

DAVID J. VARGAS - REAL ESTATE APPRAISALS

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March 30, 2006

Mr. Trent Cave
NAPA-VALLEJO WASTE MANAGEMENT AUTHORITY
1195 3rd Street
Napa, Ca 94559

**RE: An appraisal of two vacant land parcels
Eucalyptus Drive
APN's: 058-030-016 and 018
American Canyon, California**

Dear Mr. Cave:

At your request and authorization, David J. Vargas has appraised the subject property located on the northerly side of Eucalyptus Drive near Wetlands Edge Road in the City of American Canyon, California. The property is located at the southwesterly foot of Oat Hill, which is a prominent, small group of hills that generally define the area. The neighborhood is comprised of single family residential uses to the south of the subject and minimally developed land to the north, east and west of the subject property. The dominant character and pattern of development in the neighborhood is single family residential.

The subject property is comprised of two parcels which are identified by Assessor's Parcel Numbers 058-030-016 and 018. They comprise 28.09 and 20.66 acres, respectively. The subject parcels are accessed directly from Eucalyptus Drive and they are currently zoned GI: General Industrial and RE: Residential Estate, respectively. The parcels are identified as Parcel 1 and Parcel 2 for our purposes of appraisal.

The City of American Canyon is currently developing the Oat Hill Master Plan which encompasses the subject parcels as well as those which lie to the north, east and west. The plan is to bring an integrated mix of residential uses, parks and open space into the neighborhood which will complement existing uses and utilize the Oat Hill area maximally. The plan involves a joint effort of the city and the property owners in the neighborhood, including the subject property owner -- Napa-Vallejo Waste Management Authority.

If adopted, the Oat Hill Master Plan would result in a rezoning of the subject parcels to residential uses of 2 to 5 units per acre and 5 to 12 units per acre. The current zoning and potential changes in zoning are in anticipation of broad changes in use in the near future.

The purpose of the appraisal is to estimate the "as is" market value of the fee simple interest in the subject property as well as its market value based on the assumption of the Oat Hill Master Plan being adopted as currently proposed and described herein. The function of this appraisal is for the exclusive use of the client for asset management decisions.

In the course of our investigation, we have inspected the subject parcels and surrounding neighborhood. In our valuation, we have utilized the Sales Comparison Approach to value. The following report constitutes a Complete Appraisal in a summary format. The date of valuation is March 15, 2006 which is also the property inspection date.

Based on our investigation and analysis, it is our opinion that the "as is" market value of the subject fee simple interests as of March 15, 2006 is the following:

| | |
|----------------------------|---------------------|
| Parcel 1: APN: 058-030-016 | \$ 1,675,000 |
| Parcel 2: APN: 058-030-018 | <u>\$ 6,000,000</u> |
| Aggregate value: | \$ 7,675,000 |

Based on our investigation and analysis, it is our opinion that the "as is" market value of the subject fee simple interests as of March 15, 2006, subject to the hypothetical assumption that the Oat Hill Master Plan be adopted as proposed, is the following:

| | |
|-------------------------------------|----------------------|
| Parcel 1: APN: 058-030-016 | \$ 12,000,000 |
| Parcel 2: APN: 058-030-018 | <u>\$ 8,400,000</u> |
| Aggregate value: | \$ 20,400,000 |
| Present Value (2 year hold): | \$ 17,500,000 |

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The report which follows contains a summary of our investigation and analysis. The conclusions contained herein are subject to the limiting conditions attached. This report has been produced in conformity with the Uniform Standards of Professional Practice (USPAP) of the Appraisal Foundation, and is subject to the requirements of the Code of Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report departs from the strict guidelines of USPAP in its assumptions made and hypothetical valuations as permitted by its departure provision.

Respectfully submitted,



David J. Vargas
Certified General Appraiser
California Certificate #AG009137