

EXHIBIT 1



MEMORANDUM

RECEIVED
JUN 28 2018
Wildlife Conservation Board

Date: June 27, 2018

Appraisal Review: 2017-098 R
David F. Jarrette
Billing No. 2909
WCB Project ID --

To: John Walsh, Supervising Land Agent
Wildlife Conservation Board
1416 9th Street, Suite 1266
Sacramento, CA 95814

From: Department of General Services – Real Estate Services Division
Professional Services Branch IMS Z-1
The Ziggurat, 707 Third Street, 5th Floor, West Sacramento, CA 95605

Subject: APPRAISAL REVIEW – WILDLIFE CONSERVATION BOARD
EL DORADO RANCH PHASE III PROPERTY – EL DORADO COUNTY
VALUE(S) UNDER REVIEW – Not less than \$4,680,000
DATE OF VALUE(S) UNDER REVIEW – MAY 30, 2018

I have performed an appraisal review of the above-referenced Addendum Letter to Appraisal Report. This review was conducted within the context of market conditions expressed in the report and also relies on the **Appraiser’s May 30, 2017 Appraisal Report (DGS Appraisal Review: 2017-098)**.

The scope of work in this appraisal assignment is limited to review of the appraisal report and preparation of this appraisal review report. In performing this review, I have formed an opinion as to:

- the completeness of the report,
- the adequacy and relevance of comparable data,
- the propriety of adjustments to the comparable data,
- the appropriateness of the appraisal methods and techniques, and
- the appropriateness and reasonableness of the analyses, opinions, and conclusions.

Property identification, significant characteristics and other pertinent information are detailed on the attached pages.

The content, analysis, and conclusions stated in the report under review are in compliance with applicable Department of General Services standards and requirements. The value opinions stated in the appraisal report are adequately supported.

The value opinion of “Not less than \$4,680,000” is the maximum amount that has been approved by DGS.

This review applies to the ownership as of the effective date of value. Any current option, purchase agreement or transaction to a subsequent owner, or any revision of the rights conveyed (i.e. deed restriction, grant agreement restriction) requires a new analysis by the reviewer (and appraiser if required by the Department of General Services.)



CHERI J. JOHNSON, MBA
Senior Real Estate Officer

Attachment

SUMMARY OF SIGNIFICANT CHARACTERISTICS AND CONCLUSIONS

VALUE

Estimated Value(s)	Not less than \$4,680,000
Interest(s) Appraised	Fee Simple Estate
Effective Date of Value	May 30, 2018
Date of Appraisal Report	June 18, 2018 (Date of Transmittal Letter)
Appraisal Prepared by	Jarrette Company, LLC David F. Jarrette Post Office Box 1011 Grass Valley, CA 95945-1011 (530) 477-8139
Date of Appraisal Review	June 27, 2018

PURPOSE AND USE OF REVIEW

Client	Wildlife Conservation Board
Intended Users	This report is intended for use only by the State of California. Use of this report by others is not intended by this reviewer.
Purpose of Review	The purpose of the review is to determine the acceptability of the final opinion of value for use in a potential real estate transaction by the State of California.

PROPERTY DESCRIPTION

Property Owner	Angelo K. Tsakopoulos Holdings LP, a California limited partnership
Location	Northwest quadrant of Highway 49 and the Cosumnes River, in the Cosumnes River watershed, Southwestern Unincorporated County of El Dorado, State of California
Assessor's Parcel No(s).	091-030-12, 23 ¹ -24, 28-30, 33, 39-41, 58 <small>¹ APN 091-030-23, consisting of 71.8 acres, is now legally divided via a recent lot line adjustment from APN 091-020-44, consisting of 80.0 acres and not a part of this appraisal. (See Page 8 of Enclosure 2 for legal Parcel No. 11)</small>
County	El Dorado
Site Area / Shape	1,018.36 acres / Irregular

BUILDING GREEN • BUYING GREEN • WORKING GREEN

Access

The Subject Property now has an easement for ingress and egress for roadway access that provides legal access through adjoining El Dorado Ranch property to the east that terminates at Crystal Boulevard. (Grant of Easement recorded June 14, 2018, Document No.: 2018-0022784). The Grant of Easement document was included in the Addendum Letter to Appraisal Report as Enclosure 1.

Topography

The topography is hilly, and consists of a series of north-south facing ridges separated by valleys. Most of the Property has usable level to gently and moderately sloping terrain. Elevations range from about 600 to 1,600 feet above mean sea level—with most of the property in the range of 800 to 1,500 feet.

Water: There are two perennial streams onsite--Fanny Creek and Slate Creek—as well as some intermittent streams. No domestic water is available to the site. If the property was to be developed for rural residential use, private water wells and pumps would be required to supply potable water.

Vegetation: The primary vegetation is Blue oak woodlands, annual grasses, and chaparral-type brush. The most prevalent Upland Cover types are Blue oak / Grass woodland; and Interior Live oak, Blue oak, Foothill pine / grass.

Soils: There are three predominant soil types which comprise the Subject Property; and, these are typical for the area:

- Auburn very rocky silt loam: Slopes are 2-30% and 30-50%. The soil is gently sloping to steep. Permeability is moderate. The current use is rangeland.
- Auburn extremely rocky silt: Slopes are 3-70%. It is similar to Auburn very rocky silt loam at slopes of 20-30%, except that 25-50% of the surface has rock outcrops; and, the depth of the bedrock ranges from 12 to 20 inches. The soil is used for rangeland.
- Delpiedra very rocky loam: Slopes are 3-50%. The soil is gently sloping to steep, with outcrops of bedrock that cover 5-25% of the surface. Permeability is moderate. Water holding capacity is 2 to 4 inches. The soil is used for rangeland and watershed.

Mineral / Subsurface Rights: N/A

Flood: Flood Zone X, not in a 100-year floodplain.

Seismic: Not in a Fault Rupture Hazard Zone.

Toxics: The appraiser was not provided with an environmental site assessment report or a geotechnical report.

Reviewer Comments: On Page 22 of the Appraiser's May 30, 2017 Appraisal Report, the appraiser stated that he reviewed a draft EIR of the Subject Property. It appears that, whether an environmental site assessment (Page 5) or EIR (Page 22) was provided to the appraiser, toxics appear to have not been found.

Utilities

Existing and proposed utility / service providers are in the table that follows. Currently there is no available onsite electricity or phone service. However, the utility lines are located offsite along Crystal Boulevard to the east of the Property.

- Water Supply: Onsite wells.
- Sanitary Sewer: Onsite septic.
- Solid Waste: El Dorado Disposal Service; Amador Disposal Service
- Fire Protection: El Dorado County Fire Protection District; Diamond Springs Fire District
- Electricity & Gas: Pacific Gas & Electric
- Telephone: AT&T
- Schools: Latrobe Elementary School District; Mother Lode Elementary School District; El Dorado Union High School District (Ponderosa High School)

Improvements

There are no onsite building improvements, and no significant onsite improvements.

The most notable offsite improvements are Barite Court, a paved public county road and Crystal Boulevard, a two-lane paved public county road located about two miles east of the Subject Property; and, Highway 49 that is located parallel to and just east of Crystal Boulevard.

Zoning / Land Use

Zoning: Mostly RL-80 (Rural Land, 80-acre minimum); followed by some R1-40 (Rural Land, 40-acre minimum); and a small portion of RL-10 (Rural Land, 10-acre minimum). These zoning designations are similar to other rural residential / passive recreation land in the immediate neighborhood

General Plan: Rural Land over 20 acres. The current zoning of the property is in compliance with the General Plan use.

Development Potential: The Subject Property was considered to have average development potential for an estimated 9 to 15 rural residential home sites ranging in size from 68 to 113 acres.

Sales History

The appraiser reported a lack of sales or listings of the Subject Property over the past three years in the Appraiser's May 30, 2017 Appraisal Report—and stated that there was a May 16, 2016 Purchase and Sale Agreement for the remaining 5,247.72 acres of the El Dorado Ranch (which includes the Subject 1,018.36-acre property) that has been signed by seller Tsakopoulos and buyer American River Conservancy. The

BUILDING GREEN • BUYING GREEN • WORKING GREEN

purchase price is \$25,451,442 (\$4,850 per acre). The agreement is reportedly in the process of being modified to address and focus on the Subject 1,018.36-acre property. The final purchase price, sale terms, and closing date of the pending transaction are still to be determined, and await the opinion of the as is market value contained in the Appraisal Report.

The adjacent and nearby Phases 1 and 2 of the El Dorado Ranch recently sold for all cash by AKT, et al. to the American River Conservancy as follows:

Phase I, 1,059 acres: March 13, 2013 contract date; August 28, 2013 recording date. The sale price was \$4,800,000 (\$4,533 per acre).

Phase II, 1,080 acres: March 18, 2014 contract date; October 22, 2014 recording date. The sale price was \$4,995,000 (\$4,625 per acre).

Preliminary Title Report

An Updated Preliminary Title Report (PTR) dated as of June 6, 2018 from First American Title Company was provided to the appraiser for review, discussed in the Addendum Letter to Appraisal Report, and included as Enclosure 2. The appraiser reported that the Updated PTR satisfies the Hypothetical Condition 2 of the Appraiser's May 30, 2017 Appraisal Report. Subject APN 091-030-23 (Parcel 33), consisting of 71.8 acres, is now legally divided via a recent lot line adjustment from APN 091-020-44 (Parcel 18), consisting of 80.0 acres and not a part of this appraisal (see Page 8 of Enclosure 2 for legal Parcel No. 11).

The appraiser previously reported in the Appraiser's May 30, 2017 Appraisal Report that none of the easements / exceptions was considered to significantly impact the highest and best use and the as is market value of the Property.

The reviewer considers the appraiser's analyses of the PTR(s) and conclusions to be reasonable. If significant issues are discovered during the review process, a new review (and appraisal if required by DGS) is required.

Extraordinary Assumptions An extraordinary assumption is defined 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.

Comment: 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.¹

¹ USPAP 2018-19 Edition, pg. 4.

No Extraordinary Assumptions were used in the Appraisal Report.

No Extraordinary Assumptions were used in this Appraisal Review Report.

Hypothetical Conditions

A hypothetical condition is defined as a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: 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.²

No Hypothetical Conditions were used in the Appraisal Report.

No Hypothetical Conditions were used in this Appraisal Review Report.

Implied Dedication

Implied dedication is the public's right to use the property based on historical prescriptive use. The appraiser physically inspected the Subject Property on May 10, 2017 and May 30, 2018 (a portion of the Subject), reviewed historical public records, and interviewed the prospective buyer / adjacent landowner to determine if there was implied dedication. The appraiser could not find any evidence of implied dedication rights by the public for recreational use of the property based on historic prescriptive use. No apparent encroachments were found either.

However, this issue is technically a legal matter which is ultimately beyond the scope of the appraisal assignment as well as the expertise of the appraiser and this reviewer.

Highest and Best Use

Under recognized appraisal theory, the validity of highest and best use requires that the following elements must apply to the property under appraisal:

1. The use must be physically possible.
2. The use must be legally permissible.
3. The use must be financially feasible.
4. The use must provide maximum profitability to the property.

The Property's appealing location in the Cosumnes River watershed, close to Highway 49 and near the popular and growing communities of Cameron Park, Placerville, and others; generally usable topography; and shape facilitate rural residential development on large acreage parcels. Additionally, because of

² USPAP 2018-19 Edition, pg. 4.

the habitat / biological features including annual grasslands, extensive Blue oak woodlands, other native vegetation, and location in the Cosumnes River watershed; proximity adjacent to the Cosumnes River Preserve and other nearby permanently protected land a likely use for the Property is passive recreation land.

The financially feasible use of the Property is either for approximately 9 to 15 rural residential home sites (with sizes that range from about 68 to 113 acres), or as passive recreation land.

The maximally productive use was considered to be hold until market conditions improve, and then develop the Property with approximately 9 to 15 rural residential home sites; and / or for the following type of passive recreation land: Cosumnes River watershed; Blue oak woodlands and grasslands preservation; open space, scenic corridor and habitat preservation; future trail network and public access to the Cosumnes River; and wildlife preservation and protection of the Cosumnes River and its watershed.

The appraiser concluded that the highest and best use of the Subject Property was to hold it until market conditions improve and then develop approximately 9 to 15 rural residential home sites; and / or for the following type of passive recreation land: Cosumnes River watershed; Blue oak woodlands and grasslands preservation; open space, scenic corridor and habitat preservation; future trail network and public access to the Cosumnes River; and wildlife preservation and protection of the Cosumnes River and its watershed.

Reviewer Conclusions: It is the opinion of this reviewer that the appraiser's conclusion of highest and best use is reasonable.

Approaches to Value

The Sales Comparison Approach was utilized to estimate the value of the Subject unimproved land. The Cost Approach was not considered relevant for land with no significant improvements. The Income Approach was excluded because the Subject Property generates insignificant income in relation to its size.

VALUATION

The appraiser reviewed the market for, and recent comparable sales of, rural residential / passive recreation land in the area. The appraiser found that the current market value of the Property was at least and not less than \$4,600 per gross acre (which was the concluded opinion of value in the Appraiser's May 30, 2017 Appraisal Report.)

$$\text{\$4,600 / acre} \times \text{1,018.36 acres} = \text{\$4,680,000 (Rounded)}$$

REVIEWER CONCLUSIONS

In conclusion, the content, analysis and conclusions stated in the report under review are in compliance with applicable Department of General Services standards and requirements. The value opinions stated in the appraisal report are adequately supported.

The value opinion of "Not less than \$4,680,000" is the maximum amount that has been approved by DGS.

This review applies to the ownership as of the effective date of the appraisal. Any current option, purchase agreement or transaction to a subsequent owner, or any revision of the rights conveyed (i.e., deed restriction, grant agreement restriction) requires a new analysis by the reviewer (and the appraiser if required by the Department of General Services.)

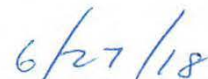
CERTIFICATION

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

1. The statements of fact contained in this review report are true and correct.
2. The reported analyses, opinions, and conclusions in this review report are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
4. I have performed the following services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment: review of the **Appraiser's May 30, 2017 Appraisal Report (DGS Appraisal Review: 2017-098 dated August 28, 2017)**.
5. I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
8. My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favor the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
9. My analysis, opinions, and conclusions were developed and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
10. I have not made a personal inspection of the subject of the work under review.
11. No one provided significant appraisal or appraisal review assistance to the person signing this certification.



CHERI J. JOHNSON, MBA
Senior Real Estate Officer



DATE