

## APPRAISAL REPORT



*Camarillo Airport*



*Oxnard Airport*

### **Camarillo Airport and Oxnard Airport Hangar Valuation Analysis**

**PREPARED FOR:**  
**Mr. Todd McNamee**  
**Director of Airports**  
**Ventura County Dept of Airports**  
**555 Airport Way**  
**Camarillo CA 93010**

**PREPARED BY:**  
**Kevin P. McAtee, MAI**  
**HOFFMAN, VANCE & WORTHINGTON, Inc.**  
**1000 S. Seaward Avenue**  
**Ventura, CA 93001**

**DATE OF VALUE: October 18, 2016**

**DATE OF REPORT: October 18, 2016**

# HOFFMAN, VANCE AND WORTHINGTON, INC.

REAL PROPERTY SERVICES - SINCE 1956

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October 18, 2016

Mr. Todd McNamee  
Director of Airports  
Ventura County Dept of Airports  
555 Airport Way  
Camarillo CA 93010

## **Re: Camarillo Airport and Oxnard Airport hangar valuation analysis**

Mr. McNamee:

In accordance with your request, I have personally examined and appraised the below described real properties for the purpose of reporting to you my opinion of their fair Market Values. A careful examination was made of the subject properties and surrounding area, and of those factors which tend to influence the value of each. This examination included the inspection and analysis of market data in the immediate and general vicinity of the properties that are physically, locationally and/or economically comparable.

The subject properties are privately held hangars on Camarillo and Oxnard Airports. Camarillo Airport is home to 170 privately owned hangars, while Oxnard Airport includes 55. Both airports include hangars owned by the Department of Airports. The purpose of this appraisal is to establish a value range for the privately held hangars. Therefore, those currently owned by the Department of Airports were not considered in this appraisal

While many hangars at both airports are privately owned, the land on which they sit is not. The Department of Airports owns the land and leases to the hangar owner an area equal to the hangar footprint. The analysis, therefore, addresses the market value of the leasehold estate in the land and the fee simple estate in the structures (hangars). The fee simple interest in the land was not addressed in this appraisal.

As will be discussed in the body of the appraisal, the leasehold values were considered zero as the contract land rent enumerated in the various ground leases was determined to be sufficiently similar to the market rental value, or economic rental value, of said land. Only when there is a discrepancy between the contract rental value and market rental value does the leasehold interest have value (positive or negative). In some cases, mere possession of a leasehold interest can establish value due to an imbalance between supply and demand. In the case of the subject hangars, there appeared to be sufficient supply to negate any leasehold value.

With regard to the value of the fee simple interest in the hangar structures, a Sales Comparison Approach was employed. Numerous hangars of various shapes, sizes and locations have sold over the past several years. These sales were considered to provide a reasonable indication of the value to their respective improvements.

The airplane hangars that are the subject of the appraisal can generally be described as either a “T-hangar” or a “Box hangar”. Several primary physical characteristics differentiated the various hangars from one another:

- Airport amenities (FBOs, flight schools, restaurant, etc.)
- Hangar type (t-hangar v. box hangar)
- Hangar size
- Door (power or manual)
- Hangar amenities (electricity/water)
- Specific hangar location

As in all things real estate, location plays a role in value, both general and specific. When discussing the subject hangars’ general location, it was determined that the Camarillo Airport attracts higher values than the Oxnard Airport. Both airports benefit from runway night lighting, relatively similar instrument approaches, and ample runway length. Differences include Camarillo’s greater population. According to AirNav.com, Camarillo Airport is home to 518 aircraft and reports an average of 374 landings per day. Oxnard is reportedly home to 164 aircraft and an average 167 landings per day. Camarillo’s activities are boosted by the on-airport Ventura County Sheriff’s Air Unit, the Commemorative Air Force’s Southern California Wing, and an ultralight airstrip. Camarillo is home to vibrant fixed base operators, including Channel Islands Aviation, Western Cardinal, Sun Air Jets, and AIR 7. Finally, Camarillo Airport includes a social gathering spot, the Waypoint Café. Oxnard Airport has two fixed base operators, Oxnard Aircraft and Jet Center as well as Golden West Jet Center. California Aeronautical University flight school operates out of Golden West Jet Center. The airport has no restaurant.

Aircraft hangars come in two basic configurations, t-hangars and box hangars. While each vary relative to physical characteristics such as size, these two configurations represent the greatest difference affecting value. T-hangars are shaped to minimize size by mirroring the shape of an airplane, while box hangars are rectangular in shape. As such, t-hangars tend to be smaller than box hangars. Although newer T-hangars can be fitted with power doors, those located at Camarillo and Oxnard Airport have manual doors. The box hangar design, on the other hand, allows for the power door option. Ceiling heights are yet another distinction between t-hangars and box hangars, the latter generally higher and able to accommodate larger aircraft. In addition to size, amenities affect value, namely the availability of electricity. In a few cases, t-hangars at Oxnard Airport have extended wings thereby resembling a box hangar, albeit with two roof heights.

Specific hangar locations at each airport, such as proximity to the runway or amenities was thought to be a likely source of value differences. However, after studying the sale data available, little evidence supports such a notion.

A second anticipated source of value difference was the existence of power and/or water. It was determined, not surprisingly, that utilities did affect purchase price.

Numerous hangars have sold between private parties over the past several years. The sales data was culled from the Ventura County Department of Airports records and sorted according to the previously discussed variables. The groups and subsets, and their respective market values, are introduced in the below table.

Based on my investigation and upon a complete review of the facts presented herein, it is my opinion that the “**as is**” **Market Value** per square foot of the subject’s **Leasehold** interest in land and the **Fee Simple** interest in improvements, in cash equivalent terms as of **October 18, 2016** and subject to the Assumptions and Limiting Conditions, were as follows:

Type	T-Hangar	Box Hangar
Camarillo Airport	\$45 - \$50	\$70 - \$75
Oxnard Airport	\$20 - \$30	\$40 - \$50

Based on my knowledge of the market, I would anticipate an exposure period of approximately **6 to 9 months** if the properties were exposed to the market for sale at the appraised value.

Discussions of the data, reasoning and analyses that were used to develop the opinions of value are presented in the appraisal report, including descriptions of the subject properties, the properties’ locale, and the appraiser’s opinion of highest and best use. Any data, reasoning and analyses not discussed in this Appraisal Report are retained in the appraiser’s work file.


The depth of discussion contained in this report is specific to the needs of the client and for the intended use of the report, which is to assist the client, as well as sellers, with potential acquisition/disposition decisions. The appraiser is not responsible for unauthorized use of this report.

Your attention is directed to the contents of this Appraisal Report, including all descriptions, market data, analyses and other relevant factors upon which my conclusions are based. I have made every effort to ensure that the Appraisal Report which follows complies with USPAP.

I, the undersigned, do hereby certify the statements and opinions rendered herein are true and correct to the best of my knowledge and belief, subject to the limiting conditions contained herein.

Sincerely,

**HOFFMAN VANCE & WORTHINGTON, Inc.**

  
Kevin P. McAtee, MAI  
CA Certified General Appraiser AG014257

***SUMMARY OF SALIENT FACTS***

<b>SUMMARY OF SALIENT FACTS</b>		
<b>Property Address</b>	<b>Camarillo Airport</b>	<b>Oxnard Airport</b>
Assessor's Parcel Numbers	Portion of 230-0-030-245	Portion of 183-0-100-525
Property Description	Aircraft Hangars	Aircraft Hangars
Land Area (acres)	Varies	Varies
Improvements	Hangars	Hangars
Flood Hazard Zone	Zone X	Zone X
Zone Designation	Airport	Airport
Highest/Best Use	Airport	Airport
<b>Market Value</b>	<b>T-Hangar</b>	<b>Box Hangar</b>
Camarillo Airport	\$45 - \$50 per SF	\$70 - \$75 per SF
Oxnard Airport	\$20 - \$30 per SF	\$40 - \$50 per SF
Date of Value	October 18, 2016	October 18, 2016

***DEFINITIONS, APPRAISAL  
DEVELOPMENT AND REPORTING PROCESS***

## PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide the client with the appraiser's best estimate of the “**as is**” **Market Value** of the subject properties.

**Market value** is defined by the federal financial institutions regulatory agencies as follows:<sup>1</sup>

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

- (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.

## INTENDED USE OF THE REPORT:

The intended use of this appraisal report is to assist the *Ventura County Department of Airports*, as well as sellers, with potential acquisition/disposition decisions. The appraiser is not responsible for unauthorized use of this report.

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<sup>1</sup> Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f.]



**INTEREST VALUED:**

The subjects of this appraisal are various airplane hangars situated on leased land. Therefore, the appraisal addresses the **Leasehold** value of the ground leases, and the **Fee Simple** of the improvements, or hangar structures. There are no personal property, fixtures, or intangible items which have been valued in this appraisal.

**DATE OF VALUE:**

October 18, 2016

**DATE OF REPORT:**

October 18, 2016

**APPRAISAL DEVELOPMENT AND REPORTING PROCESS:**

In preparing this appraisal, the appraiser made a number of independent investigations and analyses. Listed below are the investigations undertaken and the major data sources relied upon.

***Location Description***

The city analysis, while not included in this report, was conducted utilizing information obtained from a personal physical inspection by the appraiser, municipalities, real estate brokers, the Chamber of Commerce, etc. Back-up information is maintained in the appraiser's work file.

***Site and Improvement Description***

The site description and analysis was prepared from information gathered during a personal physical inspection and a review of the Ventura County Assessor's maps.

***Market Data***

The factual information concerning hangar sales has been provided by Ventura County Department of Airports record. An attempt has been made to contact buyers, sellers and brokers to verify all information and to ensure the data reflected "arm's-length" transactions.

***Other Data***

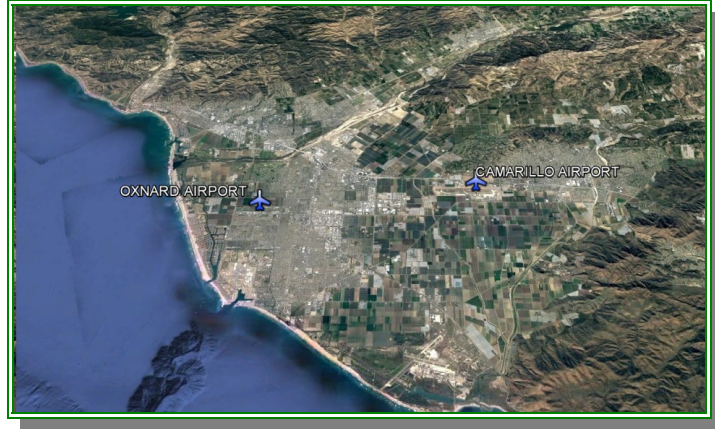
Other information, such as tax records and zoning, was provided by governmental sources. To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. Supporting documentation is retained in the appraiser's work file.

***MARKET AREA/  
NEIGHBORHOOD DESCRIPTION***

## ***Market Area Description***

The subject properties are located at the Camarillo Airport and the Oxnard Airport.

Ventura County is a rapidly-developing, formerly agricultural area located on a coastal plain of the Pacific Ocean, and consists of 1,845 square miles, with the largest cities including Ventura, Oxnard, Camarillo, Simi Valley, Thousand Oaks and Moorpark. The County is bounded on the north by Santa Barbara County, on the south and east by Los Angeles County, and on the west by the Pacific Ocean. Downtown Los Angeles is 65 miles to the southeast, and the County borders the western San Fernando Valley metropolitan area. The County is the natural northern gateway to the Los Angeles metropolitan area, and is considered a major resort area because of its temperate climate and abundant beaches and recreation areas. The County is a part of the Los Angeles 60-mile Circle, which is ranked high in international commerce, and rivals most industrial nations of the world. This area has an impressive history of growth in population, employment, and personal income.



Primary access to the County is provided by U.S. Highway 101, which extends from the Los Angeles area on the east to Santa Barbara and beyond on the west and north. State Highway 1 extends through coastal portions of the county, intersecting U.S. Highway 101 in the Oxnard area. Secondary freeways include State Highways 23, 118 and 126.

The geography of the county is quite diverse, including attractive coastal areas with well established recreational and commercial harbors; the Oxnard Plain, having some of the most fertile farm land in the world; and the scenic mountainous regions of the Los Angeles Padres National Forest. The northern end of the county is primarily rural agricultural land.

Ventura County is considered a very desirable and attractive place in which to live and work. Its diverse economy, lower wage levels, favorable climate, and numerous recreational and cultural amenities have played a role in the area's success.

Among the many transportation related amenities benefitting the residence of the County are four airports - one military, one private and two public airports. The two public airports are Camarillo Airport and Oxnard Airport. The subjects of this appraisal are privately owned hangars located on the public airports.

### ***Neighborhood Description***

The subjects of this appraisal are various airplane hangars located on Camarillo Airport and Oxnard Airport. The market area, or neighborhood, can be defined, therefore, as each respective airport.

### **Camarillo Airport**

Camarillo Airport is located at the northwest corner of Las Posas Road and Pleasant Valley Road. The airport was built in 1942 as Oxnard Air Force Base. The US Federal Government decommissioned the Base in 1969 and turned over ownership of the property to various local agencies. The property extended beyond the airport itself. Ventura County Department of Airports was deeded ownership of the airport property, ultimately opening in October 1976.



*Camarillo Airport*

According to AirNav.com, Camarillo Airport is home to 518 aircraft and reports an average of 374 landings per day. Camarillo's activities are boosted by the on-airport Ventura County Sheriff's Air Unit, the Commemorative Air Force's Southern California Wing, and an ultralight airstrip. Camarillo is home to multiple fixed base operators, including Channel Islands Aviation, Western Cardinal, Sun Air Jets, and AIR 7. Ventura County Fire Department has administrative and training facilities in

the vicinity of the airport. Finally, Camarillo Airport includes a social gathering spot, the Waypoint Café.

The airport includes several amenities important to pilots. In addition to the 6,000 foot runway, the airstrip is accessible via multiple instrument approaches and night lighting. The lighting enables 24 hour use, although takeoffs are prohibited between midnight and 5 am. The combination of the approaches and lighting accommodate pilots with airplanes equipped to fly in instrument meteorological conditions (IMC). IMC is an aviation flight category that describes weather conditions that require pilots to fly primarily by reference to instruments, and therefore under instrument flight rules (IFR), rather than by outside visual references under visual flight rules (VFR).

Within the neighborhoods of all properties is an immediately accessible network of quality, evenly-distanced primary, secondary and tertiary roads to local employment, shopping and schools.

Ingress and egress to north and southbound lanes of the Ventura (101) freeway are accessible from nearby Las Posas Road.

In general, the neighborhoods are free of nuisances and hazards, and are adequately serviced by city police, fire and utility services. Given the airport's positive demographic and locational characteristics, it was considered to be a positive long-term location for airplane hangar values.

## Oxnard Airport

Oxnard Airport is located near the northwest corner of Ventura Road and Fifth Street, in the City of Oxnard.

The airport was built by Ventura County in 1934 as a dirt strip. In 1949 the airport was assigned to the US Navy until construction of the Naval Air Station at Point Mugu could be completed. Ventura County regained control of the airport in 1954.



Oxnard is reportedly home to 164 aircraft and an average 167 landings per day. Oxnard Airport has two fixed base operators, Oxnard Aircraft and Jet Center as well as Golden West Jet Center. California Aeronautical University flight school operates out of Golden West Jet Center. The airport has no restaurant.

Like Camarillo Airport, the airport includes several amenities important to pilots. In addition to the 6,000 foot runway, the airstrip is accessible via multiple instrument approaches and night lighting. The combination of the approaches and lighting enable 24 hour use and can accommodate pilots with airplanes equipped to fly in instrument meteorological conditions (IMC). IMC is an aviation flight category that describes weather conditions that require pilots to fly primarily by reference to instruments, and therefore under instrument flight rules (IFR), rather than by outside visual references under visual flight rules (VFR).

Within the neighborhoods of all properties is an immediately accessible network of quality, evenly-distanced primary, secondary and tertiary roads to local employment, shopping and schools.

In general, the neighborhoods are free of nuisances and hazards, and are adequately serviced by city police, fire and utility services. Given the airport's positive demographic and locational characteristics, it was considered to be a positive long-term location for airplane hangar values.

***PROPERTY DESCRIPTION***



The subject properties that are the focus of this appraisal are numerous airplane hangars located at Camarillo Airport or Oxnard Airport. The hangars are located on airport properties owned by the Ventura County Department of Airports.

Each airport includes both County owned hangars and privately owned hangars. In the case of hangars owned by the County, both the land and improvements are leased to airplane owners. In the case of the privately owned hangars, the hangar structure is privately owned while the land is rented from



**Camarillo Airport**

the County. The hangar structures/improvements are secured to the ground and are, in some cases, considered real property. Camarillo Airport is home to 170 privately owned hangars, each of which is situated on leased ground. Oxnard Airport includes 55 privately owned hangars on leased land. The purpose of this appraisal is to establish a value range for the privately owned hangars.

The ground beneath the hangar structure is rented in accordance with standard rental agreement titled *Privately Owned Aircraft Storage Hangar Lease Agreement*. The Agreement calls for a month-to-month term as either party may terminate the agreement for any reason with 30-day notice. Rent is established



**Oxnard Airport**

by Department of Airports *Rent and Fee Schedule*. Section D titled *Ground Rent - Private Hangars* enumerates the current rental rates of \$.125 per square foot per month. The rent is established by resolution by the County Board of Supervisors.

The analysis addresses the market value of the leasehold estate in the land and the fee simple estate in the structures (hangars). The fee simple interest in the land was not addressed in this appraisal. With regard to the leasehold estate, given the short term nature of the rental agreement, the leasehold position in the land was considered to have no market value. Only when there is a discrepancy between the contract rental value and market rental value does the leasehold interest have value (positive or negative). In some cases, mere possession of a leasehold interest can establish value due to an imbalance between supply and demand. In the case of the subject hangars, however, there appeared to be no imbalance to support any value to the leasehold interest. That is to say, the buyer of a hangar on County owned land would compensate the seller for the value of the structure with no added compensation for the value of the leasehold position. Therefore, while any discussion of value includes the right to occupy a section of land, it is only the physical hangar structure itself that is addressed in the appraisal.

The airplane hangars that are the subject of the appraisal can generally be described as either a “T-hangar” or a “Box hangar”. Primary locational and physical characteristics differentiate the various hangars from one another and include:

- Airport amenities (FBOs, flight schools, restaurant, etc.)
- Hangar type (t-hangar v. box hangar)
- Hangar size
- Door (power or manual)
- Hangar amenities (electricity/water)
- Specific hangar location

As in all things real estate, location plays a role in value, both general and specific. When discussing the subject hangars’ general location, it was determined that the Camarillo Airport attracts higher values than the Oxnard Airport. Both airports benefit from runway night lighting, relatively similar instrument approaches, and ample runway length. Differences include Camarillo’s greater population. According to AirNav.com, Camarillo Airport is home to 518 aircraft and reports an average of 374 landings per day. Oxnard is reportedly home to 164 aircraft and an average 167 landings per day. Camarillo’s activities are boosted by the on-airport Ventura County Sheriff’s Air Unit, the Commemorative Air Force’s Southern California Wing, and an ultralight airstrip. Camarillo is home to vibrant fixed base operators, including Channel Islands Aviation, Western Cardinal, Sun Air Jets, and AIR 7. Finally, Camarillo Airport includes a social gathering spot, the Waypoint Café. Oxnard Airport has two fixed base operators, Oxnard Aircraft and Jet Center as well as

Golden West Jet Center. As stated previously, California Aeronautical University flight school operates out of Golden West Jet Center and the airport has no restaurant.

Aircraft hangars come in two basic configurations, t-hangars and box hangars. While each vary relative to physical characteristics such as size, these two configurations represent the greatest difference affecting value. T-hangars are shaped to minimize size by mirroring the shape of an airplane, while box hangars are rectangular in shape. As such, t-hangars tend to be smaller than box hangars. T-hangars by their design are not equipped with power doors. The box hangar design, on the other hand, allows for the power door option. Ceiling heights are yet another distinction between t-hangars and box hangars, the latter generally higher and able to accommodate larger aircraft. In addition to size, amenities affect value, namely the availability of electricity. In a few cases, t-hangar at Oxnard Airport have extended wings thereby resembling a box hangar, albeit with two roof heights.

Specific hangar locations at each airport, such as proximity to the runway or amenities were thought to be a likely source of value differences. However, after studying the sale data available, little evidence supports such a notion.

A second anticipated source of value difference was the existence of power and/or water. It was determined, not surprisingly, that utilities did affect purchase price.

#### **HISTORY OF OWNERSHIP:**

Title to the subject property land has been in the name of the Ventura County Department of Airports for the past many years. Title to the subject property improvements has been in the name of various entities. Several of the subject improvements have sold in recent years and it is these sales which comprise the comparable data set used in Sales Comparison Approach.

#### **REAL ESTATE TAXES:**

The subject land is owned by the County of Ventura and, as such, is not assessed for property taxes. The hangar owners are, however, assessed possessory interest taxes on the land. The hangar improvements are taxed on the unsecured tax roll as personal property. It is an assumption of this appraisal that all taxes are paid and current.

**HIGHEST AND BEST USE:**

The subject property's legally permissible uses are limited to airport related uses. As such, the current use is a legally permitted use. The existing improvements provide a return to the land and therefore must be considered a good candidate for the highest and best use of the property. The appraiser can perceive no rational reason to raze the improvements for construction of an alternative form of development. The existing hangars are considered to economically satisfy the highest and best use of the property, as improved.

The most likely purchaser of the subject property, if vacant, is judged to be an owner/user.

***GENERAL ANALYSIS AND VALUATION***

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## ***Analysis and Valuation***

The valuation of any type of real property is accomplished through the application of a defined process of research, analysis, application, correlation and reconciliation of factual data. Regardless of the type of value sought, a logical program of fact finding and reasoning, known as the "Valuation Process", must be employed for any determination of value. The Valuation Process typically involves a six-step process encompassing the following tasks:

1. Definition of the Appraisal Problem
2. Preliminary Analysis and Data Selection and Collection
3. Determination of Highest and Best Use (Land and Property)
4. Application of Specific Appraisal Procedures or "Approaches, including, where applicable:
  - Cost Approach
  - Sales Comparison Approach
  - Income Capitalization Approach
5. Reconciliation of Value Indicators from Applied Appraisal Procedures
6. Report of Defined Value

## **Valuation Methodology**

The thrust of the Valuation Process and the primary focus of any real estate appraisal assignment is the systematic and correct application of one or more of three traditional valuation procedures or "approaches" to valuing a property. As shown in the Valuation Process summary above, the valuation approaches are identified as the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach.

The valuation approaches are techniques used by the appraisers to derive separate indicators of real property value. One or more of the approaches may be used, depending on their applicability to a particular appraisal assignment. After applying the appropriate approaches in the valuation process, the appraisers reconcile the indicated values by each approach into a final value conclusion by weighing the strengths and weaknesses of each approach and their relevance to the appraisal assignment. After considering the approaches to value and the relevancy of each to the subject properties and the appraisal problem, one of the three approaches to value were utilized.

## **Cost Approach**

The Cost Approach is a method of valuing the property as if it were separable into the physical and economic components of land, building improvements and profit. Each is estimated separately and reassembled into a total property value conclusion. The land is valued by direct sales comparison, as if it were developable into its highest and best use. The improvement portion is valued by estimating its construction cost, and deducting for observed physical, functional and external forms of accrued depreciation. The land and improvement values are reassembled, together with a margin for profit, into a total property value estimate. Underlying the theory of the Cost Approach is the principle of substitution, which suggests no prudent person would pay more for a property than the amount for which s/he can obtain an equally desirable substitute property, by purchasing a site and constructing a building of equal desirability and utility. The Cost Approach is particularly useful for valuing special purpose properties for which there may be little or no comparison sales data or an applicable income stream. Given that the subject properties are neither special purpose nor land, the Cost Approach was not considered a reliable means to estimate market value.

## **Sales Comparison Approach**

The Sales Comparison Approach is based on a concept that suggests that the value of a property tends to be set by the prices of equally desirable substitute properties. The value is predicated on prices paid for similar properties in "arms length" market transactions over a time period that reasonably reflects market conditions. Therefore, the validity of the Sales Comparison Approach depends on the existence of recent sales of properties which are comparable in location, size, age, condition, utility, construction and overall market appeal. This method can be useful for valuing developed general purpose properties or vacant land.

## **Income Capitalization Approach**

The Income Capitalization Approach is predicated on using one or more of several capitalization processes, employing market derived investment return rates to capitalize the net income into a value estimate. In addition to return rates, every element of the cash flow is market derived or supported; this included rents, expenses and vacancy rates. Therefore, as with the other approaches to value, the validity of the Income Capitalization Approach depends on adequate market data.

### **Selection of Approach(s)**

With regard to the value of the fee simple interest in the hangar structures, a Sales Comparison Approach was employed. Numerous hangars of various shapes, sizes and locations have sold over the past several years. These sales were considered to provide a reasonable indication of the value to their respective improvements. The following table summarizes the pertinent characteristics of the identified sales. Details of these transactions have been retained in my working files.



SALE COMPARABLE SUMMARY TABLE							
No	Address	Date	Type	Size	Utilities	Sale Price	Price/SF
<b>CAMARILLO AIRPORT HANGARS</b>							
1	P-020E	Aug-16	T	850	Elect.	\$41,300	\$48.59
2	P-047	Jul-16	T	800	None	\$30,000	\$37.50
3	P-018E	Jun-16	T	850	Elect.	\$45,000	\$52.94
4	P-023E	Jun-16	T	850	Elect.	\$60,000	\$70.59
5	P-046	Jun-16	T	800	None	\$40,000	\$50.00
6	P-005E	May-16	T	800	Elect.	\$37,500	\$46.88
7	P-006E	Feb-16	T	800	Elect.	\$37,000	\$46.25
8	P-131E	Jul-16	Box	1,500	Elect.	\$115,000	\$76.67
9	P-150E	Jul-16	Box	1,500	Elect.	\$115,000	\$76.67
10	P-161E	Jun-16	Box	1,500	Elect.	\$105,000	\$70.00
11	P-107E	Mar-16	Box	1,500	Elect.	\$100,000	\$66.67
12	P-143E	Oct-15	Box	1,500	Elect.	\$80,000	\$53.33
13	P-113E	Sep-15	Box	1,500	Elect.	\$100,000	\$66.67
14	P-167E	Jun-15	Box	1,500	Elect.	\$70,000	\$46.67
<b>OXNARD AIRPORT HANGARS</b>							
1	P-019	Nov-13	T	800	None	\$13,000	\$16.25
2	P-040E	Oct-13	T	1,000	Elect.	\$30,000	\$30.00
3	P-016	Jan-08	T	800	None	\$28,000	\$35.00
4	P-006E	Apr-04	T	800	Elect.	\$15,000	\$18.75
5	P-014	Jan-04	T	800	None	\$18,000	\$22.50
6	TP-54E	Jul-16	Box	1,350	Elect.	\$55,000	\$40.74
7	P-031E	Jun-15	MT	1,250	Elect.	\$80,000	\$64.00
8	P-043	Jan-15	Box	2,250	None	\$100,000	\$44.44
9	TP-55E	Dec-14	Box	1,350	Elect.	\$70,000	\$51.85

It is the opinion of this appraiser that the comparison properties are all reasonably similar to the subject properties in regard to the physical, social, economic and governmental factors affecting value, and are considered to be reliable indicators of

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value for the subject properties. The physical unit of comparison is the price per square foot of building area.

## Discussion of Selected Sale Comparables

Each sale surveyed has been analyzed in terms of a number of selected property characteristics. All of the properties are similar to the subject hangars in one or more characteristics, and together, serve as a reasonable comparison pool for establishing an indication of value for the subject property. Due to numerous simultaneous differences among the comparables, it is sometimes not possible to precisely extract specific adjustments relative to the noted differences in the comparison characteristics; however, wherever general directions in value are identified they may be relied upon wherever possible and reasonable. In some cases, adjustments are based on mathematical estimates which are then tested for reasonableness in light of the opinions of informed sources.

The adjustment for **conditions of sale** reflects the fact that some properties are sold on a distress basis. In the case of the comparables discussed above, none included unusual motivation on the part of the seller.

The adjustment for **financing** reflects a cash equivalence calculation. The calculation takes into account financing provided by a seller as an enhancement to the buyer. The enhanced financing would include terms considered more favorable than those available through conventional financing. In the case of the selected comparables, no finance enhancements were provided the buyers.

Adjustments for **market conditions** are based on a comparison of market supply-demand conditions at the date of sale as compared to the supply-demand conditions on the date of value. Typically, market statistics can provide insight into the market conditions at a particular point in time.

Primary **locational** and **physical** characteristics differentiated the various hangars from one another. The below discussion summarizes the various categories considered relevant to the analysis.

### Location/Airport Amenities

As discussed previously, when discussing the subject hangars' general location and airport amenities, it was determined that the Camarillo Airport attracts higher values than the Oxnard Airport. Specific hangar locations at each airport was thought to

likely affect value; however, after studying the sale data available, little evidence supports such a notion.

#### Hangar Type/Size/Doors

As discussed previously, aircraft hangars come in two basic configurations representing the greatest difference affecting value. Box hangars sell for more per square foot than t-hangars.

#### Hangar Amenities

A second anticipated source of value difference was the presence of electricity. It was determined, not surprisingly, that the availability of utilities affects value. Twelve of the fourteen Camarillo Airport comparables included electricity. Among the nine Oxnard Airport hangars, five included electricity. Insufficient data was available from which to discern an adjustment for the presence of electricity. In the end, a qualitative adjustment was made for the present of electricity.

### **Value Conclusion**

As evidenced by the selected sale comparables, generally speaking t-hangars sell for less than box hangars on a per square foot basis. According to the data researched, Camarillo Airport t-hangars sold for unit values between **\$37.50 to \$70.59** per square foot. The sales occurred between February 2016 and August 2016. Five of the seven sale data range from **\$46.25 to \$52.94** per square foot, and average **\$48.93** per square foot. Camarillo Airport box hangars included unit values of **\$46.67 to \$76.67** per square foot. The sales occurred between June 2015 and July 2016. Five of the seven sale data range from **\$66.67 to \$76.76** per square foot, and average **\$71.34** per square foot.

The Oxnard Airport data had fewer sales than that of the Camarillo Airport's data. According to the data researched, Oxnard Airport t-hangars sold for unit values between **\$16.25 to \$35.00** per square foot. The sales occurred between January 2004 and November 2013. Three of the five sales range from **\$22.50 to \$35.00** per square foot. Oxnard Airport box hangars included unit values of **\$40.74 to \$64.00** per square foot. The sales occurred between December 2014 and July 2016.

In addition to the selected sale comparables, consideration was given to several properties listed for sale. As of the date of value, information on eighteen available hangars at both airports was available. The information is summarized on the following table.

LISTING SUMMARY TABLE						
No	Address	Type	Size	Utilities	Asking Price	Asking Price/SF
<b>CAMARILLO AIRPORT HANGARS</b>						
1	P-46	T	800	None	\$79,000	\$98.75
2	P-47	T	1,230	None	\$50,000	\$40.65
3	P-57	T	800	None	\$115,000	\$143.75
4	P-005E	T	850	Elect.	\$65,000	\$76.47
5	P-18E	T	850	Elect.	\$55,000	\$64.71
6	P-20E	T	850	Elect.	\$60,000	\$70.59
7	P-180E	T	850	Elect.	\$53,000	\$62.35
8	P-68	Box	2,000	None	\$130,000	\$65.00
9	P-77	Box	1,500	Elect.	\$100,000	\$66.67
10	P-091E	Box	1,470	Elect.	\$110,000	\$74.83
11	P-094	Box	1,500	Elect.	\$115,000	\$76.67
12	P-150E	Box	1,500	Elect.	\$130,000	\$86.67
13	P-153E	Box	1,500	Elect.	\$100,000	\$66.67
14	P-161E	Box	1,512	Elect.	\$115,000	\$76.06
15	P-163E	Box	1,500	Elect.	\$130,000	\$86.67
<b>OXNARD AIRPORT HANGARS</b>						
1	P-19	T	800	None	\$15,000	\$18.75
2	P-27	T	1,400	None	\$70,000	\$50.00

Properties listed for sale tend to define the upper limit of value. While bidding can result in values exceeding an asking price, it is rare in non-residential properties.

The available t-hangars at Camarillo Airport ranged from **\$40.65 to \$143.75** per square foot. Four of the seven available t-hangars at Camarillo Airport ranged from **\$62.35 to \$76.46** per square foot, and averaged **\$68.53** per square foot.

The available box hangars at Camarillo Airport ranged from **\$65.00 to \$86.67** per square foot and averaged **\$71.16** per square foot.

As of the date of value, fewer hangars were for sale at Oxnard airport. The two available are t-hangars with wide ranging asking prices (**\$18.75 and \$50.00** per square foot, respectively).

In the final analysis, the following unit values were considered to represent hangar values at the two airports.

Type	T-Hangar	Box Hangar
Camarillo Airport	\$45 - \$50	\$70 - \$75
Oxnard Airport	\$20 - \$30	\$40 - \$50

The value of any particular hangar within the above stated ranges would depend on physical characteristics and condition of each hangar.

## Reconciliation

The concluded market value of the subject's **Leasehold** interest in the land and **Fee Simple** interest in hangar structures located at Camarillo Airport and Oxnard Airport was determined through use of the Sales Comparison Approach. Research into the sales of hangars at each airport was conducted. Although there exist locational and physical differences among the various sale comparables, the data was considered sufficient to paint a picture of a range of market values. In the end, it was concluded that the market value of hangars at the two airport, as of the date of value, and subject to the Assumptions and Limiting Conditions, was as follows:

Type	T-Hangar	Box Hangar
Camarillo Airport	\$45 - \$50	\$70 - \$75
Oxnard Airport	\$20 - \$30	\$40 - \$50

***ASSUMPTIONS AND LIMITING CONDITIONS***

**ASSUMPTIONS AND LIMITING CONDITIONS:**

1. No responsibility is assumed for legal or title considerations. Title to the properties is assumed to be good and marketable unless otherwise stated in this report.
2. The properties are appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
3. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the properties.
6. It is assumed that there are no hidden or unapparent conditions of the properties, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
9. It is assumed that all required licenses, certificates of occupancy consents, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
10. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- 11.. It is assumed that the utilization of the land and/or improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
12. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the **possibility** of the presence of

such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the properties. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.

13. Unless otherwise stated in this report, the subject properties are appraised without a specific compliance survey having been conducted to determine if the properties are or are not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the client without the prior written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
16. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony or be in attendance in court, or in any other governmental or other hearing with reference to the subject properties unless specific arrangements have been previously made with the appraiser relative to such additional employment.



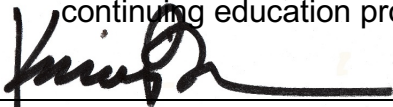
**SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS:**

1. Inaccessible areas are assumed to be in satisfactory condition.
2. Neither a soils report nor environmental assessment report were provided to the appraiser. The unavailability of this information requires the limiting condition that a precise determination of issues of soils and environmental condition are beyond the scope of investigation by the appraiser, and that there are no negative conditions related to these items.

**CERTIFICATION:**

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

1. The facts and data reported in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions stated in this report, and are my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the properties that are the subject of this report and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the current requirements of the Uniform Standards of Professional Appraisal Practice as published by the Appraisal Foundation, and the federal financial institutions regulating agencies.
7. I have made a personal inspection of the properties that are the subject of this report.
8. Ron Singer provided significant professional assistance in the appraisal assignment. Mr. Singer provided assistance in the compilation of property information, market data and the drafting of the report.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. The appraiser attests that he has the appropriate knowledge and experience to competently appraise the subject properties.
12. As of the date of this report, Kevin P. McAtee has completed the requirements of the continuing education program of the Appraisal Institute.

  
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Kevin P. McAtee, MAI  
CA Certified Appraiser #AG014257

October 18, 2016  
\_\_\_\_\_  
Date

***APPRAISER QUALIFICATIONS***

**KEVIN P. MCATEE, MAI**

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**Professional Background**

Over thirty years of real estate experience with knowledge and expertise in appraisal, feasibility analysis, finance, construction, and marketing of real estate.

Skilled in lease analysis, discounted cash flow analysis, highest and best use analysis and project feasibility/market analysis.

Appraisal experience includes office, retail, industrial, multi-family and agricultural. Interest appraised includes fee simple and leased fee, full and partial-take.

**EXPERIENCE**

Principal HOFFMAN, VANCE AND WORTHINGTON, Inc, Real Estate Appraisal and Consulting: July, 1998 to Present

Owner of McATEE ASSOCIATES, Real Estate Appraising and Consulting: October, 1992 to 1998.

TOLD Corporation - Development Group, Oxnard, California: Asst. Vice President, Marketing, 1990 - 1992; Marketing Manager, 1989 - 1990; Development Manager, 1987 - 1989.

TOLD Real Estate Corporation, Ventura, California: Commercial Real Estate Brokerage, 1985 - 1987.

Charles Dunn Company, Los Angeles, California: Commercial Real Estate Brokerage, 1983 - 1985.

**EDUCATION BACKGROUND**

**Loyola Marymount University, Westchester, California**

B.S. Degree - Business Administration  
Emphasis in Finance

**Appraisal Institute/International Right of Way Association**

Standards of Professional Practice - Part A  
Standards of Professional Practice - Part B  
Standards of Professional Practice - Part C  
Introduction to Appraising Real Estate  
Capitalization Theory & Technique - Part A  
Capitalization Theory & Technique - Part B  
Case Studies in Real Estate Valuation  
Report Writing & Valuation Analysis  
1996 Annual Litigation Seminar  
2000 Annual Litigation Seminar  
Condemnation Appraising: Advanced Topics and Applications  
Land Development Seminar  
Affordable Housing Valuation Seminar  
Eminent Domain Law

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Uniform Standards for Federal Land Acquisitions

**PROFESSIONAL LICENSES**

Certified General Appraiser, State of California, License No. AG 014257  
Real Estate Broker, State of California, License No. 00857852

**PROFESSIONAL AFFILIATIONS**

MAI Member of the Appraisal Institute, Membership (1996) No. 11124  
Board of Directors, Appraisal Institute, Ventura County Chapter (1995-1997)  
Past Member Project Area Committee, City of San Buenaventura Redevelopment Agency  
Board of Directors, Santa Barbara Channel Foundation  
Board of Directors, Ventura County Tax Payers Association  
Board of Directors, Museum of Ventura County  
Board of Directors, Holy Cross School at San Buenaventura Mission School Board

**PARTIAL CLIENT LIST**

All Pacific Mortgage Company  
Allstate Life Insurance Company  
American Commercial Bank  
Bank of Ventura  
Bear Stearns  
Bloomfield Acceptance Company  
California Community Reinvestment Corporation  
California State University  
Calleguas Municipal Water District  
City of Camarillo  
City of Moorpark  
City of Oxnard  
City of Simi Valley  
City of Ventura  
City of Westlake Village  
California Coastal Conservancy  
Conejo Valley School District  
County of Ventura Public Works  
County of Ventura Department of Airports  
Cushman & Wakefield  
East-West Bank  
First California Bank  
Fortis, Inc.  
GNA  
Gladstone Group  
Guardian Life Insurance Company  
Hamner, Jewel & Associates  
Hardwick School District (State of New Jersey)  
Hueneme School District  
Industry Mortgage Company  
Kansas City Life Insurance Company  
Keystone Mortgage Company  
KL Associates  
Law Offices of Arnold, Back, Mathews, Wojkowski & Zirbel  
Law Offices of Burke, Williams & Sorensen, LLP  
Law Offices of Ferguson, Case, Orr, Cunningham & Patterson

Law Offices of Gary Byron Roach  
Law Offices of Hatch & Parent  
Law Offices of Hill, Farrer & Burrill  
Law Offices of Jackson, DeMarco, Pechenpaugh  
Law Offices of Kane, Ballmer & Berkman  
Law Offices of Lascher & Lascher  
Law Offices of Lowthorpe, Richards, McMillan, Miller, Conway & Templeman  
Law Offices of Maho & Prentice  
Law Offices of McGilvray & Perez  
Law Offices of McClintock, Weston, Benshoof, Rochefort, Rubalcava & MacCuish  
Law Offices of Mullen & Henzell LLP  
Law Offices of Nordman, Cormany, Hair & Compton  
Law Offices of Norman, Dowler, Sawyer, Israel, Walker & Barton  
Law Offices of Nossaman, Guthner, Knox & Elliot LLP  
Law Offices of Rupp & Zimmer  
Law Offices of Saphier, Rein & Walden  
Law Offices of Stradling, Yocca, Carlson & Rauth  
Law Offices of Sullivan, Workman & Dee  
Lincoln Property Company  
Los Padres Bank  
Los Robles Bank  
Macerich Company  
Mid State Bank & Trust  
Midland Life Insurance Company  
MIG-Moir Mortgage Company  
Montague School District (State of New Jersey)  
Montecito Bank & Trust  
New York State Attorney General  
O'Connor & Company Securities  
Oxnard Unified School District  
Plumsted School District (State of New Jersey)  
Santa Barbara Bank & Trust  
Southern California Edison Company  
Southwest Unified School District (State of Ohio)  
The Irvine Company  
The Nature Conservancy  
United States Navy  
United States Postal Service  
Ventura County Business Bank  
Ventura County Commerce Bank

#### **QUALIFIED EXPERT**

Los Angeles County Superior Court  
Ventura County Superior Court  
Ventura County Property Tax Appeals Board