financial conditions became increasingly restrictive, contributing to reduced transaction activity across commercial real estate sectors. Inflation has eased from its 2022 peak, reflecting the cumulative impact of tighter monetary policy, though it remains modestly above the Federal Reserve's long-term 2.0% target. In response to moderating economic conditions, the Federal Reserve maintained the federal funds rate at a restrictive level through most of 2023 and mid-2024. Beginning in late 2024, the Federal Reserve initiated a series of rate reductions that continued through 2025, easing financial conditions while policy rates remained elevated relative to the pre-2022 environment. As a result, borrowing costs remain above historical norms, and capital markets continue to reflect a more disciplined lending environment, with transaction activity proceeding at a measured pace. Declines in the 10-year Treasury have provided some relief in borrowing costs and modestly improved investor sentiment, though underwriting standards remain conservative. The increase in interest rates during the 2022–2024 tightening cycle placed upward pressure on capitalization rates as investors required higher yields, contributing to valuation adjustments and reduced transaction activity. As monetary policy has shifted toward easing and benchmark rates have moderated, the pace of cap rate expansion has slowed and capital market conditions have become more stable.

Looking forward, the current lower—but still elevated—interest rate environment may support gradual improvement in investment activity and continued stabilization in capitalization rates. However, investors and lenders remain cautious, and cap rates are generally expected to remain above pre-2022 levels in the near term as markets continue adjusting to a higher cost of capital environment.

U.S.–Iran Conflict: Impact on U.S. Commercial Real Estate

Geopolitical tensions involving the United States and Iran have introduced uncertainty into global shipping and energy markets, particularly due to the strategic importance of the Strait of Hormuz as a key corridor for global oil and liquefied natural gas transportation. While direct exposure to the conflict is limited for most U.S. commercial real estate markets, indirect effects are emerging through higher transportation costs, increased input prices, and supply-chain disruptions. Elevated fuel prices and rising shipping risks have contributed to higher logistics expenses and longer delivery times. In response, many companies are adjusting operational strategies by increasing safety stock levels and securing additional warehouse capacity to maintain service reliability.

Supply-chain uncertainty and rising energy costs are also affecting commodity markets and manufacturing inputs, which can influence tenant operating costs across industrial and retail sectors. In the near term, these conditions may encourage more defensive occupier behavior, including greater demand for warehouse and distribution space as firms maintain higher inventory levels and position goods closer to end markets. Over the longer term, persistent geopolitical instability could contribute to structural supply-chain shifts, including diversification of sourcing and increased nearshoring activity in North America. For commercial real estate, the most direct impacts are modestly higher operating and logistics costs for tenants and continued demand support for well-located industrial and distribution facilities as firms prioritize supply-chain resilience.

Transaction Trends

The following information highlights the office and multifamily market sale transaction trends per Costar.

Over the past year, 15 office properties traded in Folsom, accounting for 210,000 SF of inventory turnover. Office sales volume in Folsom has totaled $50.8 million over the past year. Average annual sales volume over the past five years is $63.5 million and $66.4 million over the past 10 years.

Estimated office market pricing in Folsom is $194/SF compared to the market average of $185/SF. Average market pricing for Folsom is estimated at $192/SF for 4 & 5 Star properties, $200/SF for 3 Star assets, and $164/SF for 1 & 2 Star buildings. The estimated cap rate for Folsom office is 9.3%, compared to the metro average of 9.3%.

Investment activity has been lean in the submarket over the years. It has been nearly four years since quarterly sales volume exceeded $10 million. Most transactions involve private parties, although fund-level equity has accounted for nearly 90% of buy-side volume in the past five years due to the sale of The Falls at Willow Creek for $150 million in 2022. Sales volume in the past 12 months has tallied $115 million compared with $10.0 million for the prior 12-month period. In general, only a few properties trade hands in a given calendar year.

A private investor purchased two properties at the end of 2025 at 10930 Fair Oaks Boulevard and 8125 Monte Park Avenue in Fair Oaks for $6.7 million, or about $152,000/unit. The larger property on Fair Oaks Boulevard consisted of 36 units built in 1961, while the other has eight units built in 1971.

A material change in investment patterns is not expected in the near term.

General Vacancy Conclusion

As summarized in the table below this market analysis relied on various published data sources and field research for assessing how supply/demand conditions influence the long-term vacancy estimate of the subject property.

General Vacancy Conclusion			
CoStar	2026 Q3	**Last Year**	10 Yr Avg
Sacramento Market-Office	10.8%	10.8%	9.6%
Folsom Submarket-Office	8.7%	7.4%	6.4%
Folsom Submarket-Multifamily	4.3%	3.6%	4.2%

Based on the subject's size, location and appeal, the market and submarket analyses findings warrant primary consideration. The market level analysis indicated a CoStar vacancy rate of 10.8% and an average vacancy rate of 9.6% over the past ten years. The submarket level analysis indicated a CoStar vacancy rate of 8.7% and an average vacancy rate of 6.4% over the past ten years. As of the effective date of this appraisal, the subject property has a current vacancy rate of 0.0%. Based on my analysis of supply/demand trends and considering the subject's actual performance, a general vacancy rate of 5.0% is concluded.

Exposure Time & Marketing Period

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The preceding information generally supports an exposure time range from 1 to 18 months for Land (Multi-Family Land) properties. The availability of acquisition financing also factors into exposure time and marketing period. My review of the local capital market indicate that adequate financing options would have been available to consummate a sale of the subject on the date of value.

Exposure Time Conclusion

Six Months Or Less

Marketing Period Conclusion

Six Months Or Less

Introduction

This section develops the highest and best use of the subject property as-vacant and as-improved. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive.

As-Vacant Analysis

Permitted uses of the subject's Business Professional-Planned Development (BP-PD) zoning were listed in the Zoning Analysis section. Regarding physical characteristics, the subject site is irregular in shape and has level topography with average access and average exposure. The subject site has frontage along two main arterials at a signalized intersection. The immediate area is developed with office, retail, and mixed-use development along major arterials that is interspersed with multi-family complexes and single-family residential development removed from arterials. Based on my observations of land development trends for sites with similar zoning and physical characteristics as the subject and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is a mixed used development as market conditions warrant.

Valuation Methods

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Income Approach is not a specific scope requirement of this assignment. Based on the preceding information, the Income Approach will not be presented.

Sales Comparison Approach

Characteristics specific to the subject property do not warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is not a specific scope requirement of this assignment. Due to unique characteristics of the interest being appraised or lack of market transactions of like substitute comparable properties, insufficient sales data is available to provide a credible value opinion by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is not presented within this appraisal.

Land Valuation

Characteristics specific to the subject property warrant that a site value is developed. Development of the subject site value is a specific scope requirement of this assignment. Within the Site Valuation section, the subject is valued as one marketable economic site.

Cost Approach

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions

The land sales comparison approach is used to value the subject property, which will be reconciled into the final opinion of market value in the Analysis of Value Conclusions section.

Land Valuation

As previously discussed within the Valuation Methods section, the subject is valued as one marketable economic site in this appraisal. The most relevant unit of comparison is the price per square foot, as it best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning. A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase such as demolition costs and market conditions. Comparable 2 is currently listed for sale and is adjusted downward for conditions of sale due to a buyers opportunity to negotiate a lower sale price.

The following table summarizes the market conditions adjustment applied in this analysis.

Market Conditions Adjustment			
Per Year As Of	July 2026	(As-Is)	0%

The market has exhibited value stability during the time from the oldest sale date up through the effective valuation date; therefore a market conditions adjustment is not warranted.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning and overall utility. It should be stressed that the adjustments are subjective in nature and are meant to illustrate my logic in deriving a value opinion for the subject site.

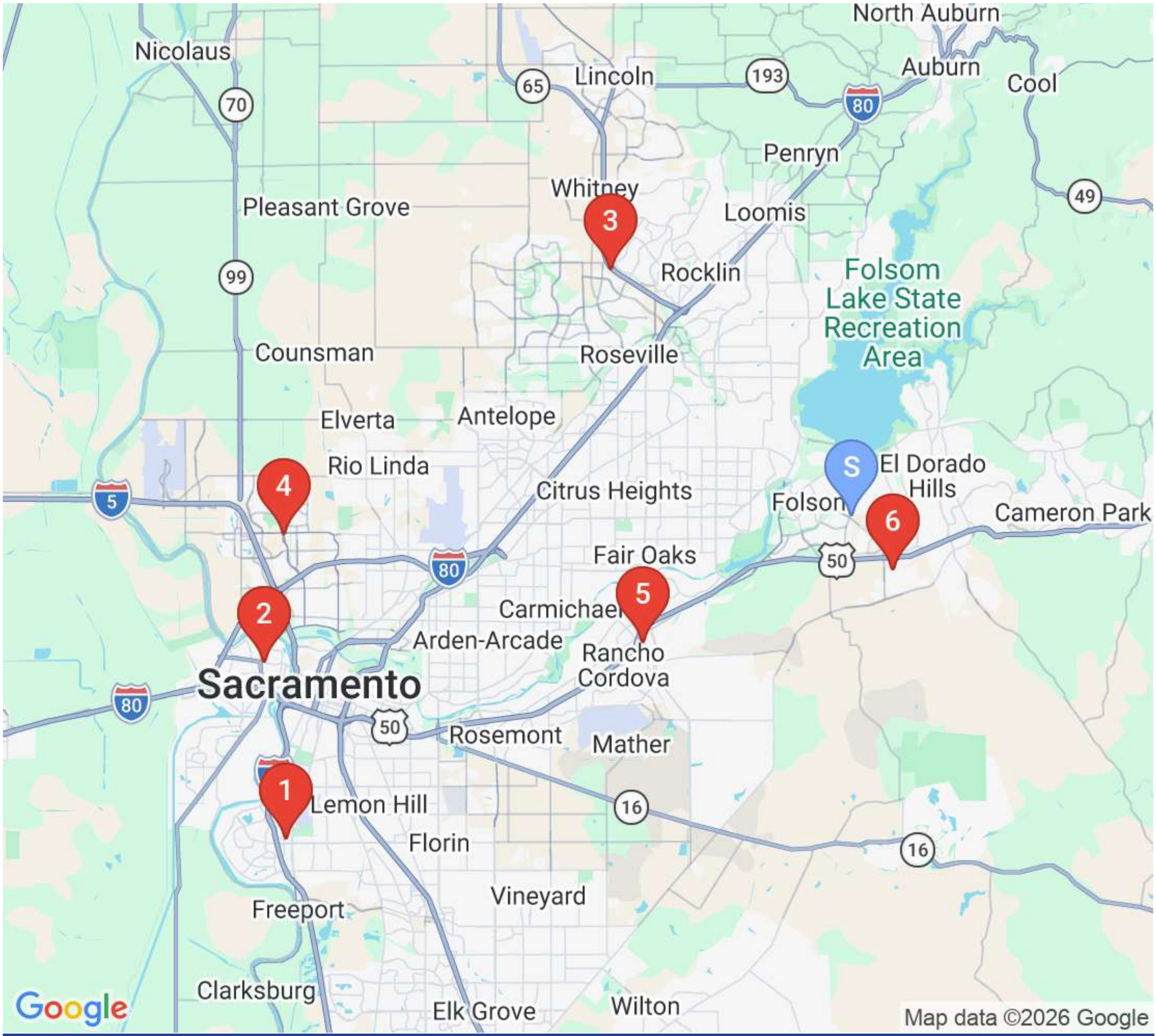
Presentation

The following Land Sales Summation Table, Location Map and plat maps summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

Land Sales Summation Table

Comparable	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Vacant BP Zoned Land	Commercial Land	Vacant Land	Retail Lot	Commercial Land	Commercial Land	Apartments Site
Address	701 Oak Avenue Parkway	7007 South Land Park Drive	851 Sacramento Avenue	1726 Freedom Way	2270 Del Paso Road	2720 Kilgore Road	14533 Alder Creek Pkwy
City	Folsom	Sacramento	West Sacramento	Roseville	Sacramento	Rancho Cordova	Folsom
State	CA	CA	CA	CA	CA	CA	CA
Zip	95630	95831	95605	95678	95834	95670	95630
County	Sacramento	Sacramento	Yolo	Placer	Sacramento	Sacramento	Sacramento
APN	072-1310-010	029-0470-024, -025	010-320-038	363-022-031	225-0070-127, 225-2990-008	072-0223-001, 002, 003	072-3670-036
Physical Information							
Acres	6.69	3.53	8.16	1.55	2.24	4.65	10.67
SF	291,416	153,766	355,318	67,518	97,574	202,553	464,785
Zoning	BP-PD	C-2-EA-2	MU-NC	PD/SA-NC	EC-50	OPMU	MHD
Flood Zone	Zone X (Shaded)	X	X500	X	A99	X	X
Corner	Yes	No	Yes	No	No	Yes	Yes
Topography	Level	Level	Level	Level	Level	Level	Level
Utilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sale Information							
Date		4/28/2026	8/4/2026	1/15/2026	7/1/2025	4/29/2025	7/3/2025
Status		Recorded	Listing	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		$4,500,000	$8,888,888	$1,677,000	$2,276,500	$5,064,000	$11,000,000
Analysis Price		$4,500,000	$8,888,888	$1,677,000	$2,276,500	$5,064,000	$11,000,000
$/SF Land		$29.27	$25.02	$24.84	$23.33	$25.00	$23.67

Land Sales Location Map

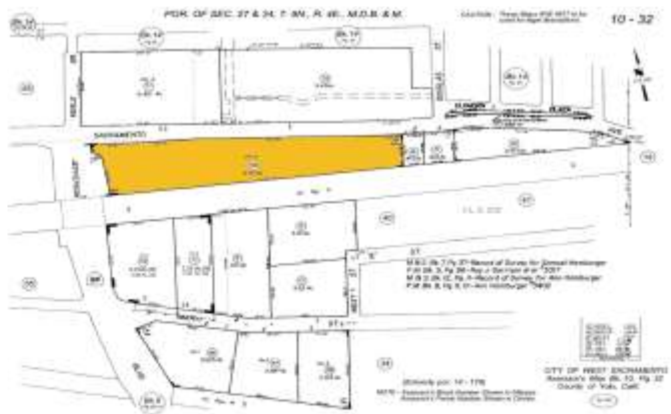


Comparable Key

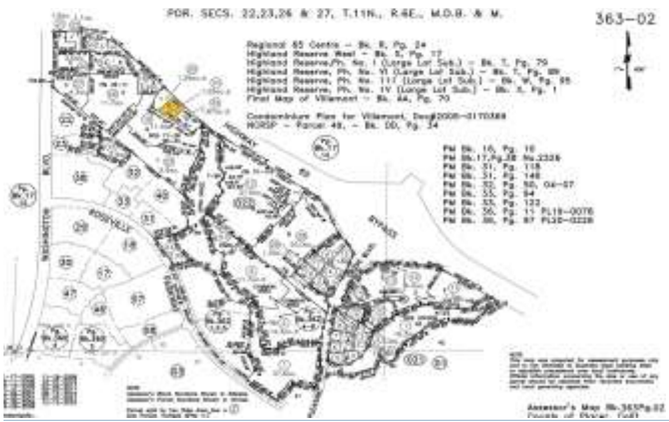
Comp	Distance	Address	Sale Date	Acres	SF	$/SF
Subject	-	701 Oak Avenue Parkway, Folsom, CA	-	6.7	291,416	-
No. 1	23.3 Miles	7007 South Land Park Drive, Sacramento, CA	4/28/2026	3.5	153,766	$29.27
No. 2	21.6 Miles	851 Sacramento Avenue, West Sacramento, CA	8/4/2026	8.2	355,318	$25.02
No. 3	12.3 Miles	1726 Freedom Way, Roseville, CA	1/15/2026	1.6	67,518	$24.84
No. 4	20.3 Miles	2270 Del Paso Road, Sacramento, CA	7/1/2025	2.2	97,574	$23.33
No. 5	8.7 Miles	2720 Kilgore Road, Rancho Cordova, CA	4/29/2025	4.7	202,553	$25.00
No. 6	2.4 Miles	14533 Alder Creek Pkwy, Folsom, CA	7/3/2025	10.7	464,785	$23.67

Land Sales Exhibits

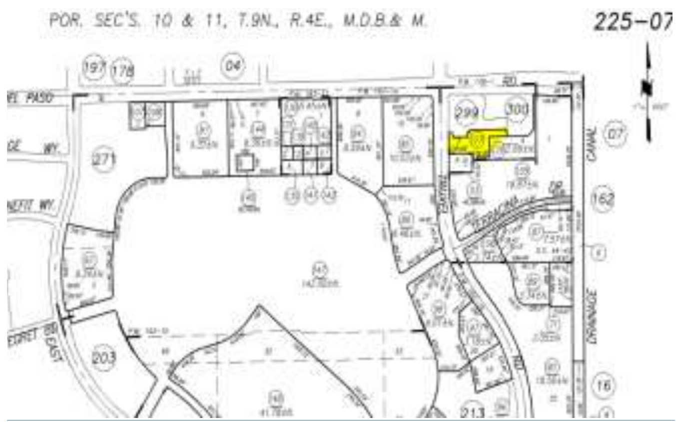
Comparable 1



Comparable 2



Comparable 3



Comparable 4

Comparable 5

Comparable 6

Land Sales Adjustment Table

Comparable	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Name	Vacant BP Zoned Land	Commercial Land	Vacant Land	Retail Lot	Commercial Land	Commercial Land	Apartments Site
Address	701 Oak Avenue Parkway	7007 South Land Park Drive	851 Sacramento Avenue	1726 Freedom Way	2270 Del Paso Road	2720 Kilgore Road	14533 Alder Creek Pkwy
City	Folsom	Sacramento	West Sacramento	Roseville	Sacramento	Rancho Cordova	Folsom
Acres	6.69	3.53	8.16	1.55	2.24	4.65	10.67
SF	291,416	153,766	355,318	67,518	97,574	202,553	464,785
Zoning	BP-PD	C-2-EA-2	MU-NC	PD/SA-NC	EC-50	OPMU	MHD
Flood Zone	Zone X (Shaded)	X	X500	X	A99	X	X
Corner	Yes	No	Yes	No	No	Yes	Yes
Topography	Level	Level	Level	Level	Level	Level	Level
Utilities	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sale Information							
Date		4/28/2026	8/4/2026	1/15/2026	7/1/2025	4/29/2025	7/3/2025
Status		Recorded	Listing	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price		$4,500,000	$8,888,888	$1,677,000	$2,276,500	$5,064,000	$11,000,000
Price/SF		$29.27	$25.02	$24.84	$23.33	$25.00	$23.67
Transactional Adjustments							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	-5%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions[1]		0%	0%	0%	0%	0%	0%
Subtotal Transactional Adj Price		$29.27	$23.77	$24.84	$23.33	$25.00	$23.67
Property Adjustments							
Location		0%	5%	0%	5%	5%	0%
Size		-10%	0%	-15%	-15%	-10%	5%
Exposure		0%	0%	0%	0%	5%	0%
Access		0%	0%	0%	0%	0%	0%
Shape		0%	0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%	0%
Flood Zone		0%	0%	0%	10%	0%	0%
Topography		0%	0%	0%	0%	0%	0%
Utilities		0%	0%	0%	0%	0%	0%
Approvals		-5%	0%	0%	0%	-5%	-5%
Subtotal Property Adjustment		-15%	5%	-15%	0%	-5%	0%
Total Adjusted Price		**$24.88**	**$24.95**	**$21.11**	**$23.33**	**$23.75**	**$23.67**

Statistics	Unadjusted	Adjusted
Low	$23.33	$21.11
High	$29.27	$24.95
Median	$24.92	$23.71
Average	$25.19	$23.62

[1] Market Conditions Adjustment: 0%

Date of Value (for adjustment calculations): 7/31/26

Land Sales Analysis

The comparable land sales indicate an adjusted value range from $21.11 to $24.95/SF, with a median of $23.71/SF and an average of $23.62/SF.

Discussion of Adjustments

- **Conditions of Sale** - Comparable 2 is currently listed for sale and is adjusted downward for conditions of sale due to a buyers opportunity to negotiate a lower sale price.
- **Location** – Comparables 2, 4 and 5 are located in inferior submarkets and are adjusted upward for inferior locations. Based on discussions with market participants, these properties are inferior in terms of location.
- **Size** – Due to economies of scale, smaller properties tend to sell at a higher dollar per square foot amount compared to larger properties and vice versa. Comparables 1, 3, 4 and 5 are adjusted downward for smaller size. Comparable 6 is larger in size and is adjusted upward for size.
- **Exposure –** Comparable 5 is adjusted upward for inferior exposure along secondary corridors.
- **Flood Zoning –** Comparable 4 is adjusted upward for flood hazard zones and limits development potential.
- **Approvals –** Comparables 1, 5 and 6 are adjusted downward for approvals and entitlements.

Calculation of Land Value

Four of the primary sales provide an adjusted average of $23.91/SF. For this analysis, a price per SF indication of $24/SF is concluded for the subject. The subject could have a maximum of 200 units (6.69 acres x 30 units/acre). The value conclusion equates to $34,877 per unit. The concluded value of $7,000,000 is slightly below the offer submitted by the city of Folsom, but is also slightly higher than a majority of the offers received.

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of the subject site.

Calculation of Land Value

Comp	Analysis Price	Adjustment: Transactional[1]	Adjusted	Property[2]	Final	Net Adj %	Gross Adj %	Overall Comparison
1	$29.27	0%	$29.27	-15%	**$24.88**	-15%	15%	Primary
2	$25.02	-5%	$23.77	5%	**$24.95**	-0%	10%	Secondary
3	$24.84	0%	$24.84	-15%	**$21.11**	-15%	15%	Secondary
4	$23.33	0%	$23.33	0%	**$23.33**	0%	30%	Primary
5	$25.00	0%	$25.00	-5%	**$23.75**	-5%	25%	Primary
6	$23.67	0%	$23.67	0%	**$23.67**	0%	10%	Primary
Low	**$21.11**					**Average**		**$23.62**
High	**$24.95**					**Median**		**$23.71**

Component	Subject SF		$/SF Conclusion		Value
Usable	291,416	x	$24.00	=	$7,000,000

[1]Cumulative [2]Additive — Rounded to nearest $100,000

Crosscheck to Value

Give that the subject is permitted to have a maximum density of 30 units per acre or 200 developable units per zoning standards, we have also looked at land sales on a per unit basis. The following table highlights multifamily land sales on a per unit basis and range from $21,930 to $41,509 per unit. The comparables bracket the subjects implied per unit value of $34,877 and is considered reasonable, but is at the higher end of the range.

Land Sale Comparables

Comp	Location	Sale Date	Size AC	Size SF	Sale Price	Zoning	Density/AC	Price per Unit
1	791 Harrington Way, Folsom	6/27/2025	1.95	84,811	$1,400,000	BP-PD	26.7	$26,923
2	2450 W El Camino Ave, Sacramento	12/12/2025	5.47	283,273	$2,500,000	R-2B	21.0	$21,930
3	14533 Alder Creek Pkwy, Folsom	7/3/2025	10.67	464,785	$11,000,000	MHD	24.8	$41,509
4	SWC Big Horn Blvd, Elk Grove	7/1/2025	9.65	420,354	$6,250,000	SC	25.0	$25,934
5	5044 Peabody Road, Fairfield	9/30/2025	9.75	424,710	$5,500,000	TS-PD	18.0	$31,429

Reconciliation of Value Conclusions

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value of the subject property's fee simple interest. Based on the overall quality of the data and analyses, and considering the decision-making process of the typical buyer profile of the subject asset, primary emphasis was placed on the land sales comparison approach, which is reflected in my final opinion of market value below.

My opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

Analysis of Value Conclusions	
Valuation Indices	**As-Is Market Value**
Interest Appraised	**Fee Simple**
Date of Value	**July 31, 2026**
Final Value Conclusion	**$7,000,000**
$/SF	$24/SF
Exposure Time	Six to Nine Months
Marketing Period	Six to Nine Months

Certification

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- Joe Esparza, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer is not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- Joe Esparza, MAI personally inspected the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraiser signing this certification.

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 Joe Esparza, MAI completed the continuing education program for Designated Members of the Appraisal Institute.

August 5, 2026
Date

Joe Esparza, MAI
Senior Valuation Services Director
Certified General Real Estate Appraiser
State of California License #AG031186
+1 916 724 5582
joe.esparza@colliers.com

August 5, 2026
Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraiser may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraiser assumes no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the author neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraiser is connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the author no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers Valuation & Advisory Services, its principals, agents, and employees is limited to the client. 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 limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraiser is not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraiser assumes no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Colliers Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

Addenda

Engagement Letter
Offering Memorandum
LOI
Valuation Glossary
Qualifications of Appraiser
Qualifications of Colliers International Valuation & Advisory Services

Professional Service Agreement

Colliers

1508 Eureka Way, Suite 250
Roseville, CA 95661
Main: +1 916 724 5582
www.colliers.com/valuationadvisory

July 15, 2026

Joe Esparza, MAI
Valuation Service Director
Direct +1 916.724.5582
joe.esparza@colliers.com

Pam Johns
Community Development Director
City of Folsom
50 Natoma Street
Folsom, CA 95630
916.461.6205
pjohns@folsom.ca.us

RE: Appraisal of Vacant Land Zoned BP

Dear Ms. Pam Johns:

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the below-stated Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT
("Agreement")

Project	Vacant Land Zoned BP ("Property")
Location	NEC East Bidwell Street & Oak Ave Pkwy, Folsom, CA
Project Description	6.69 acres
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS") and City of Folsom (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for City of Folsom. Intended users include The Client. No other users are intended.
Intended Use	The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. The report is not intended for any other use.
Signatories	The anticipated primary signatory appraiser will be Joe Esparza.
Purpose	To establish a potential purchase price
Type of Appraisal	CIVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be summarized within this document.
Rights Appraised	Fee Simple
Date of Value	Date of Inspection

Scope of Work	CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will research relevant market data and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: • As-Is CIVAS anticipates developing the following valuation approaches: • Sales Approach Only An interior/exterior property tour of the subject property will be performed. **Please note if it's a requirement per the client's underwriting guidelines to analyze and report all approaches to value, this will be performed although some approaches may be limited in application.** The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.
Delivery	Draft Appraisal: Delivered 15 business days from the date of authorization, retainer payment, and receipt of property specific information. Final Appraisal: Delivered three (3) days after completion of client review and authorization to deliver final report(s).
Professional Fee	$3,600
Expenses	Fees include all associated expenses.
No. of Reports	One (1) Electronic Draft Appraisal and One (1) Electronic Final Appraisal. No printed copies will be delivered to the client.
Retainer	A retainer of 50% of the fee is required prior to our proceeding. To Pay By Check: Please remit all payments to Colliers International Valuation & Advisory Services 26791 Network Place Chicago, IL 60673-1267 **Please include the property name or address on the memo line** Wire Instructions: JP Morgan Chase Bank, NA Chicago, IL 70-2322/719 Account Name: Colliers International Valuation & Advisory Services, LLC Account No. 899559074 ABA No. 021000021 ACH Payment Transit Routing Number: 071000013 Swift code for International Wires ONLY: CHASUS33 **Please include the property name or address in addenda/memo payment information** Please send notification to CIVASAccounting@colliers.com when payment has been sent.
Payment Terms	CIVAS will invoice Client for the Appraisal in its entirety (Less Retainer) at the delivery of the draft report. When a full retainer has been paid, invoice and amount due are $0. Final payment is due and payable within five (5) business days upon delivery of the electronic copy of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft report is requested, the fee is considered earned upon delivery of the draft report. If for any reason the client cancels the work before work was completed or for reasons beyond Colliers' control, then the client would pay for an agreed amount for work completed.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within three (3) business days from the date of this letter.

Professional Service Agreement
Continued

Terms and Conditions

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The following is a list of information needed to begin and complete our analysis. The Client signing this Agreement or the party sending the specific property data certifies that all the information provided is accurate and complete as of the date of this request, and that any updates, revisions or additional relevant information that comes into control or possession of the Client prior to the date on which the Appraisal is delivered shall be provided to CIVAS immediately. Please forward with the Agreement or as soon as possible.

- Preliminary Title Report
- Site Map
- Current County Property Tax Bill
- Land Surveys

In addition to the items requested above, please forward any additional materials you would consider relevant in the analysis of the subject property.

Reliance Language - Non-Lender Client

If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Pam Johns, **City of Folsom**, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.

_______________________ Date: 7/13/26

Pam Johns
Community Development Director
City of Folsom

Respectfully,

Colliers International Valuation & Advisory Services, LLC

Joe Esparza, MAI
Valuation Service Director
Direct +1 916.724.5582
joe.esparza@colliers.com

Terms and Conditions

"T&C"

1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.
2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.
3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum $500 or at a rate of $250 per hour for associate time, $350 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.
4) Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, the amount due shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is lesser.
5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.
6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to thirty (30) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within with this time period.
7) CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client. In the event that any such information is inaccurate, misleading or incomplete, CIVAS shall have no responsibility or liability for any matters relating thereto (whether to the Client or to any third party).
8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.
9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.
10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.
12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.
13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.
14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of the appraisal fee paid by the Client and in no circumstances shall CIVAS be liable for any losses or damages in excess of this amount. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.

15) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

16) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of $250 per hour for associate time, $350 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.

17) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER.

18) CIVAS agrees to maintain Professional Liability Insurance in the amount of $1,000,000 and General Liability insurance in the amount of $2,000,000, as well as Workers Compensation per local regulatory requirements. CIVAS will endeavor to provide Client with written notice regarding any cancellation of any such insurance. CIVAS will provide Client with certificates of insurance naming Client as an additional insured on the General Liability policy upon request.

19) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material and disclaim all liability to any party other than the Client.

20) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.

21) The use of this appraisal shall be used only for the purpose as set forth in the Intended Use section of the Agreement. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your accountants/auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

cvas_dp_Asssumption.No cvas_dp_Securitization.CMBS.Reliance.Language

KRONICK

KRONICK
MOSKOVITZ
TIEDEMANN
& GIRARD

AMARA HARRELL
aharrell@kmtg.com

July 17, 2026

VIA E-MAIL

Peter Nixon
Newcastle Properties
E-Mail: peter.nixon@newcastlepg.com

Kris Riley
Newcastle Properties
E-Mail: kris.riley@newcastlepg.com

Re: **UPDATED NON-BINDING LETTER OF OFFER TO PURCHASE CERTAIN REAL PROPERTY LOCATED AT THE NORTHEAST CORNER OF EAST BIDWELL STREET & OAK AVENUE PARKWAY ~6.69 ACRES (the "PROPERTY")**

Dear Gentleman:

On behalf of the City of Folsom ("City"), this letter is the City's non-binding Updated Letter of Offer that summarizes the basic terms and conditions under which the City proposes to purchase the Property. The purchase is subject to the preparation and approval of a mutually acceptable purchase agreement with Lakeside Church ("Seller"), and the approval of the City Council prior to execution of the purchase agreement. The general terms and conditions under which the City offers to enter into a binding purchase and sale agreement are set forth below.

1. **Subject Property.** ~6.69 Acres of Real Property on the Northeast Corner of East Bidwell Street & Oak Avenue Parkway.

2. **Purchase Price.** The purchase price for the Property shall be Seven Million One Hundred Thousand Dollars ($7,100,000) (the "Purchase Price") to be paid in cash at close of escrow. Folsom City Council to confirm Purchase Price with appraisal assessment at their regular meeting on August 11, 2026, by authorizing the City Manager to execute the purchase and sale agreement and to appropriate funds for the purchase.

3. **Escrow.** Escrow shall be opened no later than three (3) business days after mutual execution of a purchase agreement.

4. **Deposit.** Within three (3) business days after mutual execution of a purchase agreement, the City shall deposit one percent (1%) of the Purchase Price into an interest bearing escrow account (the "Deposit"). Upon completion of the Due Diligence Period, the Deposit shall become non-refundable, but applicable to

the Purchase Price at close of escrow. The Deposit shall be fully refunded at any time prior to the expiration date of the Due Diligence Period or in the event of a Seller default.

5. **Seller's Studies.**

Within five (5) days after mutual execution of the purchase agreement, Seller agrees to provide to the City (to the extent in Seller's possession or control) true, correct and complete copies of environmental reports, surveys, property condition reports, engineering studies, notices from local, state and federal government agencies, leases (including amendments thereto) in connection with the Property, and any service and maintenance agreements and other contracts that will affect the Property after closing, and other documents reasonably requested by the City to assist the City in its feasibility study (collectively, the "Seller Documents").

6. **Conditions.**

The City's obligation to purchase the Property shall be subject to the following conditions, which must be satisfied or waived on or before forty-five (45) days from the date a purchase agreement is executed by both parties ("Due Diligence Period"), as may be extended as set forth below:

(a) The City's approval of the conditions of title to the Property and issuance at close of escrow of a CLTA policy of title insurance in a form satisfactory to the City. The City will provide the Seller with a written determination of the acceptability or rejection of title exceptions.

(b) The City's approval of all environmental conditions of the Property, laws affecting the Property, any existing improvements located on the Property, and the City's review and approval of any other matters affecting the Property which the City may deem, in the City's sole discretion, to be pertinent to the ability of the City to use or develop the Property for the City's intended use. The City shall be allowed access to the Property to conduct testing and investigations, including a Phase I assessment, and the City shall indemnify the Seller from any loss resulting from such entry. If the Phase I assessment study recommends additional Phase II testing of the Property, Seller agrees to extend the Due Diligence period to accommodate such testing.

(c) Seller has completed and recorded a lot line adjustment to create the Property parcel.

7. **Close of Escrow.** Close of escrow shall occur within fifteen (15) days after expiration of the Due Diligence Period.

8. **Escrow Holder.** The parties to mutually select.

9. **Closing Costs.** Seller shall pay for the CLTA title insurance premium and the City shall pay the cost differential for an ALTA policy. Escrow fees shall be split 50/50 and all other costs shall be paid as is standard and customary in the County of Sacramento, California.

10. **Brokerage Fees.** The City shall not be required to pay any brokerage fees.

11. **Approvals.** The purchase agreement shall be subject to the approval of the City Council.

12. **Marketing of the Property.** Seller agrees not to market the Property to other potential buyers or accept other offers while the parties are negotiating the Agreement.

13. **Expression of Intent.** This letter shall not constitute a formal and binding agreement. This letter reflects the City's and the Seller's present understanding of the terms and conditions of the proposed transaction and the City and Seller expect that the definitive agreement, which is negotiated between the City and the Seller with respect to this transaction, will be generally consistent with the foregoing material business terms. This letter shall not create any legal rights or obligations between the City and the Seller. It is intended that all legal rights and obligations between the City and the Seller will come into existence only when a definitive agreement is signed and delivered by both parties after approval of the City Council.

If the terms contained in this Letter of Offer are acceptable, please indicate agreement by signing below. On behalf of the City, I look forward to hearing from you with regard to this matter.

Very truly yours,

KRONICK, MOSKOVITZ, TIEDEMANN & GIRARD
A Professional Corporation

Amara Harrell

AMARA HARRELL

cc: Pam Johns (via email: pjohns@folsom.ca.us)
Bryan Whitemyer (via email: bwhitemyer@folsom.ca.us)
Sari Dierking (via email: sdierking@folsom.ca.us)

ACKNOWLEDGED AND APPROVED BY SELLER

By: ____________________________

Name: ____________________________

Title: ____________________________

Date: ____________________________

FOR SALE

$6,835,000

PRIME INFILL LAND OPPORTUNITY

NORTHEAST CORNER OF EAST BIDWELL STREET & OAK AVENUE PARKWAY

FOLSOM, CALIFORNIA

±6.69 ACRES

CALL FOR OFFERS BY JULY 15, 2026 AT 5:00 PM

Peter Nixon
916 259 4453
peter.nixon@newcastlepg.com
Lic. 00975548

Kris Riley
916 259 4454
kris.riley@newcastlepg.com
Lic. 01290492

NEWCASTLE PROPERTIES GROUP

FOLSOM FOOTHILLS

THE OPPORTUNITY

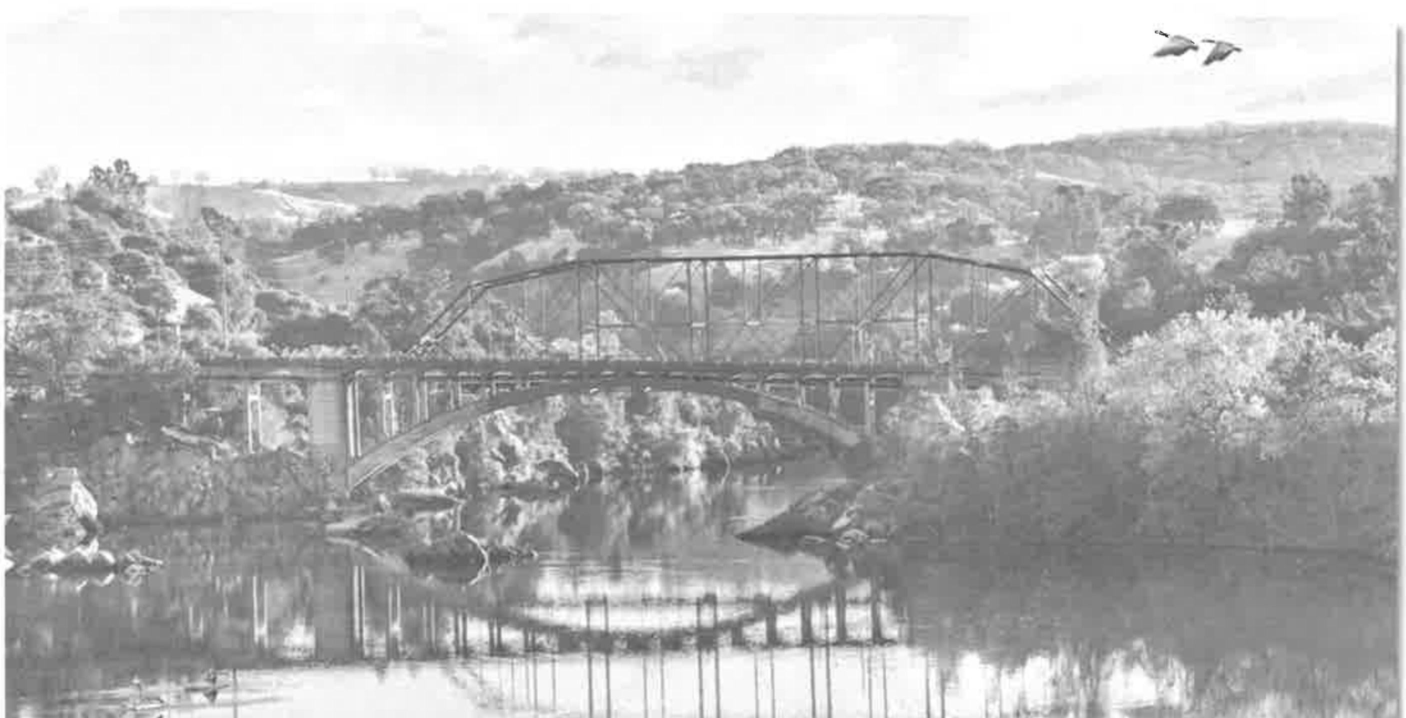
The Lakeside Church excess land has never before been available to purchase. The property is an extremely well located infill site ideal for a multifamily product at a time when demand and funding have never been greater. This property is arguably the best available multifamily property in the entire Sacramento region.

Folsom is a well planned city that has experienced explosive residential growth over the last two decades. The City has been collecting "in lieu" affordable housing fees, largely from single family home builders, for years. The City's Housing Services Agency now has a huge "bucket" of approximately $22 million in unspent funds as of May 2026. These funds are primarily earmarked to provide gap funding loans to developers of affordable housing projects.

While the City of Folsom has entertained hosting a "Request For Proposals" (RFP) process to match developers, properties and funds, and even considered City acquisition of potential affordable housing sites, the City has not done either to date. However, the City of Folsom will continue to consider affordable housing funding applications on an individual property basis to assist developers in completing projects.

Prospective purchasers interested in pursuing a housing opportunity should contact Stephanie Traylor Henry, the Housing Services Director at the City of Folsom directly (916.461.6208 and shenry@folsom.ca.us).

- **Abundant Parks & Recreational Opportunities**
- **Access to Hwy 50 & Arterial Roadways**
- **Bidwell is a Major Retail Corridor**
- **Established Community & Newer Amenities**
- **Excellent Public Schools Nearby**
- **Grocery Stores and Restaurants Nearby**
- **Low Crime Rate**
- **Major Medical Services Proximate (Dignity Health, Kaiser, and Sutter)**
- **Public Transit in Walking Distance**
- **Rare Infill Location**
- **Strong Demographics**
- **Utilities and Services Available**
- **Vibrant Sense of Community**



FOLSOM FOOTHILLS

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THE BACK STORY

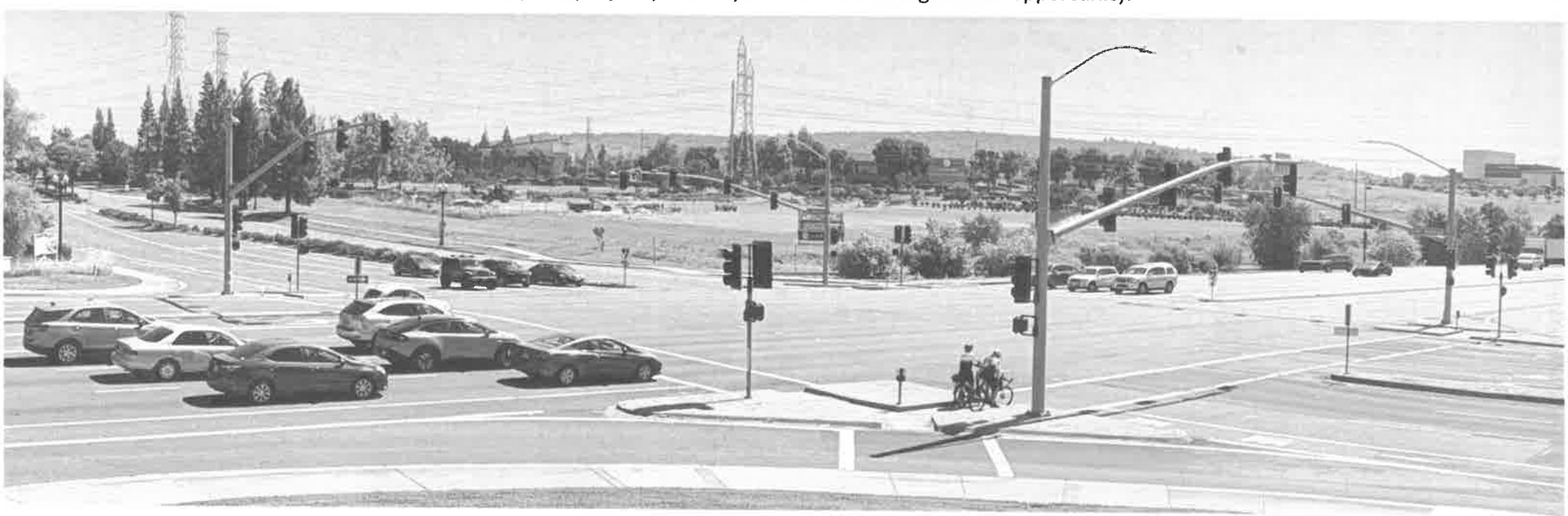
The City of Folsom, and particularly the Broadstone community, is no longer a hidden gem, as its 28% population growth from the years 2010 to 2025 demonstrates. However, Folsom still has a few great infill opportunities to "get in the action" of a well planned, and largely built-out community, with no opportunity better than this offering.

Lakeside Church and the City of Folsom have successfully grown in tandem. The previous owner of the property, Buzz Oates, provided Lakeside Church with a generous ±28 acre campus (mostly by donation) knowing that someday the opportunity would come for Lakeside to sell excess lands, and that day has come. At th northeast corner of East Bidwell Street and Oak Avenue Parkway there is approximately 6.7 acres of vacant excess land separated from the church facilities by Lakeside Church's parking field. Lakeside has elected to sell this land now.

As Folsom has grown into an upscale community, this excess land has become increasingly well located and valuable. This acreage is now surrounded by excellent schools, convenient medical services, all types of retail amentities, and a multitude of restaurant choices. All of these immediate amenities are located within the backdrop of the excellent "Quality Of Life" that the City of Folsom offers its residents, including the American River Bike Trail, Lake Natoma kayaking, Folsom Lake boating, and walking, and Historic Old Town Folsom.

Recently, and appropriately, this property has been designated as a "RHNA housing" location by the City of Folsom due to its proximity to the aforementioned amenities; and the obvious need to provide more affordable housing options for the first time home buyers, the workforce community, students, seniors and others. In fact, this property is within walking distance of Folsom Lake College, which specifically provides an enhanced opportunity for student housing.
The City of Folsom shows a "Regional Housing Needs Allocation" (RHNA) of 199 units of "inventoried" capacity and 221 units of "maximum" capacity for this acreage.

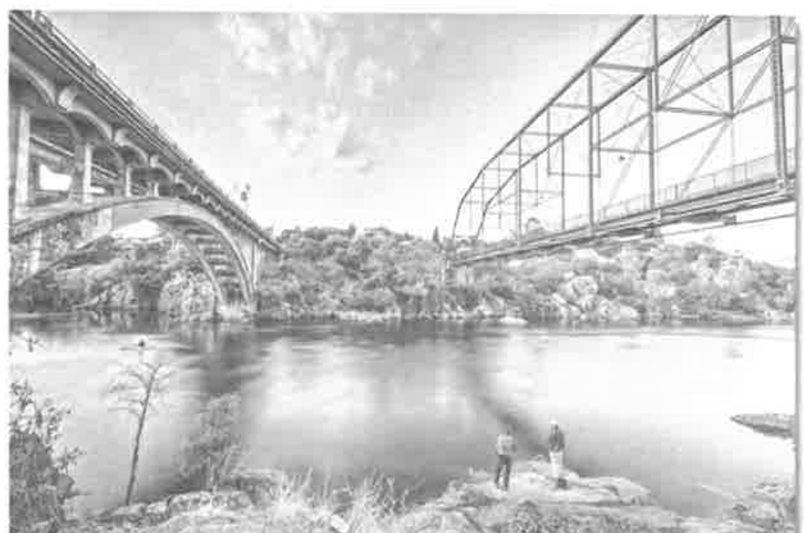
Today, this favorable RHNA designation, coupled with the high demand for well located and relatively reasonably priced for sale and for rent product, make this property one of the very best residential infill development opportunities in the entire Sacramento region. Lakeside Church's engineers and land planners are well under way with creating the legal parcel to convey this property to a buyer to take advantage of this opportunity.



FOLSOM FOOTHILLS

FOLSOM, CALIFORNIA
THIS SITE BY THE NUMBERS

- **Vista del Lago High School - 10 out of 10 ("Great Schools" rating)**
  (The Folsom Cordova Unified School District High School which serves this property)
  Note: Niche K-12 school rating of A+.
- **Median Household Income - $119,825**
  (2025 state of California Dept. of Finance & US Census Bureau)
- **Distance to Highway 50 - ±.5 miles**
- **Population of the City of Folsom - ±95,680**
  (2025 state of California Dept. of Finance & US Census Bureau)
- **Cost to Raft Down the American River - ±$85**
  (A 4-person raft, but doesn't include a ride home)
- **Medical Facilities in Close Proximity - 3**
  (Kaiser Medical Offices, Mercy Hospital and Sutter Medical Plaza are all within ±2 miles)
- **Regional Transit (SAC RT) Bus Stop Distance - ±.1 miles**
- **Distance to Trader Joe's - ±.4 Miles**
  (Bel Air, Whole Foods, Sam's Club, Wal-Mart, Sprouts and Target are also nearby)



NEWCASTLE PROPERTIES GROUP

HEART OF FOLSOM

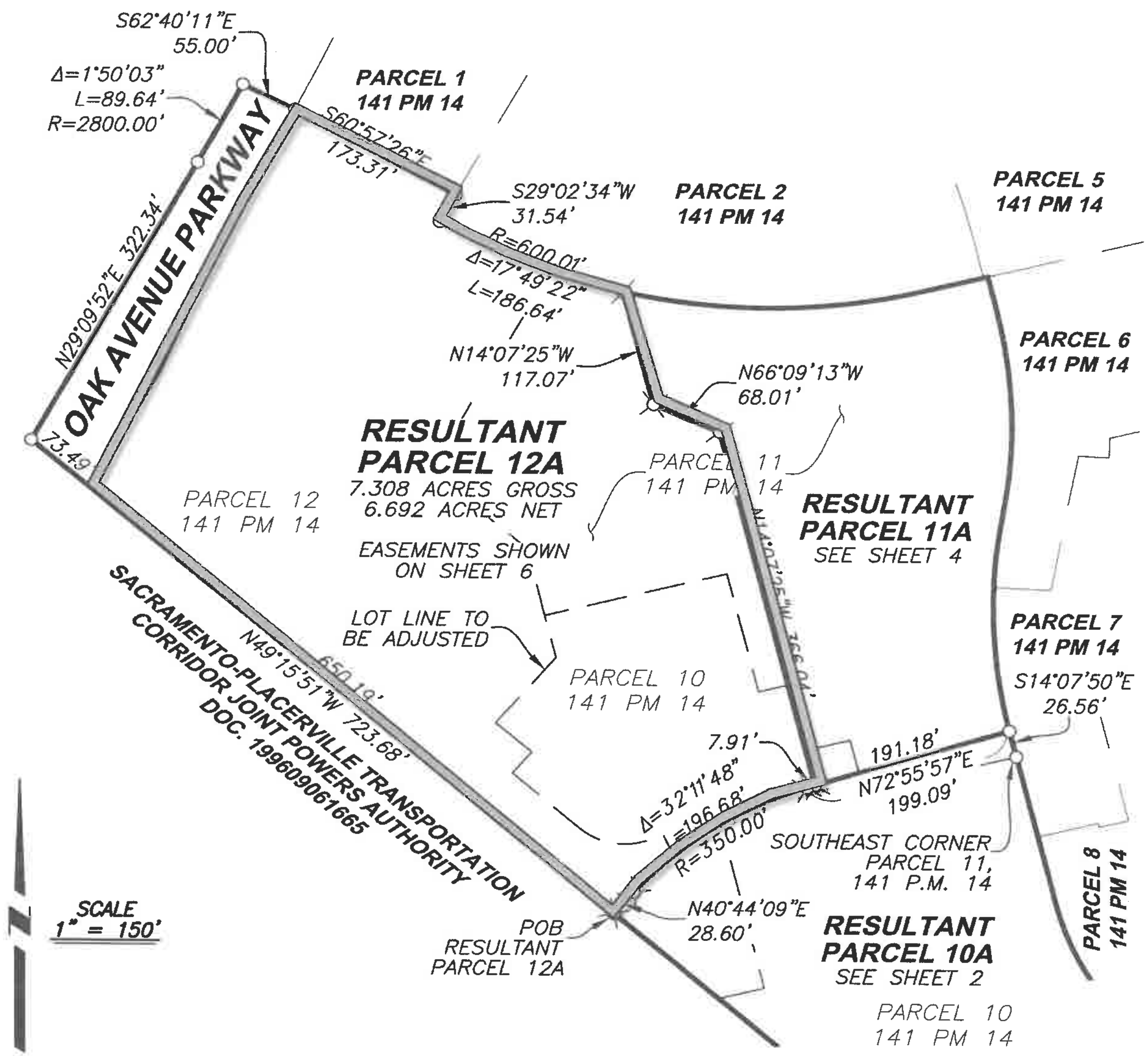
NORTHEAST CORNER OF EAST BIDWELL STREET & OAK AVENUE PARKWAY FOLSOM, CALIFORNIA ±6.69 ACRES

PROPOSED PARCEL
±6.69 Net Acres
Note: The area outlined above is not a legally separated and conveyable parcel at present.

FRONTAGE IMPROVEMENTS
Curb, Gutter, Sidewalk & Street Lights in both Oak Avenue Parkway and East Bidwell Street.

BONDS & ASSESSMENTS
Minimal

UTILITIES TO SITE
To Site



The Buyer shall independently investigate and confirm the information provided above, elsewhere in this Offering Memorandum and the separately provided "Property Information Materials".

FOLSOM FOOTHILLS

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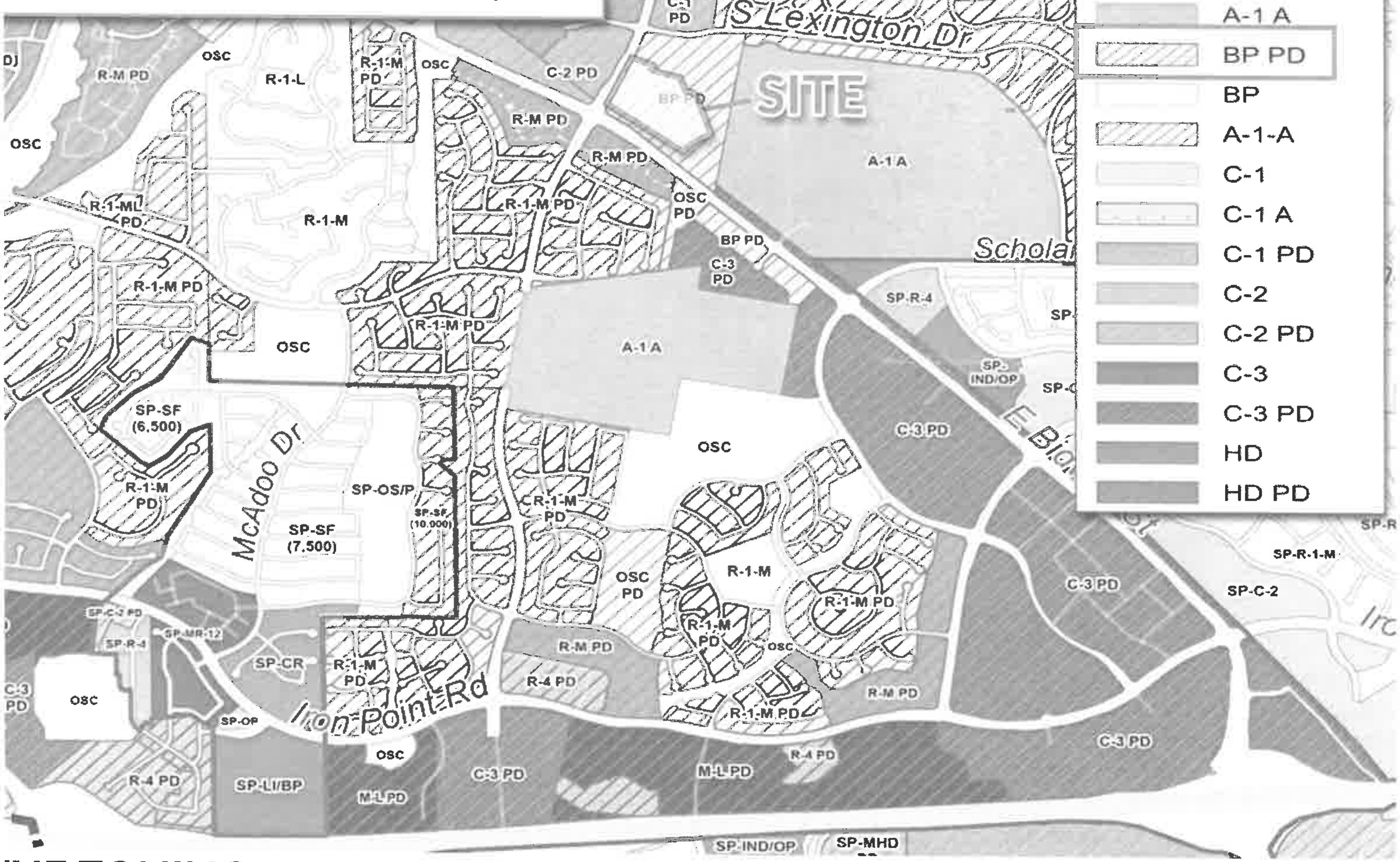
...ITY OF FOLSOM ZONING
Business Professional - Planned Development



PRINCIPALLY PERMITTED USES:

- Colleges or K-12 Schools
- Banks / Financial Institutions
- Business or Professional Offices
- Medical & Dental Offices
- Public Facilities

CONDITIONALLY PERMITTED USES

- Athletic Clubs
- Child Care Centers
- Hospitals
- Hotels
- Indoor/Outdoor Recreation
- Residential Care Homes
- Restaurants
- Senior Residential Complexes
- Veterinary Hospitals

All uses are subject to City of Folsom and other governmental approvals. Owner and Broker make no representations as to the ability to obtain use permits, approvals, general plan amendments, rezones, environmental permits, or other entitlements.

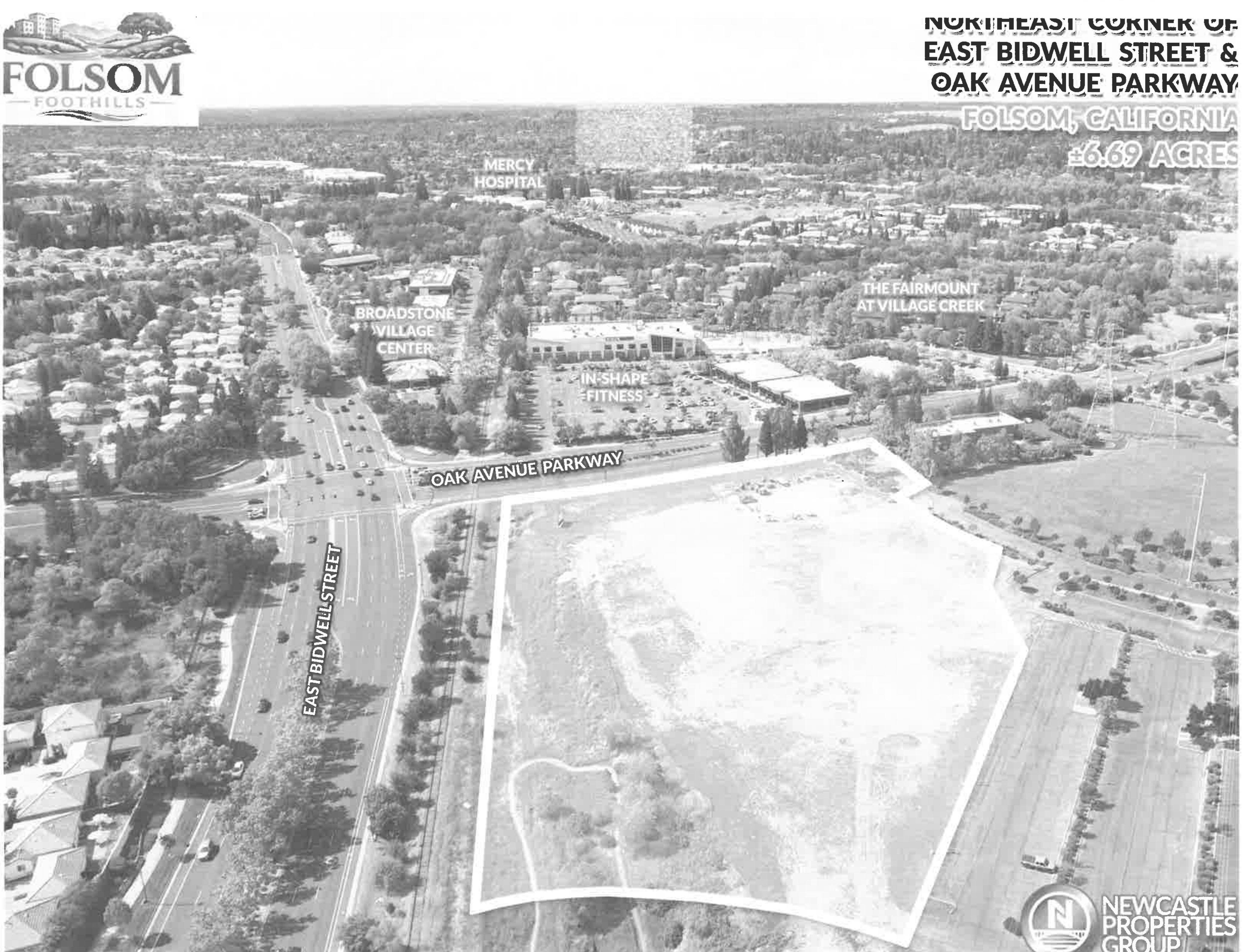
'HE ZONING

he property is zoned "Business Professional - Planned Development" with General Plan Land Use designation of "Professional/Office/East Bidwell Mixed se Overlay" within the City of Folsom. Consistent with the zoning, there are a umber of "principally permitted" uses and "conditionally permitted" uses that re allowed (some of which are shown here).

nportantly, this acreage was identified by the City of Folsom in the 2021-2029 ousing Element most recently (RHNA "Cycle 6") as a vacant or underutilized te designated for multifamily high density development, or mixed use evelopment, allowing residential densities of up to 30 units per acre.

The City's Housing Element also specifies that this site has access to water, sewer, storm drainage, and other utilities.. The City's "Inventory Profile" for th site calls out a density of 20 to 30 dwelling units per acre, with a maximum site capacity of 221 total units. A General Plan overlay in 2024 established a minimum density of 30 units per acre, although affordable projects can be exempt from a local minimum density requirements and enjoy other "by right" privileges. The City of Folsom also adopted "objective development standards in 2025 to conform to the State of California housing laws.

Note: The interaction between State of California laws and mandates, and local municipalities housing elements, zoning regulations and lot development standards should be fully investigated by prospective Buyers. The Seller and Broker make no representations or warranties to third parties as to the accuracy of this information.


FOLSOM FOOTHILLS
NORTHEAST CORNER OF
EAST BIDWELL STREET &
OAK AVENUE PARKWAY
FOLSOM, CALIFORNIA
±6.69 ACRES
MERCY HOSPITAL
BROADSTONE VILLAGE CENTER
THE FAIRMOUNT AT VILLAGE CREEK
IN-SHAPE FITNESS
OAK AVENUE PARKWAY
EAST BIDWELL STREET
NEWCASTLE PROPERTIES GROUP

Valuation Glossary

Unless specified otherwise, these definitions were extracted or paraphrased from the following sources or publications:

- The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).
- Uniform Standards of Professional Appraisal Practice, 2024 Edition (USPAP).
- The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease
A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax
A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction
A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value
The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value
The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)
In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment
A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Bias
A preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment. *(USPAP)*

Cash-Equivalent Price
The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area
The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent
The actual rental income specified in a lease. *(15th Edition)*

Cost Approach
A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence
An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)
The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR).* (*Dictionary)*

Deferred Maintenance
Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation
In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs
Expenditures for the labor and materials used in the construction of improvements; also called *hard costs. (Dictionary)*

Discounted Cash Flow (DCF) Analysis
The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate
A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement
The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life
The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age
The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date
The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as the date of value. *(USPAP)*

Effective Gross Income (EGI)
The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)
The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent
The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain
The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive
The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit
A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land
Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent
The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop
A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time
An opinion, based on supporting market data, of the length of time that 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. *(USPAP)*

Extraordinary Assumption
An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence
A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value
In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis
A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. *(Dictionary)*

Floor Area Ratio (FAR)
The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence
The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility
The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)
Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-concern
An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value
An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)
Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)
Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)
Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

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

an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (*12 CFR, Part 34, Subpart C - Appraisals, 34.42(h))*.

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease*, or *fully net lease. (Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs. (Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Personal Inspection

For an appraisal assignment, the appraiser's in-person observation of the subject property performed as part of the scope of work. An appraiser's personal inspection is typically limited to those things readily observable without the use of specialized equipment. A personal inspection is not the equivalent of an inspection by an inspection professional (e.g., a structural engineer, home inspector, or art conservator. *(USPAP)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy
An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land
Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area
The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life
The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss
A deduction from potential gross income *(PGI)* made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss. (Dictionary)*

Yield Capitalization
A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*

**Updated February 2026*

Joe Esparza, MAI

Senior Valuation Services Director
Valuation & Advisory Services

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Fax: +1 916 724 5634
colliers.com

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Suite 250
Roseville, CA 95661
United States

Education or Qualifications

Bachelor of Arts Degree

In Economics

California State University at Sacramento

State Certifications

California

Nevada

Area of Expertise

Joe Esparza is a Senior Valuation Services Director in the Valuation & Advisory Services Group's Roseville office in the Northern California Region. Mr. Esparza's primary geographical area of expertise is the greater Northern California region including the Sacramento area, Central Valley, Bay Area, and Lake Tahoe area. Mr. Esparza is a certified general appraiser and is a member of the Appraisal Institute. He holds a California State Certified General Appraiser license.

Affiliations or Memberships

Member – Appraisal Institute

California Office of Real Estate Appraisers, Certified General Appraiser License ID #AG031186

Professional Background

For the past six years, Mr. Esparza has specialized in the valuation of commercial properties including office, retail, net leased investment, industrial, land and multifamily. Prior to joining Colliers International Valuation & Advisory Services, Mr. Esparza worked as a Senior Appraiser for CBRE in Sacramento, CA.

Representative Clients and Projects

- Citibank
- Bank of America
- Chase
- Wells Fargo
- Farmers & Merchants
- Bank of the West
- Community West Bank
- Cathay Bank
- East West Bank

Appraisal experience includes the following types of assignments throughout Northern and Central California

- Office Buildings
- Medical Office Buildings
- Commercial Land
- Anchored Retail Centers
- Cold Storage
- Residential Land
- Industrial Buildings
- Residential Subdivisions
- Shopping Centers
- Industrial Land
- Apartment Complexes
- Mobile Home Parks

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Roseville, CA 95661
United States

Significant Assignments

Office

- Hall of Justice | 42,000 SF | Class C Office
- Bradshaw Business Park | 335,000 SF | Class C Flex Office
- Prospect Park | 123,000 SF | Class A Office Building
- One Capital Center | 19,000 SF | Class A Building
- 3300 Zinfandel Drive | 127,000 SF | Class B mid rise

Retail

- Dublin Place | 190,000 SF | Anchored Retail Center
- Sierra Center | 75,000 SF | Class B 3-story
- Marketplace at Birdcage | 300,000 SF | Anchored Shopping Center
- Kohl's | 76,000 SF | Department Store

Multifamily

- North Pointe Apartments | 312 Units | Class A garden complex
- Mesa Verde | 144 Units | Class B garden complex
- Lake Pointe | 232 Units | Class A garden complex

Industrial

- Lathrop Industrial Park | 375,000 SF | Warehouse/Distribution Center
- Northbay Logistics Center | 838,000 SF | Distribution Center
- Beard Industrial Park | 131,000 SF | Distribution/Warehouse
- Western Unified Grocers | 890,000 SF | Cold Storage Warehouse/Distribution Center

Land

- Mather Project | 639 Raw Acres | Residential mixed-use development
- Sycamore Creek Estates | 87 Acres | Residential Subdivision
- Ione Project | 134 Acres | Residential Finished Lots

Business, Consumer Services & Housing Agency

BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Joe A. Esparza

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

"Certified General Real Estate Appraiser"

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 031186

Effective Date: July 3, 2025
Date Expires: July 2, 2027

Angela Jemmott

Angela Jemmott, Bureau Chief, BREA

3082727

Colliers

Valuation & Advisory Services

Accelerating success.

Unlock strategic value with expert valuation services

In today's dynamic business climate, accurate property values are critical to confident decision-making. At Colliers, we deliver precise and data-driven valuations that empower informed real estate investment strategies — whether for acquisitions, financing, or portfolio optimization. Leveraging deep local market intelligence and Colliers' global reach, our experts provide insights into property fundamentals, competitive positioning, and market dynamics — giving investors, lenders, and owners a clear advantage.

We are defined by our unwavering commitment to service excellence, deep market experience, and platform efficiencies that empower our professionals to apply disciplined methodologies and consistently achieve high-quality results that exceed client expectations.

Expertise that drives value

Our professionals bring deep market knowledge and valuation experience across a wide range of asset types, enabling smarter decisions and stronger outcomes. We deliver reliable, industry-leading valuations applying insights powered by proprietary data, advanced tools, and real-time market intelligence.

Integrated platform that empowers performance

Our robust systems — including portfolio management tools and automation technology — streamline production and reporting, allowing our professionals to focus on what they do best: delivering high-impact valuations. This commitment to innovation drives efficiency and consistency across every engagement.

Commitment to service excellence

From coast to coast, our disciplined team delivers a consistent, high-quality client experience — marked by fast turnaround times, clear communication, and dependable results. This standard of service reflects our culture of innovation, collaboration, and professionalism.

Local expertise, global platform

450+

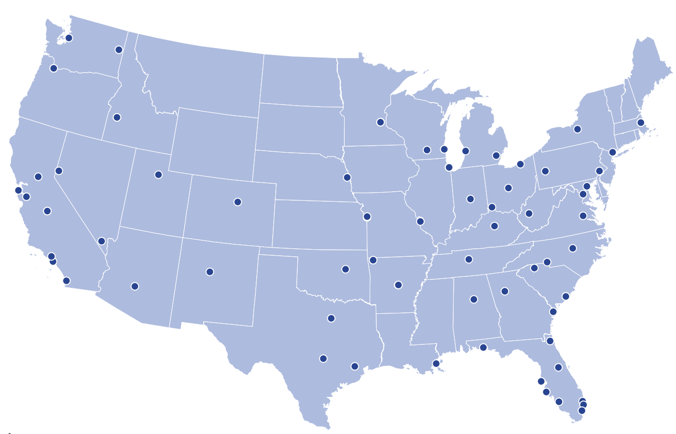
licensed appraisers and staff

30,000+

assignments completed annually

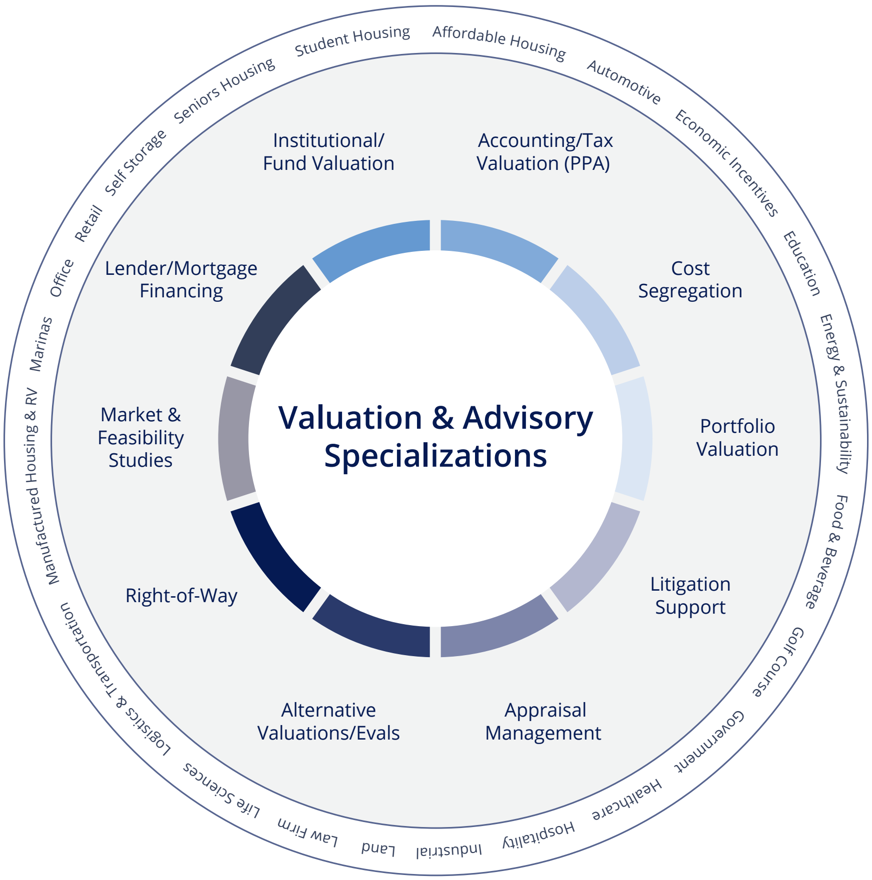
60+

Valuation & Advisory Services market locations across the country, Puerto Rico and the Caribbean



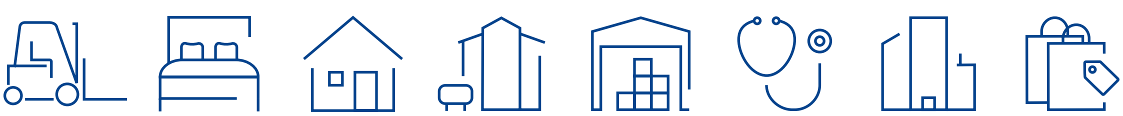
Expertise across property types and enhanced advisory services

Offering a full suite of valuation and advisory services, our skilled professionals provide custom assessments that help companies and investors make informed investment decisions.



Deep knowledge, broader capabilities

Our valuation professionals possess comprehensive expertise across all major property types nationwide. At the same time, most bring an extensive background in specific asset classes — allowing dedicated specialists to focus deeply on core property types and the market trends that matter most to our clients' bottom line.



Industrial | Hospitality | Manufactured Housing | Multifamily | Self-Storage | Healthcare | Office | Retail

Advisory solutions that go further

Our capabilities extend beyond core and specialized valuations to include advisory services that help clients navigate complex financial scenarios and achieve strategic objectives, including servicing the portfolio and fund valuation requirements for a wide range of institutional investors.

Portfolio Valuation

Financial Reporting
Cost Segregation

Appraisal Management
Alternative Valuations
Litigation Support & Right-of-Way

Global Recognitions

Forbes
2025, 2024, 2023 World's Best Employers

IAOP
Global Outsourcing 100: Recognized for 19 consecutive years

TIME Magazine
2025, 2024 World's Best Companies

The Lipsey Company
Top 25 Commercial Real Estate Brands (Top 3 for the last 8 years)

Euromoney
2025, 2024 World's Best Real Estate Adviser

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Our Experts

Click or Scan code to view Regional and Market Valuation Expert contact list.

Colliers

ATTACHMENT 3

PURCHASE AND SALE AGREEMENT

AGREEMENT OF PURCHASE AND SALE

by and between

LAKESIDE CHURCH,

a California nonprofit corporation,

as SELLER

and the CITY OF FOLSOM,

a municipal corporation,

as BUYER

AGREEMENT OF PURCHASE AND SALE

THIS AGREEMENT OF PURCHASE AND SALE ("Agreement") dated as of August __, 2026 ("Effective Date"), is made by and between Lakeside Church, a California nonprofit corporation ("Seller"), and the City of Folsom, a municipal corporation ("Buyer").

WITNESSETH:

WHEREAS, Seller is the owner of that certain Property defined herein; and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, the Property on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

"Affiliate" means any Person controlling, controlled by, or under common control with, another Person.

"Buyer's Transaction Expenses" means Buyer's actual, out of pocket costs incurred during the pendency of this Agreement in negotiating this Agreement or other agreements related to the Property, preparing architectural, engineering, and other plans and specifications to develop the Property, and the costs associated with the Third Party Reports, any Survey, the Title Commitment, and Buyer's other due diligence activities.

"City" means City of Folsom.

"Environmental Law" means (a) whenever enacted or promulgated, any applicable Federal, state, foreign or local law, statute, ordinance, rule, regulation, license, permit, authorization, approval, consent, court order, judgment, decree, injunction, code, requirement or agreement with any governmental entity, (i) relating to pollution (or the cleanup thereof), or the protection of air, water vapor, surface water, groundwater, drinking water supply, land (including land surface or subsurface), plant, aquatic and animal life from injury caused by a Hazardous Substance or (ii) concerning exposure to, or the use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, handling, labeling, production, disposal or remediation of any Hazardous Substance, or Hazardous Activity, as now or hereafter in effect, and (b) any common law or equitable doctrine (including, without limitation, injunctive relief and tort doctrines such as negligence, nuisance, trespass and strict liability) that may impose liability or obligations or injuries or damages due to or threatened as a result of the presence of, exposure to, or inadvertent ingestion of, any Hazardous Substance. The term Environmental Law includes, without limitation, the Federal Comprehensive Environmental Response Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the Federal Water Pollution Control Act, the Federal Clean Air Act, the Federal Clean Water Act, the Federal Resources Conservation and Recovery Act of 1976 (including the Hazardous and Solid Waste

Amendments to RCRA), the Federal Solid Waste Disposal Act, the Federal Toxic Substance Control Act, the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Occupational Safety and Health Act of 1970, the Federal National Environmental Policy Act, the Federal Hazardous Materials Transportation Act, the California Hazardous Waste Control Act, Health and Safety Code Sections 25100, et seq., the California Hazardous Substance Account Act, Health and Safety Code Sections 25330, et seq., the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code Sections 25249.5, et seq., California Health and Safety Code Sections 25280, et seq. (Underground Storage of Hazardous Substances), the California Hazardous Waste Management Act, Health and Safety Code Sections 25170.1, et seq., California Health and Safety Code Sections 25501 et seq. (Hazardous Materials Release Response Plans and Inventory), the California Porter-Cologne Water Quality Control Act, Water Code Sections 13000 et seq., California Health and Safety Code Section 26316, each as now or hereafter in effect.

"Governmental Authority" means any federal, state or local government, authority, agency or regulatory body.

"Hazardous Activity" means any activity, process, procedure or undertaking which directly or indirectly (a) procures, generates or creates any Hazardous Substance; (b) causes or results in (or threatens to cause or result in) the release, seepage, spill, leak, flow, discharge or emission of any Hazardous Substance into the environment (including the air, soil, ground water, watercourses or water systems), (c) involves the containment or storage of any Hazardous Substance; or (d) would cause the Property or any portion thereof to become a hazardous waste treatment, recycling, reclamation, processing, storage or disposal facility within the meaning of any Environmental Law.

"Hazardous Substance" means (a) any substance, material, product, petroleum, petroleum product, derivative, compound, mineral (including asbestos), chemical, gas, medical waste, other pollutant, or mixture thereof, that is toxic, harmful or hazardous or acutely hazardous to the environment or public health or safety or (b) any substance supporting a claim under any Environmental Law, whether or not defined as hazardous as such under any Environmental Law. Hazardous Substances include, without limitation, any toxic or hazardous waste, pollutant, contaminant, industrial waste, petroleum or petroleum-derived substances or waste, radon, radioactive materials, asbestos, asbestos-containing materials, urea-formaldehyde foam insulation, lead paint and polychlorinated biphenyls.

"To the knowledge of Seller" or "Seller's knowledge" or words of similar import, when used in this Agreement, shall be deemed to refer to the current actual knowledge of Michael Klockenbrink at the times indicated only and not any implied, imputed or constructive knowledge, without any independent investigation having been made or any implied duty to investigate.

"Person" means an individual, partnership, limited partnership, limited liability company, association, corporation or other entity.

"Transaction" means the transaction contemplated in this Agreement.

ARTICLE 2
PURCHASE AND SALE OF PROPERTY

Section 2.1 Sale. Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, the following:

(a) Approximately 7.308 gross acres (6.692 net acres) of vacant land on the northeast corner of East Bidwell Street and Oak Avenue Parkway, located in Folsom, California, as further described on **Exhibit A** attached hereto, such land being referred to herein as (the "Real Property");

(b) any improvements situated on, or affixed or appurtenant to the Real Property (collectively, the "Improvements"); and

(c) all tenements, hereditaments, easements, rights-of-way, rights, privileges in and to the Real Property, if any, including (i) easements over other lands granted by any easement agreement, (ii) any streets, ways, alleys, vaults, gores or strips of land adjoining the Real Property, (iii) to the extent owned by Seller, any and all subsurface rights as to minerals, oil, gas and other hydrocarbon substances relating to the Real Property, and (iv) all sanitary sewer or other utility capacity, including any and all water and water rights, water and sewer taps, water meters, storm sewer or wastewater capacity or reservations and rights under utility agreements with any applicable governmental or quasi governmental entities or agencies with respect to the providing of utility services, and (v) entitlements, approvals, governmental rights, permits and licenses, and rights under governmental agreements, plans, plats, applications and registrations related to the Real Property (collectively, the "Appurtenances").

All of the items referred to in subparagraphs (a) through (c) above are collectively referred to as the "Property."

Section 2.2 Purchase Price.

(a) The total purchase price of the Property shall be equal to Seven Million One Hundred Thousand Dollars ($7,100,000) (the "Purchase Price").

(b) The Purchase Price shall be paid as follows:

(i) Within three (3) business days after the Effective Date, Buyer shall deposit in escrow ("Escrow") with Placer Title Company, Attn: Rhonda Pastrana, 1508 Eureka Road, Suite 150, Roseville, CA 95661, Tel. (916) 782-3711, E-mail rpastrana@placertitle.com (the "Title Company"), cash in the amount of Seventy-One Thousand Dollars ($71,000.00) (the "Deposit"). The Deposit shall be held in a federally-insured interest-bearing account and interest accruing thereon shall become part of the Deposit and shall be held for disposition, as part of the Deposit, in accordance with this Agreement, and any supplementary escrow instructions executed in accordance with Section 10.1 below.

(ii) The balance of the Purchase Price following application of the Deposit as provided above, shall be paid to Seller in immediately available funds via wire transfer at the consummation of the Transaction (the "Closing").

(c) The parties hereby acknowledge and agree that a portion of the Deposit equal to One Hundred Dollars ($100.00) (the "Independent Consideration") constitutes a payment by Buyer to Seller which has been bargained for and agreed to as consideration for Seller's execution and delivery of this Agreement. The Independent Consideration shall be disbursed to Seller immediately following Buyer's deposit thereof with Title Company. The Independent Consideration is non-refundable in all events. In all instances under this Agreement in which Buyer elects to terminate or is deemed to have terminated this Agreement and the Deposit is returned to Buyer, Seller shall retain the Independent Consideration when the Deposit is returned to Buyer. The Independent Consideration shall not be applicable to the Purchase Price or treated as consideration given by Buyer for any purpose other than as provided herein. The parties intend and agree that the amount of the Independent Consideration is sufficient consideration for the rights and options extended to Buyer hereunder.

ARTICLE 3
INSPECTION PERIOD

Section 3.1 Inspection Period.

(a) Within five (5) days after the Effective Date, Seller shall provide Buyer with the due diligence items listed on **Exhibit B** (the "Due Diligence Materials") that are within the Seller's possession or control on or before the Effective Date. Seller, at its sole cost and expense, has instructed the Title Company to prepare for delivery to Buyer, as soon as practical, a preliminary title report ("Title Commitment") for the Property, together with copies of the recorded documents described as exceptions therein or electronic hyperlinks to such documents. Buyer shall have until the date that is forty-five (45) calendar days after the Effective Date to complete its due diligence investigation of the Property (such period referred to herein as the "Inspection Period"). During the Inspection Period, Buyer may review the Due Diligence Materials, conduct a physical inspection of the Property, conduct such other inspections with respect to the Property as Buyer deems advisable, and review reports with respect to the Property as Buyer deems advisable (collectively, the "Third Party Reports"), including but not limited to: (i) an engineering report, grading report, a property condition report, and a geotechnical report; (ii) an environmental assessment report; (iii) the Title Commitment and any other title report and commitment for title insurance or title insurance policies Buyer may choose to review; (iv) a current ALTA survey (the "Survey") which Buyer may elect to obtain at Buyer's cost; (v) an appraisal for the Property, (vi) a market study for Buyer's intended use of the Property and if obtained, to provide a copy to Seller, (vii) the merchantability, suitability or condition of the Property for any purpose or its fitness for any particular use, (viii) the profitability, legality and/or feasibility of owning, developing, operating and/or improving the Property either now or at any time in the future and related tax consequences, (ix) the physical condition of the Property, including, without limitation, any geological conditions relating to the Property, including soil conditions, soil and terrain stability, subsidence, subsurface conditions, earthquake faults, drainage, flood hazards, fire hazards, soil conditions, the current or former presence or absence of environmental hazards or hazardous materials, asbestos, radon gas, underground storage tanks, electromagnetic fields, or other substances or conditions which may affect the Real Property, or in the vicinity of the Real Property, or its current or future uses, habitability, value or desirability, (x) the potential sales, rentals, income, costs or expenses thereof, (xi) the boundaries and the net or gross acreage, useable or unusable, contained therein, (xii) a zoning and entitlement analysis or report for the zoning of the Property, the existence of vested land use, zoning or building entitlements and permits affecting the Property, the necessity of any use permit or variance,

(xv) the condition of title, encroachments with respect to the Property, (xiii) Environmental Law and similar laws governing or relating to any Hazardous Activity, Hazardous Substance, underground storage tanks, electromagnetic fields, or other substances or conditions which may affect the Property or its current or future uses, habitability, value or desirability, (xiv) water, gas, electricity, internet or other utilities available to the Property, (xv) any use restrictions, any environmental, protected, wetlands, habitat and flood control matters, (xvi) availability of and connection to sewer, septic, well systems and components and storm drain systems, (xvii) usages of adjoining real property and other neighborhood conditions, including, schools, proximity and adequacy of law enforcement and fire protection, crime statistics, noise or odor from any sources, landfills, proposed future developments, or other conditions or influences which may be significant to certain cultures or religions, or (xviii) any other past, present or future matter relating to the Property which may affect the Property or its current or future use, habitability, value or desirability (collectively with the Due Diligence Materials and Third Party Reports, the "Property Conditions").

Section 3.2 Notice of Title Defects.

(a) In the event the Survey, if any, obtained by Buyer (as may be updated) or the Title Commitment reflects encumbrances or other conditions not acceptable to Buyer ("Defects"), Buyer shall notify Seller in writing of such Defects (i) no later than the expiration of the Inspection Period with respect to the Survey, and (ii) no later than ten (10) business days after Buyer's receipt of the Title Commitment with respect to the Title Commitment. Seller shall have the option to elect to cure or not cure any or all of such Defects prior to the Closing Date by sending notice of Seller's election to Buyer within five (5) business days after Seller's receipt of Buyer's notice of Defects as to the Title Commitment or as to the Survey, if any. Seller's failure to deliver such election to Buyer within the time period specified above shall be deemed to constitute Seller's election not to eliminate or cure any such Defects. With respect to any Defects which Seller elects to cure, Seller shall thereupon diligently proceed to cure such Defects prior to the Closing Date as a condition to Closing for the benefit of the Buyer. With respect to any Defects which Seller has not agreed to cure (or has been deemed to have not agreed to cure), Buyer shall, no later than the later of (x) ten (10) business days after receipt of Seller's election notice or (y) the expiration of the Inspection Period, either waive such Defect (in which event such Defect shall be a Permitted Exception (as defined in Section 4.2)), or terminate this Agreement, in which case Buyer shall be entitled to the return of the Deposit, and the parties shall be released from further liability hereunder except as provided in those Sections which expressly survive the termination of this Agreement. Notwithstanding anything to the contrary contained herein, on the Closing Date, Seller shall be required, at Seller's sole cost and expense, to cure (i) all existing mortgages or other monetary liens on the Property by paying them off, and (ii) any and all encumbrances on the Property created by or resulting from an act or omission of Seller after the Effective Date. Seller's failure to cure the items Seller elects to cure or the items set forth in the immediately preceding sentence shall be a default by Seller hereunder. Seller will not cause any new encumbrances to be recorded against the Property after the Effective Date, except as may be approved by Buyer in writing, which approval shall not be unreasonably withheld so long as the new encumbrance does not increase the cost of developing the Property or adversely affect Buyer's Intended Use (in which case, Buyer may withhold consent in its sole discretion).

(b) Buyer shall have the right, at any time prior to Closing, to require the Title Company to update the Title Commitment. In the event that any such update of the Title Commitment shall reveal any new matters of title or other property conditions which were not disclosed in the previous version of the Title Commitment that are unacceptable to Buyer, then Buyer and Seller shall repeat the process to identify and resolve unacceptable matters as set forth in the preceding paragraph.

Section 3.3 Access to Property prior to Closing. Prior to Closing, Buyer, personally or through its authorized agents or representatives, shall be entitled, at Buyer's sole cost and expense, to enter upon the Property at all reasonable times in order to perform such investigations as Buyer shall deem necessary or desirable, including, without limitation, all soil and environmental tests and audits. Buyer shall inform Seller in advance of the vendor(s) which Buyer intends to utilize for on-site inspection and testing. Prior to access to the Property, such vendors shall provide Seller with a certificate of insurance for their general liability insurance policy with coverage limits of at least $1,000,000 combined single limit. Buyer shall inform Seller of the intended vendor work scope and date/time of intended work; provided that no invasive or subsurface testing or boring shall be performed unless Seller has approved the work plan for such testing or boring, which approval will not be unreasonably withheld. Seller shall not interfere with and agrees to cooperate with Buyer's activities and inspections undertaken with respect to the Property. Buyer shall not permit any liens or encumbrances to arise against the Property in connection with or as a result of such inspections, studies or investigations. Buyer shall repair any damage to the Property that is a direct result of Buyer's entering upon the Property to test, study, investigate or inspect the Property to as near as practicable to its original condition, and Buyer shall indemnify, defend and hold Seller and the Property harmless of and from any and all losses, liabilities, costs, expenses (including without limitation reasonable attorneys' fees and costs of court), damages, liens, claims (including without limitation mechanics' or materialmen's liens or claims of liens), actions and causes of action arising from or relating to Buyer's (or Buyer's agents, vendors, employees or representatives) entering upon the Property to test, study, investigate or inspect the Property, except to the extent caused by the negligence or willful misconduct of Seller; provided, however, under no circumstances shall Buyer be responsible for any pre-existing environmental conditions at the Property. The provisions of this Section 3.3 are intended to survive Closing or any earlier termination of this Agreement, as the case may be.

Section 3.4 Termination Notice; Disposition of Initial Deposit; Return of Due Diligence Materials. At any time on or before 5:00 p.m. Pacific Time on the last day of the Inspection Period, Buyer shall have the right to terminate this Agreement for any reason or no reason by providing written notice to Seller. If within such time period, Buyer fails to provide such written termination notice, or provides Seller with a written waiver of such right to terminate, then Buyer shall be deemed to have approved the Property Conditions and waived the right to terminate this Agreement within the Inspection Period. If Buyer terminates this Agreement before the expiration of the Inspection Period, then the Deposit shall be returned to Buyer and neither party shall have any further rights or obligations hereunder except as provided in those Sections which expressly survive the termination of this Agreement. In the event this Agreement is terminated during or at any point after the Inspection Period, Buyer agrees to promptly return to Seller all Due Diligence Materials delivered to Buyer by Seller, along with, to the extent Seller requests such items and Purchaser can do so without the consent of the related third party (or with the consent of the related third party after a reasonable request), any environmental studies, topographical maps, engineering reports, surveys or other items of third party due diligence that Buyer has procured in connection with investigation of the Property.

Section 3.5 Required Disclosures. Buyer and Seller acknowledge that Seller may be required to disclose if the Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency (California Civil Code Section 1103(c)(1)); (ii) an area of potential flooding (California Government Code Section 8589.4); (iii) a very high fire hazard severity zone (California Government Code Section 51178 et seq.); (iv) a wild land area that may contain substantial forest fire risks and hazards (Public Resources Code Section 4135; (v) earthquake fault zone (Public Resources Code Section 2622); or (vi) a seismic hazard zone (Public Resources Code Section 2696) (sometimes all of the preceding are herein collectively called the "Natural Hazard Matters"). Buyer and Seller hereby instruct the Title Company, or an affiliate thereof (who, in such capacity, is called the "Natural Hazard Expert"), at Seller's expense, to examine the maps and other information specifically made available to the public by government agencies for the purposes of enabling Seller to fulfill its disclosure obligations, if and to the extent such obligations exist, with respect to the natural hazards referred to in California Civil Code Section 1103 et seq. and to report the result of its examination to Buyer and Seller in writing. The written report prepared by the Natural Hazard Expert regarding the results of its full examination (the "Natural Hazard Disclosure Statement") will fully and completely discharge Seller from its disclosure obligations referred to in this Section 3.5, if and to the extent any such obligations exist, and, for the purpose of this Agreement, the provisions of Civil Code Section 1103.4 regarding nonliability of Seller for errors or omissions not within its personal knowledge shall be deemed to apply and the Natural Hazard Expert shall be deemed to be an expert, dealing with matters within the scope of its expertise with respect to the examination and written report regarding the natural hazards referred to above. Buyer agrees to, promptly after Seller's written request thereof, provide Seller with a standardized form of acknowledgment of its receipt of the Natural Hazard Disclosure Statement.

ARTICLE 4
TITLE

Section 4.1 Transfer of Title. At the Closing, Seller shall convey to Buyer title to the Real Property by good and sufficient Grant Deed in the form attached hereto as **Exhibit C** (the "Deed").

Section 4.2 Evidence of Title. Delivery of title in accordance with Section 4.1 shall be evidenced by the willingness of the Title Company to issue, at the Closing, its standard Owner's American Land Title Association Policy of Title Insurance (the "Title Policy") in the amount of the Purchase Price showing title to the Real Property, Improvements, and the Appurtenances vested in Buyer, and subject to no exceptions other than the following ("Permitted Exceptions"):

(i) non-delinquent liens for local real estate taxes and assessments;

(ii) matters affecting the condition of title to the Property created by or resulting from the acts of Buyer;

(iii) title matters shown in the Title Commitment or matters depicted on the Survey which Buyer has accepted or has been deemed to accept in accordance with Section 3.2 above, or, if Buyer fails to procure a Survey, that are ascertainable by a reasonable inspection and survey of the Property;

(iv) except for Defects that Buyer has objected to pursuant to the process set forth in Section 3.2 above, all other matters of public record recorded against the Property; and

(v) such other exceptions as Buyer has approved or waived in writing.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Seller. Seller represents and warrants to Buyer that:

(a) Seller is a corporation, duly organized, validly existing and in good standing under the laws of the State of California. This Agreement (i) has been duly authorized, executed and delivered by Seller, (ii) constitutes a legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, arrangement, moratorium or other similar laws from time to time in effect which affect the rights of creditors generally or by limitations upon the availability of equitable remedies ("Creditor's Rights and Equity"), and (iii) does not violate any of Seller's charter documents or any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject. All other documents executed by Seller which are to be delivered to Buyer at the Closing (x) are or at the time of the Closing will be duly authorized, executed and delivered by Seller, (y) are or at the time of the Closing will be legal, valid and binding obligations of Seller enforceable against Seller in accordance with their terms except as such enforceability may be limited by applicable Creditor's Rights and Equity, and (z) do not and at the time of the Closing will not violate any provision of any agreement or judicial order to which Seller is a party or to which Seller or the Property is subject.

(b) Neither Seller nor any of the members of Seller is a Specially Designated National or Blocked Person. As used herein, the term "Specially Designated National or Blocked Person" shall mean a person or entity (i) designated by the Department of Treasury's Office of Foreign Assets Control, or other governmental entity, from time to time as a "specially designated national or blocked person" or similar status, (ii) described in Section 1 of U.S. Executive Order 13224 issued on September 23, 2001, or (iii) otherwise identified by government or legal authority as a person or entity with whom Buyer or its affiliates are prohibited from transacting business.

(c) Seller has not been the subject of any filing of a petition under the United States Bankruptcy Code, 11 U.S.C.A. §§ 101 et seq. or any federal or state insolvency laws or laws for composition of indebtedness or for the reorganization of debtors. No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, or other proceedings are pending or, to Seller's knowledge, threatened against Seller, nor are any such proceedings contemplated by Seller. Seller has not made a general assignment for the benefit of creditors, filed any voluntary petition in bankruptcy, or admitted in writing its inability to pay its debts as they come due or made an offer of settlement, extension or composition to its creditors generally, and Seller has received no written notice of: (i) the filing of any involuntary petition by Seller's creditors; (ii) the appointment of a receiver to take possession of Seller's assets; or (iii) the attachment or other judicial seizure of Seller's assets.

(d) To the knowledge of Seller, no Hazardous Material have been disposed of, or identified on, under or at the Real Property except in quantities customarily used and in compliance with Environmental Laws. Seller has not received written notice from any political or quasi-political authority, subdivision, agency, department, court, commission, board, bureau or instrumentality of any of the foregoing asserting jurisdiction over any of the parties hereto or over the Property, that the Real Property is or may be in violation of any applicable federal, state or municipal law, ordinance or regulation regarding Hazardous Material. No lien exists, nor is any lien threatened against, all or any portion of the Real Property because of the existence of any substance, material or pollutant in violation of any Environmental Laws. To the knowledge of Seller, there are no underground storage tanks located on or under the Real Property.

(e) There is no litigation filed against Seller or the Property that would adversely affect the ability of Seller to perform its obligations under this Agreement**.**

(f) Except as described in this Agreement, Seller has not received nor has knowledge of any written notice of any condemnation, zoning or other land-use regulation proceedings, either instituted or planned to be instituted, which would adversely affect either the use and operation of the Property for its present use or the value of the Property.

(g) Seller has not granted any lease, option, purchaser or other property rights in the Real Property to any other party, and at Closing, no party other than Purchaser will be entitled to possession or use of the Real Property or any portion thereof.

(h) To the knowledge of Seller, no representation or warranty of Seller in this Agreement contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements or facts therein not misleading.

The foregoing representations and warranties and any and all other representations and warranties of Seller contained herein shall survive the Closing Date for a period of twelve (12) months. All claims and actions by Buyer for and change or breach of any representations or warranties shall be brought on or before expiration of such survival period or be barred.

Seller agrees to give prompt written notice of any breach of any of the foregoing representations to Buyer after notice or discovery thereof by Seller. If any of the foregoing representations becomes untrue after the Effective Date because of a change in circumstances, and Seller does not elect to cure such matters within ten (10) days after Seller's receipt of a written request from Buyer to do so, then Buyer, at its sole and exclusive option, may either (A) close and consummate the transaction contemplated by this Agreement, without reduction in the Purchase Price or (B) terminate this Agreement by written notice to Seller, whereupon (I) if such change or breach was within the control of Seller and intentional (an "Intentional Breach"), then the Title Company shall return the Deposit to Buyer, reimburse Buyer for Buyer's Transaction Expenses not to exceed the cap set forth in Section 10.5(a) and the parties shall have no further rights or obligations hereunder, or (II) if such change or breach was not within the control of Seller and unintentional (an "Unintentional Breach"), then the Title Company shall return the Deposit to Buyer and in either case of clauses (I) or (II), the parties shall have no further rights or obligations hereunder. The Closing Date shall be postponed automatically, if necessary, to permit the full running of such 10-day period. Notwithstanding the foregoing, in the event Seller caused the material breach or had actual knowledge about the inaccuracy of the representation or warranty prior to the Effective Date, such change or breach shall be deemed a Seller's Default (hereinafter defined) hereunder and Buyer shall have the rights and remedies set forth in Section 10.5(a) hereof.

Section 5.2 Disclaimer of Representations and Warranties by Seller-AS IS/WHERE IS.

(a) Except as otherwise expressly provided in this Agreement, Seller does not make any representations, guaranties, promises, statements, assurances or warranties of any kind or nature whatsoever, express or implied with respect to the Property, or Property Conditions, including without limitation, as to the financial condition, business, operations, assets, liabilities, or prospects of the Property or any of its operations, of any kind or nature whatsoever.

(b) Without limiting the generality of the foregoing, and except as otherwise expressly provided in this Agreement, Buyer hereby acknowledges and agrees that it is purchasing the Property in its present "AS IS/WHERE IS" condition and with all defects and neither Seller nor any manager, employee or agent of Seller has made or will make, either expressly or impliedly, and Seller specifically negates and disclaims, any representations, guaranties, promises, statements, assurances or warranties of any kind including without limitation the Property Conditions.

(c) Buyer acknowledges that Seller may provide Buyer with certain information and documents with respect to the Property which Seller may have in its possession, which include, without limitation, the Due Diligence Materials. Notwithstanding the furnishing of such information, Buyer hereby acknowledges and agrees that Seller has not made and will not make any representations or warranties as to the completeness, accuracy or validity of such information, materials and/or documents. However, Seller will allow Buyer to work with each third party to obtain a reliance letter, at the sole cost and expense of Buyer and not as a condition of Closing in favor of Buyer, for each third-party report.

(d) As of the Closing Date, and with the exception of any breach of Seller's representations, warranties and covenants expressly made under this Agreement or Seller's intentional fraud, Buyer hereby releases Seller and each Seller's trustees, beneficiaries, managers, members, employees, officers, agents and representatives ("**Released Parties**") from any and all known and unknown claims, responsibility and/or liability that Buyer may now have or hereafter acquire against any of the Released Parties for any costs, loss, liability, damage, expenses, attorneys' fees, demand, action or cause of action arising from or related to the Property or Property Conditions. This release includes claims of which Buyer is presently unaware or which Buyer does not presently suspect to exist which, if known by Buyer, would materially affect Buyer's release of the Released Parties. Buyer specifically waives the provision of California Civil Code Section 1542 (and any similar law or statute of any other jurisdiction), which provides as follows: "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS

OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

(e) The terms and provisions of this Section 5.2 shall survive the Closing and shall not merge into the Deed or any other closing documents.

Section 5.3 Representations and Warranties of Buyer. Buyer represents and warrants to Seller that Buyer is a municipal corporation duly organized, validly existing, and in good standing under the laws of the state of California. Buyer further represents and warrants to Seller that this Agreement and all documents executed by Buyer which are to be delivered to Seller at the Closing (a) are or at the time of the Closing will be duly authorized, executed and delivered by Buyer, (b) are or at the time of the Closing will be legal, valid and binding obligations of Buyer, enforceable against Buyer in accordance with their terms, and (c) do not and at the time of the Closing will not violate any of Buyer's charter documents or any provision of any agreement or judicial order to which Buyer is a party or to which Buyer is subject. Buyer further represents and warrants to Seller as of the Effective Date and as of Closing that there are no pending, or to the actual knowledge of Buyer, threatened actions, suits, claims, legal proceedings or any other proceeding against Buyer, at law or in equity, before any court or Governmental Authority, which, if determined adversely, would affect Buyer's ability to perform its obligations under this Agreement. The foregoing representations and warranties of Buyer and any and all other representations and warranties of Buyer contained herein shall survive the Closing Date for a period of twelve (12) months.

ARTICLE 6
RISK OF LOSS; CONDEMNATION; OTHER COVENANTS

Section 6.1 Loss. Prior to Closing, the risk of loss or damage to the Property shall remain with Seller.

Section 6.2 Casualty, Condemnation and Insurance. If at any time prior to the date of Closing there is damage or destruction to the Property and the Property cannot be restored to its original condition prior to Closing, or if all or any material portion of the Property is condemned or taken by eminent domain proceedings by any public authority, Seller will give Buyer written notice thereof and then, at Buyer's option, this Agreement shall terminate, and the Deposit shall be returned to Buyer, and except as expressly set forth herein, neither party shall have any further liability or obligation to the other hereunder.

If there is any damage or destruction or condemnation or taking, as above set forth, and if Buyer does not elect to terminate this Agreement as therein provided, then subject to the rights of any existing lienholder of the Property (1) in the case of a taking, all condemnation proceeds paid or payable to Seller shall belong to Buyer and shall be paid over and assigned to Buyer at Closing; and (2) in the case of a casualty, Seller shall assign to Buyer all rights to any insurance proceeds paid or payable under the applicable insurance policies and Seller shall pay to Buyer an amount equal to the deductible under Seller's applicable insurance policies, if such deductibles have not yet been paid to the insurer.

Section 6.3 Intersection Monument Sign. Seller desires to have a monument sign exclusively displaying Seller's name located on the Real Property at the corner of the intersection of East Bidwell Street and Oak Avenue Parkway ("Monument Sign"). The exact location of the sign at this location and the design of the sign would need to comply with related laws, ordinances and regulations and be reasonable satisfactory with the City including, without limitation, obtaining a special allowance under the Planned Development Permit applicable to the Real Property (and modifications thereto). Seller and Buyer wish to pursue this subject following the Closing, provided, however, that Seller and Buyer will cooperate with commencing the process of obtaining a special allowance under the Planned Development Permit as soon as reasonably feasible before Closing and continuing the process after Closing. Seller and Buyer will exercise good faith to reach agreement on the location and design of the Monument Sign and a related easement or other legal right to install and maintain the Monument Sign at Seller's cost and expense, and related terms for Seller's exclusive use of the Monument Sign. After the Closing, the City will grant to Seller such agreed easement and right to install the Monument Sign at no cost or charge to Seller, provided that Seller shall pay all permit fees and installation costs. The provisions of this Section 6.3 shall survive the Closing of the Transaction.

Section 6.4 Boundary Line Monuments. The parties hereto acknowledge that prior to or following the Closing, the City may wish to survey the Real Property and locate surveyor's monuments at various points on the boundary lines of the Real Property. The parties acknowledge that if this work proceeds, then the related engagement of a surveyor, installation work, payment of fees and any related matters will be the sole responsibility of Buyer and at Buyer's sole cost and expense.

ARTICLE 7
BROKERS AND EXPENSES

Section 7.1 Brokers. The parties represent and warrant to each other that no broker or finder was instrumental in arranging or bringing about the Transaction and that there are no claims or rights for brokerage commissions or finder's fees in connection with the Transaction, except for Peter Nixon and Kris Riley of Newcastle Properties Group representing the Seller, whose commissions shall be paid by Seller at or prior to Closing pursuant to a separate agreement. If any other Person brings a claim for a commission or finder's fee based upon any contact, dealings or communication with Buyer or Seller, then the party through whom such Person makes his claim shall defend the other party from such claim, and shall indemnify the other party and hold the other party harmless from any and all costs, damages, claims, liabilities or expenses (including, without limitation, reasonable attorneys' fees and disbursements) incurred by the other party in defending against the claim. The provisions of this Section 7.1 shall survive the Closing or, if the purchase and sale is not consummated, any termination of this Agreement.

Section 7.2 Expenses.

(a) Seller will be responsible for (i) the cost of the premium's for Buyer's title policy to the extent of CLTA standard coverage in the amount of the Purchase Price; (ii) all fees and expenses payable to all attorneys, agents and consultants retained by Seller; (iii) one-half of all escrow fees, recording costs for the Deed to be delivered to Buyer by Seller at Closing or other charges imposed by the Title Company; (iv) the cost of any documentary transfer taxes assessed by the County of Sacramento or City of Folsom; and (v) any additional charges customarily charged to sellers in accordance with common escrow practices in the greater Sacramento area.

(b) Buyer will be responsible for: (i) the cost of obtaining any new Third Party Reports in connection with its due diligence investigations; (ii) the cost for Buyer's title policy in excess of the portion of the premium described in Section 7.2(a)(i) above, including any costs attributable to ALTA extended coverage and any endorsements thereto, along with any title examination charges; (iii) one-half of all escrow fees, recording costs for the Deed to be delivered to Buyer by Seller at Closing or other charges imposed by the Title Company; (iv) all fees and expenses payable to all attorneys and consultants retained by Buyer; and (v) any additional charges customarily charged to buyers in accordance with common escrow practices in the City of Folsom.

(c) All other transaction costs and expenses not allocated above shall be divided between the parties in accordance with the custom of the jurisdiction where the Property is located.

(d) The provisions of this Section 7.2 shall survive the Closing, or, if the sale is not consummated, beyond the termination of this Agreement.

ARTICLE 8
CERTAIN COVENANTS OF SELLER

Section 8.1 Contract Covenants. Seller agrees, from and after the Effective Date and through and including the Closing Date, to do the following:

(a) Keep all existing liability insurance policies affecting the Property in full force and effect, and exercise commercially reasonable efforts to comply in all material respects with laws and regulations of Governmental Authorities (including Environmental Laws); and

(b) Maintain the Property in substantially its present physical condition, consistent with Seller's past maintenance practices and procedures, except for damages due to casualty or condemnation.

(c) Exercise commercially reasonable efforts not to cause or permit any representation or warranty of Seller hereunder to become untrue in any material respect.

Section 8.2 Buyer's Approval of Agreements Affecting the Property. Except as provided in this Agreement, between the Effective Date and the Closing Date, Seller shall not enter into or suffer to exist any new lease, license, contract, easement, covenant, condition, restriction, lien, security interest or other agreement or encumbrance affecting the Property (including, without limitation, any entitlements, approvals or other similar agreements), or amend, modify, terminate, or waive any provision of, any of the foregoing, without first obtaining Buyer's written approval, which approval may not be unreasonably withheld provided the new agreement does not either (a) survive Closing or (b) affect Buyer's development plans as reasonably determined by Buyer. Seller shall submit to Buyer an actual copy of such new lease, license, contract, easement, covenant, condition, restriction, lien, security interest or other agreement, encumbrance, amendment, modification, termination or waiver at the time that Seller seeks Buyer's written approval.

ARTICLE 9
CONDITIONS TO CLOSING

Section 9.1 Conditions to Buyer's Obligation to Close. The obligation of Buyer to acquire the Property on the Closing Date shall be subject to the satisfaction or written waiver of the following conditions precedent on and as of the Closing Date (collectively, "Buyer's Closing Conditions"):

(a) Representations and Warranties of Seller.

(i) The representations and warranties of Seller set forth in Section 5.1 shall be true, complete and correct in all material respects on and as of the Effective Date.

(ii) The representations and warranties of Seller set forth in Section 5.1 shall be true, complete and correct in all material respects on and as of the Closing Date.

(b) Seller's Performance. Seller shall have timely performed and observed all covenants and obligations required by this Agreement to be performed or delivered by it, including, without limitation, curing all Defects which Seller has elected to cure.

(c) Seller's Closing Deliveries. Seller shall have delivered to the Title Company all of Seller's Closing Deliveries.

(d) Conveyance. Seller shall be ready, willing and able to transfer good, marketable, and indefeasible fee simple title to the Real Property and any and all Improvements thereon by way of the Deed, which shall be subject only to the Permitted Exceptions affecting or encumbering the Real Property or, if not, subject only to those additional encumbrances acceptable to Buyer in its sole discretion, and the remainder of the Property by way of one or more bills of sale, assignment and other appropriate documents as may be proposed by Buyer.

(e) Title Policy. The Title Company shall be unconditionally obligated and prepared, subject only to payment of the applicable premium and other related charges and delivery of all conveyance documents, to issue the Title Policy in a form acceptable to Buyer in its sole discretion.

(f) No Bankruptcy. No Act of Bankruptcy on the part of Seller shall have occurred and remain outstanding as of the Closing Date. For purposes of this Section 9.1(e), "Act of Bankruptcy" shall mean (i) the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of Seller or a substantial part of its property, (ii) the admission by Seller of its inability to pay its debts as they become due; (iii) the making of a general assignment for the benefit of Seller's creditors, (iv) the commencement by or against Seller of a voluntary or involuntary proceeding under the Bankruptcy Code or any federal or state insolvency laws or laws for the composition of indebtedness or for the reorganization of debtors, (v) the adjudication of Seller as a bankrupt or insolvent, or (vi) the taking of any action for the purpose of effecting any of the foregoing.

(g) Tenancies and Leases. The Property shall not be subject to any leases or tenancies of any nature, and no person or entity other than Seller shall be in possession of the Property, or any part thereof.

(h) Property Condition. There shall have been no material adverse change in the physical, environmental or geological condition of the Property.

(i) No Restriction. There shall be no third-party injunction, writ, preliminary restraining order or any order of any nature issued by a court of competent jurisdiction directing that the Transaction not be consummated as herein provided which relates to the acts or omissions of Seller.

(j) Approval by City Council. The City Council shall have approved the acquisition of the Property.

Section 9.2 Conditions to Seller's Obligation to Close. The obligation of Seller to convey and transfer to Buyer the Property on the Closing Date is subject to the satisfaction or written waiver of the following conditions precedent on and as of the Closing Date (collectively, "Seller's Closing Conditions"):

(a) Representations and Warranties of Buyer. The representations and warranties of Buyer set forth in Section 5.3 shall be true, complete and correct in all material respects on and as of the Effective Date and on and as of the Closing Date.

(b) Buyer's Performance. Buyer shall have performed all covenants and obligations required by this Agreement to be performed or delivered by it on or before the Closing Date.

(c) Buyer's Closing Deliveries. Buyer shall have delivered to the Title Company all of Buyer's Closing Deliveries.

ARTICLE 10
CLOSING AND ESCROW

Section 10.1 Escrow Instructions. Upon execution of this Agreement, the parties hereto shall deposit an executed counterpart of this Agreement with the Title Company, and this instrument shall serve as the instructions to the Title Company as the escrow holder for consummation of the purchase and sale contemplated hereby. Seller and Buyer agree to execute such reasonable additional and supplementary escrow instructions as may be appropriate to enable the Title Company to comply with the terms of this Agreement; provided, however, that in the event of any conflict between the provisions of this Agreement and any supplementary escrow instructions, the terms of this Agreement shall control unless otherwise agreed upon in writing by Seller and Buyer.

Section 10.2 Closing. The Closing hereunder shall be held and delivery of all items to be made at the Closing under the terms of this Agreement shall be made at the offices of the Title Company on the date which is no later than fifteen (15) days after expiration of the Inspection

Period, or at such other time as Buyer and Seller may mutually agree upon in writing (the "Closing Date").

Section 10.3 Deposit of Documents.

(a) At or before the Closing, Seller shall deposit into escrow the following items (collectively, the "Seller's Closing Deliveries"):

(i) the duly executed and acknowledged Deed conveying to Buyer the Property, subject only to the Permitted Exceptions;

(ii) an affidavit executed by Seller pursuant to Section 1445(b)(2) of the United States Internal Revenue Code of 1986, as amended (the "Federal Code") reasonably acceptable to the Title Company and Buyer, and on which Buyer is entitled to rely, that Seller is not a "foreign person" within the meaning of Section 1445(f)(3) of the Federal Code;

(iii) an assignment of development rights in the form attached hereto as **Exhibit D**;

(iv) a final settlement statement prepared by the Title Company and executed by Seller;

(v) an owner's affidavit executed by Seller provided by the Title Company and reasonably acceptable to the Title Company and Buyer; and

(vi) a Withholding Exemption Certificate, Form 593-C stating either the amount of withholding required from Seller's proceeds or that Seller is exempt from the withholding requirement.

(b) At or before the Closing, Buyer shall deposit into escrow the following items (collectively, the "Buyer's Closing Deliveries"):

(i) the funds necessary to pay the Purchase Price to Seller;

(ii) a final settlement statement prepared by the Title Company and executed by Buyer;

(c) Buyer and Seller shall each deposit such other instruments as are reasonably required by the Title Company or otherwise required to close the escrow and consummate the purchase and sale of the Property in accordance with the terms hereof. Buyer and Seller hereby designate Title Company as the "Reporting Person" for the transaction pursuant to Section 6045(e) of the Federal Code and the regulations promulgated thereunder.

Section 10.4 Prorations.

(a) Taxes. Real estate taxes and assessments imposed by any governmental authority (which shall be deemed to include any special assessments, which shall be calculated based on the longest permitted payment period) not currently due and payable and affecting the

Property for the tax year in which Closing occurs (a tax year being the year for which taxes accrue, rather than the year during which such taxes are payable) shall be prorated as of the Closing Date based on the most recent ascertainable assessed values and tax rates. Seller shall receive a credit for any taxes and assessments paid by Seller for the period during which the Closing Date occurs from the Closing Date to the end of the applicable taxing period.

(b) Utility Deposits. Buyer shall take all steps necessary to effectuate the transfer of all utilities, if any, to its name as of the Closing Date, and where necessary, post deposits with the utility companies. Seller shall use good faith efforts to ensure that all utility meters applicable to the Property are read as of the Closing Date. Seller shall be entitled to recover any and all deposits posted by Seller and held by any utility company as of the Closing Date.

(c) Insurance. The fire, hazard, flood and other insurance policies relating to the Property shall be cancelled by Seller as of the Closing Date and shall not, under any circumstances, be assigned to Buyer. All unearned premiums for fire and any additional hazard insurance premium or other insurance policy premiums with respect to the Property shall be retained by Seller.

(d) Other Prorations. All other prorations and apportionments shall be made in accordance with customary practice where the Property is located, with the purpose and intent that Seller shall bear all expenses of ownership and operation of the Property through 11:59 p.m. of the day preceding the Closing Date and Buyer shall bear all such expenses thereafter.

(e) Final Adjustments. If final prorations for those items addressed herein cannot be made on the Closing Date, then Buyer and Seller agree to allocate such items on an accrual basis as soon as invoices or bills are available, but with such final adjustment(s) to be made no later than ninety (90) days (or such longer time as may be required for final adjustment for real estate taxes) after the Closing Date. Income and expenses shall be received and paid by the parties on an accrual basis with respect to their period of ownership. Payments in connection with such final adjustments shall be due within fifteen (15) days after mutual agreement of the amount(s) due. Each party shall have reasonable access to, and the right to inspect and audit the other party's supporting documentation to confirm the final prorations, provided at least three (3) business days' advance notice is given by the auditing party to the audited party. All provisions set forth in this section shall survive the Closing.

Section 10.5 Default; Remedies

(a) If Seller materially defaults in its covenants under this Agreement or if any of the representations or warranties of Seller contained in this Agreement shall be found to be materially untrue, Buyer shall have the right as Buyer's sole and exclusive remedies, and in substitution for any other remedies at law or in equity, after giving Seller twenty (20) business days' prior written notice and the opportunity to cure such default within such twenty business day period (and the Closing Date shall be delayed, if necessary, until the end of such twenty (20) business day period), to exercise one of the following remedies: (x) seek specific performance of this Agreement and in connection with the exercise of the remedy of specific performance receive from Seller an amount equal to Buyer's costs and expenses related to the exercise of such remedy, including without limitation reasonable attorneys' fees (or if the remedy of specific performance is not available because Seller has conveyed the Property in breach of this Agreement, bring an action seeking the greater of (A) direct damages and costs and expenses incurred by Buyer, and (B) the amount by which the purchase price obtained by Seller in connection with the conveyance exceeds the Purchase Price in this Agreement); (y) declare this Agreement to be null and void and demand and receive the return of the Deposit, and prompt reimbursement by Seller of Buyer's Transaction Expenses not to exceed $25,000.00, and upon receipt of such amounts, this Agreement will automatically terminate and the parties shall be released from further liability hereunder except as provided in those Sections which expressly survive the termination of this Agreement, or (z) waive the default and proceed to Closing without any adjustment of the Purchase Price.

(b) In the event that Seller shall breach its obligations to Buyer under this Agreement in any way other than as described in Section 10.5(a) hereof (including, without limitation, for a breach of a representation or warranty discovered by Buyer after Closing), then Buyer shall have all remedies against Seller available at law or in equity, provided that: (1) in no event may Buyer bring any claim against Seller unless the total damages for Seller's breach are at least Twenty Five Thousand Dollars ($25,000.00), (2) in no event shall Seller's aggregate liability to Buyer for any and all breaches of this Agreement (including without limitation representations, warranties, covenants, or indemnities) exceed Two Hundred Fifty Thousand Dollars ($250,000.00), and (c) in no event may Buyer bring any such claim or file suit thereon more than 180 days after the Closing Date.

(c) Notwithstanding anything to the contrary in this Agreement, neither Buyer nor Seller shall be liable to the other for punitive or consequential damages as a result of a breach or default under this Agreement. In no event shall any constituent partner or member in Seller or an Affiliate, nor any person or party that becomes a constituent member or partner in Seller or an Affiliate, nor any member, officer, manager, director, principal, partner or shareholder, employee, or beneficiary, trustee or agent of Seller or an Affiliate or any of the foregoing have any personal liability, directly, indirectly, under or in connection with this Agreement or the Property or any agreement made or entered into under or pursuant to the provisions of this Agreement or any amendment made to any of the foregoing at any times heretofore or hereafter, and Buyer and its successors and assigns shall look solely to the assets of Seller for the payment of any claim or for any performance and Buyer, on behalf of itself and its successors and assigns, hereby waives any such personal liability.

(d) The parties have agreed that in the event that Buyer defaults under any of its material covenants, obligations and commitments set forth in this Agreement after Seller has given Buyer ten (10) business days' prior written notice and the opportunity to cure such default within such ten business day period (and the Closing Date shall be delayed, if necessary, until the end of such ten business day period) (a "<u>Buyer's Default</u>"), it would be extremely difficult or impracticable to determine Seller's damages. After negotiation, the parties have agreed that, considering all the circumstances existing on the Effective Date, the Deposit is a reasonable estimate of the damages that Seller would incur in the event of a Buyer's Default and retention of the Deposit by Seller shall be Seller's sole remedy and liquidated damages upon a Buyer's Default. Upon a termination of this Agreement in accordance with this Section 10.5(d), neither party shall have any rights or obligations hereunder except as provided in those sections which expressly survive the termination of this Agreement. **THE PARTIES HAVE AGREED THAT SELLER'S ACTUAL DAMAGES, IN THE EVENT ESCROW FAILS TO CLOSE**

SOLELY DUE TO A DEFAULT BY BUYER, WOULD BE EXTREMELY DIFFICULT OR IMPRACTICABLE TO DETERMINE. THEREFORE, BY PLACING THEIR INITIALS BELOW, THE PARTIES ACKNOWLEDGE THAT THE AMOUNT OF THE DEPOSIT HAS BEEN AGREED UPON, AFTER NEGOTIATION, AS THE PARTIES' REASONABLE ESTIMATE OF SELLER'S DAMAGES, AND THAT PAYMENT OF SUCH AMOUNT TO SELLER AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTION 3275 OR 3369, BUT INSTEAD, IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO SECTION 1671, 1676 AND 1677 OF THE CALIFORNIA CIVIL CODE. NOTHING CONTAINED HEREIN SHALL IN ANY MANNER LIMIT THE AMOUNT OF DAMAGES OBTAINABLE BY SELLER PURSUANT TO AN ACTION UNDER ANY HOLD HARMLESS, DEFENSE OR INDEMNIFICATION PROVISION SET FORTH IN THIS AGREEMENT OR REASONABLE ATTORNEYS' FEES RECOVERABLE PURSUANT TO ANY ACTION UNDER A HOLD HARMLESS, DEFENSE OR INDEMNIFICATION SET FORTH IN THIS AGREEMENT.

_______________	_______________
Seller's Initials	Buyer's Initials

ARTICLE 11
MISCELLANEOUS

Section 11.1 Notices. Any notice required or permitted to be given hereunder must be in writing and shall be deemed to be given when (a) hand delivered with reasonable evidence of receipt, or (b) one business day after pickup by United Parcel Service (Overnight) or Federal Express, or another similar reputable overnight express service, or (c) transmitted by via e-mail, in any case addressed to the parties at their respective addresses set forth below:

To Buyer: City of Folsom
____
____
Attn: _______________________
Email: ______________________

With a copy to:

To Seller: Lakeside Church
745 Oak Avenue Parkway
Folsom, California 95630
Attn: Michael Klockenbrink
Email: mikeklockenbrink@lakesidechurch.com

With a copies to: Meissner Ruggles Thompson, Inc.

1555 River Park Drive, Suite 108
Sacramento, California 95815
Attn: John J. Meissner, Jr.
Email: meissner@mjplawfirm.com

or to such other address as either party may from time to time specify in writing to the other party.

An email notice shall be deemed delivered and received (A) if delivered or transmitted before 5:00 pm Eastern Time on a business day, and (B) otherwise on the next business day following actual delivery or transmittal.

Section 11.2 Entire Agreement. This Agreement, together with the Exhibits attached hereto, contain all representations, warranties and covenants made by Buyer and Seller and constitute the entire understanding between the parties hereto with respect to the subject matter hereof. Any prior correspondence, memoranda or agreements are replaced in total by this Agreement together with the Exhibits hereto.

Section 11.3 Time. Time is of the essence in the performance of each of the parties' respective obligations contained herein.

Section 11.4 Further Assurances. The parties hereby agree to take such additional actions and to execute and deliver such additional documents as shall be necessary to consummate the Transaction. The provisions of this Section 11.4 shall survive the Closing.

Section 11.5 Jury Trial Waiver. The parties hereby agree to waive any right to trial by jury with respect to any action or proceeding brought by either party or any other Person, relating to (A) this Agreement and/or any understandings or prior dealings between the parties hereto, or (B) the Property or any part thereof. The parties hereby acknowledge and agree that this Agreement constitutes a written consent to waiver of trial by jury pursuant to any applicable state statutes.

Section 11.6 No Merger. The obligations contained herein shall not merge with the transfer of title to the Property but shall remain in effect until fulfilled.

Section 11.7 Assignment. Buyer may delegate, transfer and assign this Agreement to any Affiliate of Buyer, in any such case without the prior approval of Seller, provided, however, such assignment shall not release Buyer from liability hereunder, the assignee shall assume the obligations under this Agreement and Buyer shall provide Seller with a copy of the related assignment. Any other assignment by Buyer to any other third party requires the written consent of Seller, which consent will not be unreasonably withheld.

Section 11.8 Severability. If any term or provision of this Agreement is held to be or rendered invalid or unenforceable at any time, such term or provision shall not affect the validity or enforceability of any other terms or provisions of this Agreement.

Section 11.9 No Joint Venture. This Agreement is not intended to create, and shall not be deemed to create, any partnership, joint venture or other similar business arrangement between Seller and Buyer, other than as seller and buyer.

Section 11.10 Successors and Assigns. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective permitted successors and assigns, except as expressly set forth herein.

Section 11.11 Prevailing Party. If any litigation or other court action, arbitration or similar adjudicatory proceeding is commenced by either party to enforce its rights under this Agreement against the other party, all fees, costs and expenses, including, without limitation, reasonable attorney's fees and court costs, incurred by the prevailing party in such litigation, action, arbitration or proceeding shall be reimbursed by the losing party; provided, that if a party to such litigation, action, arbitration or proceeding prevails in part, and loses in part, the court, arbitrator or other adjudicator presiding over such litigation, action, arbitration or proceeding shall award a reimbursement of the fees, costs and expenses incurred by such party on an equitable basis.

Section 11.12 Counterparts; PDF. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The parties contemplate that they may be executing counterparts of this Agreement transmitted electronically via PDF and agree and intend that a signature by electronically mailed PDF shall bind the party so signing with the same effect as though the signature were an original signature. The parties hereto consent to the execution and delivery of this Agreement by Docusign and Adobe Acrobat Sign.

Section 11.13 Confidentiality. Unless otherwise mutually agreed upon in writing by Buyer and Seller, any information provided (whether oral or written) by any party to the other related to the Transaction shall be treated as confidential by the other and shall not be disclosed by such party, in any manner other than to brokers, lenders, partners, consultants, or contractors, whose work, advice or consents or approvals would be necessary to carry out the contemplated transaction, or whose financial interests would be affected by the transaction. Notwithstanding the foregoing, the party receiving the same may disclose the same to its employees involved in the due diligence and/or negotiation of the transaction, as well as its financial and legal advisors and instruct such persons of the obligation to maintain confidentiality pursuant to the terms of this section. It is further understood and agreed that it is necessary that this transaction (and all of the terms of this Agreement, and of any other agreements to be entered into relating to this Agreement, as well as the negotiations related hereto and thereto) be kept confidential unless otherwise required to be disclosed by law or regulation. The foregoing restrictions shall not apply to information that is of public record or to matters disclosed in accordance with process of law (including the Public Records Act), or as required for public hearings or other proceedings of the City council, or to information already known by the recipient thereof or to entry into the data bases maintained by real estate brokers representing the Seller or Buyer and used by such brokers and other brokers of such data base information as is customary in the industry, including without limitation, for comparable sales and price comparisons for other transactions.

Section 11.14 Tax-Deferred Exchange. At the request of either party, the other party shall cooperate with the requesting party in the achievement of a tax-deferred real estate exchange pursuant to Section 1031 of the Internal Revenue Code and the Treasury regulations promulgated thereunder ("Tax-Deferred Exchange"); provided, however, that: (i) the exchange shall be at no additional material expense to the other party; (ii) the exchange shall not materially delay the

Closing Date for transfer of the Property; (iii) the other party shall not be required to acquire title to any proposed exchange properties to accommodate the requesting party's exchange; and (iv) the exchange shall not affect, limit, modify or impair in any way the representations, warranties, covenants or indemnifications made by the requesting party in the Agreement. The requesting party shall indemnify and defend the other party and hold the other party harmless from and against any and all claims, demands, costs and expense which the other party sustains or incurs as a result of the consummation of the transfer of the Property as a Section 1031 exchange, rather than a sale.

Section 11.15 Governing Law. This Agreement shall be deemed to be an agreement made under the laws of the State of California and for all purposes shall be governed by and construed in accordance with such laws.

Section 11.16 Interpretation of Agreement. The article, section and other headings of this Agreement are for convenience of reference only and shall not be construed to affect the meaning of any provision contained herein. Where the context so requires, the use of the singular shall include the plural and vice versa and the use of the masculine shall include the feminine and the neuter. The term "including" means "including, but not limited to,".

Section 11.17 General Rules of Construction. The parties acknowledge that this Agreement has been freely negotiated by both parties, that each party has had the opportunity to review and revise this Agreement, that each party has had the opportunity to consult with counsel with regard to this Agreement, and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement.

Section 11.18 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day, and including the last day, unless the last day is a holiday or Saturday or Sunday, and then that day is also excluded. Unless expressly indicated otherwise, (a) all references to time shall be deemed to refer to Pacific Time, and (b) all time periods shall expire at 5:00 p.m. Pacific Time. "Business days" shall mean Monday through Friday except for U.S. federal holidays.

Section 11.19 Amendments. This Agreement may be amended or modified only by a written instrument signed by Buyer and Seller.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date regardless of the actual date of execution.

SELLER:

Lakeside Church, LLC,
a California nonprofit corporation

By: ___________________________________
Name:
Title:

BUYER:

City of Folsom,
a municipal corporation

By: ___________________________________
Name: ____________________________
Title:

JOINDER OF TITLE COMPANY

Title Company hereby joins in the execution of the Agreement and agrees to accept, hold and return the Deposit, and disburse any funds received under the Agreement in accordance with the provisions of such Agreement. The Title Company shall only be bound to those provisions of the Agreement relating to title insurance, the Deposit, and the Closing escrow. Provided that the Title Company complies with such provisions of the Agreement, the parties to the Agreement agree that the Title Company shall not be liable for any loss or damage arising thereunder.

Placer Title Company

By:___________________________________

Name: ________________________________

Title:__________________________________

EXHIBIT A

DESCRIPTION OF REAL PROPERTY

To be completed

EXHIBIT B

DUE DILIGENCE REQUIREMENTS

Seller shall provide the following in Seller's possession or control: environmental reports, surveys, property condition reports, engineering studies, notices from local, state and federal government agencies, leases (including amendments thereto) in connection with the Property (but excluding applications, notices and related filings and recorded documents related to the recent lot line adjustment for the Property), and any service and maintenance agreements and other contracts that will affect the Property after closing, and other documents reasonably requested by Buyer to assist Buyer in its feasibility study.

EXHIBIT C

FORM OF DEED

RECORDING REQUESTED BY,
WHEN RECORDED MAIL TO, AND:
MAIL TAX STATEMENT TO:

____
____
____

Attention:
____

APN: [________] (Space Above Line for Recorder's Use Only)

The undersigned grantor(s) declare(s):

☐ This transfer is exempt from the documentary transfer tax.
☐ The documentary transfer tax is $______ and is computed on:
  ☐ the full value of the interest or property conveyed.
  ☐ the full value less the liens or encumbrances remaining thereon at the time of sale.
The property is located in the City of _______, County of ________.

GRANT DEED

FOR VALUE RECEIVED, , a ("Grantor"), grants to __________________________ ("Grantee"), all that certain real property situated in the City of , County of , State of California, described on Schedule 1 attached hereto and by this reference incorporated herein (the "Property").

Title to the Property is hereby conveyed by Grantor to Grantee (and accepted by Grantee) subject to the following: (a) real property taxes and assessments not yet due and payable, (b) matters ascertainable by a reasonable inspection and survey of the property, and (c) matters of public record.

[Signature on the following page]

IN WITNESS WHEREOF, the Grantor has executed this instrument as of ____________, 20__.

_________________________,
a

By:
Name:
Its:

CALIFORNIA ALL PURPOSE
CERTIFICATE OF ACKNOWLEDGEMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of _______________________

On __________________, 20__ before me, ____, Notary Public, personally appeared ____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

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

WITNESS my hand and official seal.

____
Signature of Notary Public (Notary Seal)

Schedule 1 to Grant Deed

Legal Description of Property

EXHIBIT D

ASSIGNMENT OF DEVELOPMENT RIGHTS
ASSIGNMENT OF DEVELOPMENT RIGHTS AND APPROVALS

THIS ASSIGNMENT OF ASSIGNMENT OF DEVELOPMENT RIGHTS AND APPROVALS ("Assignment"), is made and entered into as of this ____ day of ________________________, 20__ (the "Effective Date"), by and between ________________________, a ______________________ ("Assignor"), whose address is ________________________________, and ______________________, a ___________________________ ("Assignee"), whose post office address is ______________________________.

WITNESSETH:

WHEREAS, on even date herewith, Assignor has conveyed to Assignee that certain real property located in _____________ County, _______________, being more particularly described on **Exhibit "A"** attached hereto and made a part hereof (the "Property"); and

WHEREAS, in connection with Assignor's conveyance of the Property to Assignee, Assignor desires to assign to Assignee, and Assignee desires to accept the assignment of, if any and solely to the extent transferrable, the Development Rights, and Approvals (defined below).

NOW, THEREFORE, for and in consideration of the sum of $10.00, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor and Assignee hereby agree as follows:

1. **Incorporation of Recitals**. The above recitals are true and correct and are incorporated herein by this reference.

2. **Assignment of Development Rights and Approvals**. Assignor does hereby grant, assign, transfer and set over unto Assignee all of Assignor's right, title and interest in and to the following, if any and solely to the extent the same are transferable (collectively, the "Development Rights and Approvals"):

a. all applications, licenses, permits, approvals, consents, authorizations and other entitlements with or from any governmental or quasi-governmental authorities related solely to or benefiting the Property (including the offsite in-tract infrastructure improvements benefitting the Property), including, but not limited to, any and all permits, approvals, development rights, vested rights, density, average daily trips, entitlements, benefits, rights, privileges, exemptions, concurrency approvals, capacity encumbrances or reservations, capacity agreements (including, but not limited to, Capacity Enhancement Agreements), water rights, sewer rights and other utility rights, associated solely with respect to the Property;

b. all contracts, agreements, leases, representations and warranties that relate solely to, or benefit the Property.

3. **Assumption of Development Rights and Approvals.** Assignee does hereby assume and accept the Development Rights and Approvals assigned to Assignee by this Assignment and all of Assignor's rights, title and interest thereunder; provided, however, Assignee assumes only those obligations of the Development Rights and Approvals which arise on or after the Effective Date hereof.

4. **Impact Fee Credits.** Assignee acknowledges that neither Assignor nor any Affiliate thereof is assigning or transferring to Assignee any impact fee credits or any other development incentives or credits held by Assignor or an Affiliate of Assignor or associated with the Property or other adjoining real property owned by Assignor or an Affiliate thereof. Any impact fees, development fees, assessments and other costs associated with developing the Property and constructing Assignee's related project thereon shall be paid by Assignee or Assignee's successor in interest.

5. **Entire Agreement**. This Assignment contains the entire agreement of the parties hereto with respect to the subject matter hereof, and no change of any item or provision of this Assignment shall be valid or binding unless the same shall be in writing and signed by all the parties hereto.

6. **Binding**. This Assignment runs with the land and shall be binding upon Assignor and Assignee, and their respective successors and assigns.

7. **Governing Law**. This Assignment shall be governed and interpreted under the laws of the State of California. Assignor and Assignee agree that the resolution of any disputes with regard to this Assignment shall lie only in Sacramento County, California. In no event shall either Assignor or Assignee be entitled to a jury by trial on any issues in which a trial by jury is permitted under applicable law.

8. **Counterparts**. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original.

9. **Further Assurances**. Each of the parties hereto agree that they shall execute and deliver to the other such additional and supplemental documents or further assurances, from time to time as requested, as may be necessary to implement the transactions contemplated pursuant to this Assignment when requested to do so by any party to this Assignment.

IN WITNESS WHEREOF, the Assignor and Assignee have hereto caused this Assignment to be executed as of the Effective Date.

ASSIGNOR:

______________________,
a ____________________

By: ______________________________
Name:____________________________
Title:_____________________________

STATE OF __________________
COUNTY OF ________________

The foregoing instrument was acknowledged before me this ___ day of __________________, 20__ by _______________, as ______________ of ________________________, a _______________________, on behalf of the ________________. He/she is personally known to me or has produced ____ as identification.

(NOTARY SEAL)

____
Notary Public Signature

ASSIGNEE:

___________________________,
a ___________________________

By: ____________________________________
Name: _________________________________
Title: __________________________________

[Seal]

STATE OF ____________________
COUNTY OF __________________

The foregoing instrument was acknowledged before me this ______ day of _______________________, 20__, by ___________________________, ____ of **__________________________**, a _________________ on behalf of the _______________, whose identity was proven to me on the basis of satisfactory evidence to be the person who he or she claims to be, and acknowledged that he or she signed the above document.

(NOTARY SEAL)

____
Notary Public Signature