

\$162,000,000 for both parcels” and is required to replace all “anchorage facilities” no later than the 45<sup>th</sup> anniversary of the lease extension. The base rent for years 1-5 is approximately \$496,000 based on the gross rents for the three years prior to the negotiation of the option agreement. Percentage rent for the apartments is 10.5-percent of gross receipts and 25.0-percent of the revenue generated by the marina. The annual rent is the greater of the minimum rent or percentage rent and the minimum rent will be adjusted in the 6<sup>th</sup> year and every 3<sup>rd</sup> year based on 75-percent of the prior three years average annual rent. The minimum and fair market percentage rent will be renegotiated in the 20<sup>th</sup> year. There is a \$1,000,000 fee to exercise the option. A representative of the County noted that the Lessee is in the process of gaining all the entitlements required to exercise the option. It is projected that the new lease will generate between \$2.4- and \$2.9 million in lease revenue annually for the County. The Lessee is responsible for all ongoing maintenance and repair of all landside and waterside improvements, including the sea walls and dredging. It was reported that similar maintenance and repair requirements apply to all leases in Marina del Rey.

**Data Item Six** is similar to Data Item Five; however, the Lessee exercised the option and the Amended and Restated Lease Agreement commenced on January 19, 2012. The lease is between the County of Los Angeles and the ground lessee for the uplands and tide lands identified as Parcel 7, located at 13900 Tahiti Way, Marina del Rey. The property is improved with a 149-unit apartment and 214 slip (+9 end ties) marina. The uplands and tidelands contain 484,973 square feet. The prior 60-year lease was set to expire in February 2022 and it was noted that the current Lessee was a successor-in-interest to the prior lease. The Amended and Restated Lease gives the lessee a 33-year lease extension through February 2055 and it was reported that the Lessee initiated the negotiations with the County. The lessee intends to renovate the existing improvements and is required to replace all the waterside improvements within 12 years of renovation of the landside improvements. The Lessee has agreed to spend at least \$22 million on the renovation and pay a \$100,000 option fee and \$100,000 fee to exercise the option. The initial base rent is approximately \$739,500 based on the gross rents for the three years prior to the negotiation of the option agreement. Percentage rent for the apartments is 12.0-percent of gross receipts and 25.0-percent of the revenue generated by the marina. The annual rent is the greater of the minimum rent or percentage rent and the minimum rent will be adjusted every 3<sup>rd</sup> year based on 75-percent of the prior three years average annual rent.

**Data Item Seven** is similar to Data Item Five as the Lessee has not exercised the option and the Amended and Restated Lease Agreement has not commenced. The County of Los Angeles is the Lessor and the property includes the uplands and tide lands identified as Parcel 21, located at 13915 Panay Way, Marina del Rey. The property is improved with a commercial center (Holiday

Harbor), 182 slip marina and associated parking. The uplands and tidelands contain approximately 246,895 square feet. The prior 60-year lease was set to expire in August 2026 and it was noted that the current Optionee/Lessee is the Lessee in the existing lease. The Option and proposed Amended and Restated Lease gives the lessee a 39-year lease extension through August 2065. The lessee intends to demolish the existing improvements and will construct a new 29,000 square foot commercial building (including a yacht club, health club, retail & office space) with an attached 447 space parking structure and the replacement of the 182 slip marina with a 92 slip marina at a total cost of not less than \$13 million. The lease requires the complete replacement of the docks between the 30<sup>th</sup> and 35<sup>th</sup> year from the effective date of the Amended and Restated Lease. The site area will be modified upon completion of the improvements; however, based on the current parcel size the initial base rent of \$215,000 equates to \$0.85 per square foot of combined uplands and tidelands. The minimum rent will be adjusted every three years based on the gross rents for the three years prior to the negotiation of the option agreement. Percentage rent for the marina is 25.0-percent of the gross revenue and the following table is a summary of the percentage rents for other commercial uses on the property:

Service	% Rent
Boat slips, dock lockers, dingy & dry storage	25.0%
Dockside gear lockers	20.0%
Dry storage, landside storage, sale of live bait	25.0%
Occupancy of hotels, apartments, meeting rooms or other land/water side facilities	10.5%
Occupancy of offices, restaurants, stores, shops and commercial establishments	12.0%
Boat brokerage, car rental & insurance commissions	25.0%
Charter boat, bareboat & sport fishing charters	6.0%
Commission from sublessee's for charter boat, bareboat & sport fishing charters	20.0%
Owned coin operated vending machines	5.0%
Commissions from coin operated vending machines	25.0%
Primary business of on-site sale of alcohol (Bar, tavern, cocktail lounge, etc...)	10%
On site food & beverage service (restaurant, coffee shop, etc...)	4%
Club dues & initiation fees	15%
Entertainment centers excluding movie theaters	5%
Retail sales	5%

It was reported that the Lessee is in the final phase of gaining the required entitlements, which are a condition of the option and the Lessor anticipates the option will be exercised in the near future.

**Data Item Eight** is a lease option between the County of Los Angeles and the current leasehold owner (NF Marina, LP who acquired the leasehold in September 2005) of the upland and tidelands located at 14015 Tahiti Way in Marina del Rey. The property is identified as Parcel 8T and is improved with 205 apartment units and a marina with 230 slips and 11 end ties. The combined upland and tide land property contains 246,044 square feet. The existing 60-year lease expires in June 2021. The option gives the lessee a 30-year lease extension (Amended and

Restated Lease) through June 2051. The lessee has agreed to spend no less than \$20 million in renovations and replacement of the land and water side improvements including the removal and replacement of the marina. The new marina will include 207 slips and 11 end ties. The base rent is approximately \$624,000 based on the gross rents for the three years prior to the negotiation of the option agreement. Percentage rents are 14.5-percent of gross receipts for the apartments and 25.0-percent of the marina revenue. The annual rent is the greater of the minimum rent or percentage rent and the minimum rent will be adjusted every 3<sup>rd</sup> year based on 75-percent of the prior three years average annual rent. The minimum and fair market percentage rent will be renegotiated in the 20<sup>th</sup> year. A representative of the County noted that the Lessee is in the process of gaining all the entitlements required to exercise the option and will commence demolition of the existing marina in September 2012. The Optionee renewed the option in October 2011 and paid a non-refundable \$100,000 extension fee.

**Data Item Nine** is a lease option between the Ventura Port District and Sondermann-Ring Partners for the development of an approximately 21-acre parcel (upland & tideland) that includes 270 apartment units, 30 live/work units, 21,300 square feet of retail space, 8,600 square feet of recreational facilities and a 104 slip marina. The California Coastal Commission approved the project in April 2012 and the developer is in the process of finalizing the plans and gaining the remaining entitlements and permits. The Port Manager reported that commencement of construction is anticipated for mid-2013. The specific details of the lease were not disclosed; however, the Port Manager reported that the marina rent is 25-percent of the gross revenue. He also noted that over the past few years they have increased the percentage rent for two other marinas in the harbor (Ventura West and Ventura Island) from 20-percent of gross revenue to 25-percent of gross revenue. It was reported that the increases are being phased in over a five year period. The manager reported that all maintenance and repairs, including dredging of the marina water area is the responsibility of the operator.

#### Additional Data – Marina Leases

**Channel Island Harbor** is under the jurisdiction of **Ventura County** and the harbor was formed by the dredging of dry lands and the Director of the Harbor Department notes that while all marinas are over water they technically have no “tidelands” but have “water area”. In 2005/2006 they negotiated Amended and Restated Leases for three existing marinas/anchorages and reported that the two of the renegotiations did not involve any options or lease extensions and that one lease was negotiated after an RFP had been sent out to interested parties. The properties involved are the Peninsula Yacht Anchorage (PYA), the Peninsula Yacht Anchorage East (also combined with the Villa Sirena I, Villa Sirena II and Anchorage parcels) and the Bahia Cabrillo Marina. The Lessees were given the option to extend the leases for up to 40-years and they were

required to replace (in phases) all the existing docks on each leasehold and failure to complete the improvements would result in default of the lease. The marina/anchorage lease set the rent for marina/anchorage uses at 25-percent of gross receipts, which was an increase from 20-percent being paid in the original leases. It was reported that the increase from 20- to 25-percent was phased in over a three to five year period. The Director noted that all of the options were exercised and the operators have completed the replacement of all the marina/anchorage improvements, including dredging when required. It was reported that the minimum rent is re-set every three- to five-years based on 80-percent of the projected percentage rent for the upcoming year. With respect to the Peninsula Yacht Anchorage, it was noted that the marina is accessed from a public walkway around the end portion of the peninsula as the marina lessee has no control of the uplands property, but they pay the same percentage rent.

Based on a discussion with the Real Estate Manager for **The Port of Los Angeles** (City) and information provided, the Port has ten marinas and anchorages (Permit Nos. 800 thru 808 & 825) located in the East Basin/Cerritos Channel area of Los Angeles Harbor (San Pedro) that were operating on a “permit” basis. The ten marinas occupy a combined 15.29 acres of land and 48.42 acres of water and represent a total of 1,451 boat slips. Between 2001 and 2003 the Port granted conditional 30-year renewal permits to the 10 marina operators that became effective in November 1995 and set the fixed monthly compensation and percentage rents payable for the period from November 1995 through October 2005. The base rent for each leasehold for the five year period commencing in November 2005 period is based on an annual rent of \$1.40 per square foot of land and \$0.325 per square foot of water discounted by 25% for the Ports participation in gross receipts. For 2005 through 2010 the District received 22.5% of the gross receipts from vessel berthing and anchorage. This rate compares with 20% from the prior five year period (2000-2005). It was reported that the new rate (commencing in 2010/2011) is 25.0-percent of gross revenues and the minimum rent is calculated based on 75-percent of the past three years average rent. They have abandoned the per square foot method of calculating the minimum rent as it “no longer reflects the market”. The City is responsible for the maintenance and repair of “all revetments and retaining slopes, breakwaters and other improvements owned by the City located on or adjacent to” the leased premises; however, the City is not responsible for performing dredging on or adjacent to the leased premises.

In 2005 the **City of Redondo Beach** and the operator of the Portofino Marina entered into a new lease for both tidelands and uplands parcels that are developed with a marina, hotel and several retail outlets. The Lessee had previously operated the marina and it was reported by the City that they negotiated a new 55 year lease that commenced in 2005 and there was no renewal or options involved in the new lease. The rent applicable to the marina is 27.0-percent of the gross revenue

and the Lessee is required to set aside 1.0-percent for renovations and 1.0-percent for capital improvements over the term of the lease.

The **San Diego Port Authority** is currently negotiating a lease for tidelands (140,700 Sq.Ft.) to expand Glorietta Bay that does not include the associated uplands (132,100 Sq.Ft.), which are owned by the City of Coronado. The City reportedly is going to expand Glorietta Bay and add marina facilities for public use. The negotiations are on-going and the final terms are not available; however, it was reported that they are proposing that the standard percentage rent for a marina (22.0% of gross) with a pro-rata reduction based on the percentage of ownership of the overall property. As an example, assuming the combined tidelands (75,000 Sq.Ft.) and uplands (25,000 Sq.Ft.) are 100,000 square feet, the percentage of gross applicable to the tidelands is 75-percent (75,000 Sq.Ft./100,000 Sq.Ft.); therefore, under this example the rent applicable to the tidelands is 16.5-percent (22.0% x 0.75) of the gross marina revenues.

It was further reported that the **San Diego Port Authority** is negotiating with the **State Lands Commission** for an approximately 7.0-acre parcel of tidelands in Glorietta Bay that is adjacent to the tidelands that the Port leases to the Coronado Yacht Club. This parcel is outside of the pierhead line and comprised of just tidelands. The proposal is for the Port to lease the tidelands from the State Lands Commission and then sublease tidelands to the Coronado Yacht Club. The Yacht Club is going to use the tidelands to expand and reconfigure their existing marina. It was reported that no specific lease rate has been negotiated and parties on all sides (Port, State Lands Commission & Yacht Club) report very different figures both in absolute terms, in terms of percentage rent and rent per square foot of tidelands. The Yacht Club and State Lands Commission both report that the transaction is stalled due to issues regarding the precedent that would be set if land outside the pierhead line was leased for private use (yacht club) and the provision that the Yacht Club provide public access (they do not want private access along the bulkhead between their building and marina).

As was previously discussed, Newport Harbor is unique in that most tidelands suitable for commercial piers in Newport Harbor are not leased in conjunction with the adjoining upland parcel. Many of the parties interviewed during the course of completing this assignment did note that they believe that the percentage rent should be discounted to reflect that the uplands and tidelands are not joined and only the tidelands are leased – generally to the owner of the upland parcel.

The representative for the County of Orange (Mike Hentzen) that leases County properties in Newport Harbor reports that the County discount the percentage rent for the two parcels they have that are not joined to their uplands parcel, Newport Marina (former Swales Anchorage) and

Bayshore Marina, which are leased for 20-percent of the gross revenue from slip fees without the uplands, while the Newport Dunes and Sunset Aquatic Marina are leased for 25-percent of the gross revenue from slip fees and include the upland parcel. It should be noted that the Bayshore Marina has an intervening strip of water between the tidelands and uplands, while the tidelands associated with the Newport Marina extend to the seawall with no intervening water. The County leases provide that the Lessee is responsible for dredging the tidelands and it was reported that seawalls are the property of the upland owner and it is their (upland owner) responsibility to maintain the seawall.

One party interviewed suggested that there should be no discount because the slip rental rates that could be commanded would be impacted by the inability to provide upland amenities and in absolute dollars the rent to the jurisdiction would be lower; however, most uplands properties do provide some level of amenities. Another party indicated that the percentage rent for the tideland parcel without the upland parcel should not be any different than the combined upland/tideland parcel but that the Lessee should be able to offset the costs of any amenities on the upland parcel that are for the exclusive use of the tideland parcel and any cost associated with providing access (parking costs, etc...) to the tideland parcel. In both cases it was suggested that if the upland property owner did not provide amenities for the use of the tidelands the slip fees would be lower relative to other marinas that provide the upland amenities and in absolute numbers the rent would be lower, but it should not impact the percentage paid.

The San Diego Port is currently negotiating with the City of Coronado for tidelands under Port jurisdiction that are joined to uplands owned by the City. Reportedly, there is a proposal that the percentage applied to the gross marina revenues is going to be allocated based on their respective pro-rata allocation of the area of the tidelands relative to the combined area of the uplands/tidelands.

The market data uncovered indicate that current market rent for tidelands that support commercial piers/marinas range from 16.5-percent to 25.0-percent of the gross slip income, with two older leases in Newport Harbor at 31.0-percent and 40.0-percent including both upland and tideland parcels. There are two County leases in Newport Harbor that include just the tidelands. In both cases, the tidelands Lessee is the owner of the upland parcel; however, in both cases the tidelands extend to areas outside of the upland owners land. The data for Marina del Rey includes upland parcels that include both residential uses (multi-family) and commercial uses and the percentage rent applicable to the tidelands for marina use in the same (25%) for both use categories. In the final analysis, the County lease data within Newport Harbor is given the primary emphasis and the balance of the data is supportive of this data.

The market data uncovered suggests that the location within the harbor does not impact the percentage rent paid or the “base” rent per square foot. The lease data for the marina properties in Marina del Rey all pay the same percentage rent, regardless of their location within the harbor and their access to support facilities. The parties interviewed during the course of completing this assignment noted that same opinion and generally opined that any perceived locational differences within a harbor would impact the slip rental fees and in absolute terms the percentage rent being paid would reflect any perceived locational differences. The only data uncovered that suggests there is a difference based on the location within the Harbor is Lease Data Four, which is located approximately 11-miles from the harbor mouth in National City. The Port representative noted that the surrounding location is more industrial in nature and that given the neighborhood surroundings and distance from the harbor mouth they established a lower base rent and lower percentage rent than is typical in the Port.

Based on the market data uncovered and the interviews conducted during the course of completing this assignment I have concluded that **the submerged tidelands in Newport Harbor that are not leased in conjunction with the adjoining upland parcel and used for marina purposes have a Fair Market Rent of 20.0-percent of the gross revenue from slip rental fees.**

#### Discussion – Commercial Piers/Marinas – Rent Per Square Foot

As was previously discussed, Newport Harbor is unique in that most tidelands suitable for commercial piers in Newport Harbor are not leased in conjunction with the adjoining upland parcel. At the present time the City charges a flat fee of \$0.36 per square foot for a tidelands permit. In most cases, the upland property owner is the permit holder and the use of the tideland property is generally complimentary to the use of the upland parcels.

As a check of the percentage rent conclusion, I have completed an analysis of two marinas located in the harbor to determine the rent per square foot of tidelands relative to the data uncovered and previously presented. Using the slip rates from the marina slip survey presented on pages 19 to 29 of this report and the current slip mix I have forecast the gross potential slip income that the marina can generate, deducted an allowance for vacancy and collections loss and estimated the gross revenue associated with the slip fees.

Based on the marina survey referenced above, I have concluded that an allowance for vacancy and collection loss of 5.0-percent is appropriate to use in the pro-forma analysis. This is based on the occupancy levels reported and the overall vacancy for the nine marinas included in the survey that includes a total of 1,516 slips with approximately 64 slips available (4.2%).

I have completed this analysis using the Balboa Yacht Basin (Rental One) and the Bayshore Marina (Rental 3) as they reflect the lowest (Balboa Yacht Basin) and highest (Bayshore Marina) slip fees uncovered in Newport Harbor. The analysis is presented below. The Balboa Yacht Basin is located off of Bayside Drive and provides parking and restrooms on the upland parcel and the tidelands area is 226,272 square feet. The following table is an estimation of the gross potential slip fees based on the current slip fees and the reported mix of slips.

Slip Length	Slip Fee /Lineal Foot	Monthly Slip Fee	No. of Slips	Gross Potential Slip Fees
20	\$18.01	\$360.20	1	\$ 360.20
25	\$19.55	\$488.75	3	\$ 1,466.25
31	\$23.23	\$720.13	38	\$ 27,364.94
32	\$23.23	\$743.36	8	\$ 5,946.88
34	\$24.29	\$825.86	2	\$ 1,651.72
35	\$25.03	\$876.05	70	\$ 61,323.50
37	\$25.21	\$932.77	2	\$ 1,865.54
40	\$26.71	\$1,068.40	33	\$ 35,257.20
45	\$27.64	\$1,243.80	3	\$ 3,731.40
50	\$33.15	\$1,657.50	5	\$ 8,287.50
60	\$33.09	\$1,985.40	3	\$ 5,956.20
75	\$33.51	\$2,513.25	3	\$ 7,539.75
<b>Total</b>	<b>\$26.05 (avg.)</b>	<b>\$1,117.96 (avg.)</b>	<b>171 36.4 LF Avg.</b>	<b>\$160,751.08 \$940.06 avg.</b>

Based on the above the reported slip fees and slip mix (171 slips with an average size of 36.4 lineal feet) and a rental rate of 20-percent of the gross slip fee revenue, the rent per square foot of tideland area, is calculated in the following table:

Potential Gross Slip Fee Revenue - \$160,751/Month x 12 Months:	\$1,929,012
Less - Vacancy & Collections Loss @ 5.0%:	- 96,451
Effective Gross Slip Fee Revenue - Annual:	\$1,832,561
Concluded Percentage Rent Figure applicable to Pier/Marina:	x 0.20
Annual Percentage Rent - Total:	\$ 366,512
Tidelands Area - Sq.Ft.:	-:- 226,272
Annual Rent Per Sq.Ft. of Tidelands (rounded):	\$1.62

Using the current slip count and slip fees, the indicated percentage rent of \$366,512, equates to a rental rate of \$1.62 per square foot of tidelands. It should be noted that this analysis reflects the annual percentage rent assuming that all of the slips are rented at the current asking rent. This marina is owned and operated by the City of Newport Beach and there is no historic rent figure to compare with the pro-forma rent.

The Bayshore Marina is located off the Bayshores residential community at 2572 Bayshore Drive. Based on the County lease agreement the tideland area is 100,057 square feet. The Lessee



owns the upland property (provides parking & restroom facilities) and the intervening water between the tidelands (bulkhead line) and the seawall that defines the property line of the single-family residences located on Bayshore Drive. The following table is an estimation of the gross potential slip fees based on the current slip fees and the mix of slips.

Slip Length	Slip Fee /Lineal Foot	Monthly Slip Fee	No. of Slips	Gross Potential Slip Fees
15	\$26.75	\$401.25	1	\$ 401.25
17	\$26.75	\$454.75	1	\$ 454.75
20	\$26.75	\$535.00	42	\$ 22,470.00
23	\$26.75	\$615.25	24	\$ 14,766.00
26	\$28.60	\$743.60	7	\$ 5,205.20
32	\$34.85	\$1,115.20	27	\$ 30,110.40
39	\$37.00	\$1,443.00	27	\$ 38,961.00
60	\$56.60	\$3,396.00	4	\$ 13,584.00
64 – ET	\$56.60	\$3,622.40	--	--
68	\$56.60	\$3,848.80	--	--
83	\$59.00	\$4,897.00	5	\$ 24,485.00
<b>Total</b>	<b>\$39.66 (avg.)</b>	<b>\$1,915.66 (avg.)</b>	<b>138 30.275 LF Avg.</b>	<b>\$150,437.60 \$1,090.13 avg.</b>

A similar analysis as presented above, based on a rental rate of 20-percent of the gross slip fee revenue with 138 slips at an average length of 30.275 lineal feet, is presented below.

Potential Gross Slip Fee Revenue - \$150,438/Month x 12 Months:	\$1,805,256
Less - Vacancy & Collections Loss @ 5.0%:	- 90,263
Effective Gross Slip Fee Revenue - Annual:	\$1,714,993
Concluded Percentage Rent Figure applicable to Pier/Marina:	x 0.20
Annual Percentage Rent - Total:	\$ 342,999
Tidelands Area - Sq.Ft.:	-:- 100,057
Annual Rent Per Sq.Ft. of Tidelands (rounded):	\$3.43

Using the current slip count and slip fees, the indicated percentage rent of \$342,999, equates to a rental rate of \$3.43 per square foot of tidelands. As with the above, the analysis reflects the annual percentage rent assuming that all of the slips are rented at the current asking rent. This figure compares with the minimum, or base, rent established in 2004 of \$1.65 per square foot of tidelands; however, the rent has been adjusted upward per the terms of the lease but the current base rent was not disclosed. Based on a review of the County records, the County completed an audit of this marina in 2004. At the time of the audit the gross revenue was \$1,208,875 (\$730/month average slip fee) and the Lessee paid \$247,434 in percentage rent (20.47% of gross revenue including “other” income from miscellaneous sources), which equates to \$2.47 per square foot of tidelands (\$247,434 -:- 100,057 Sq.Ft.). The pro-forma analysis reflects an annual rent of \$3.43 per square foot compared to \$2.47 in 2004, or an increase of approximately 39-

percent over the eight (8) year period. When surveyed in September 2006, the average slip fee per lineal foot was \$29.00, which compares to the current average of \$39.66, or a total increase of 36.75-percent. When accounting for the mix of slips and compared on an absolute basis, the weighted average in 2006 was \$840, which compares to the pro-forma weight average slip fee of \$1,090 or an approximately 30-percent increase in absolute terms. The County reports that The Irvine Company paid \$310,000 in rental income for the Bayshore Marina in fiscal 2011/12. This equates to \$3.10 per square foot of tidelands and indicates the gross slip revenue was \$1,550,000 ( $\$310,000 \div 0.20$ ), or an average slip fee of \$936 per month.

As previously noted, an October 2006 audit of Swales Anchorage (now Newport Marina) indicates that they paid \$72,070 in percentage rent in the 12-month period audited. At the time they were paying 20-percent of gross slip fee revenues in percentage rent. Based on a tidelands area of 50,175 Sq.Ft. their 2005/2006 percentage rent of \$72,070 equates to \$1.44 per square foot of tidelands. The audit indicates that the annual gross revenue was \$360,350, which equates to an average slip fee of \$546 per month ( $(\$360,350 \div 12 \text{ mos.}) \div 55 \text{ slips}$ ). The County representative interviewed noted that the fixed rent of \$1.44 per square foot of tidelands in new lease (October 2011) is based on 20-percent of gross slip revenue that was being generated at the end of the Swales Lease.

As previously noted, the Balboa Bay Club (BBC) lease includes tidelands and uplands and they have constructed a marina over the 205,738 square foot tidelands. The Bay Club is located along Mariners Mile at 1221 W. Coast Highway. The marina includes 131 slips and ties. The Bay Club pays 31-percent of the gross slip revenue for marina use of the tidelands. Based on information provided by the City, the Balboa Bay Club paid \$666,336 in percentage rent in 2011 for the water portion of their lease, which equates to \$3.24 per square foot of tidelands ( $\$666,336 \div 205,738 \text{ Sq.Ft.}$ ). The rental payment indicates that the gross revenue from the marina was \$2,149,471 ( $\$666,336 \div 0.31$ ) in 2011, or an average monthly slip fee of \$1,367 per slip ( $(\$2,149,471 \div 12 \text{ mos.}) \div 131 \text{ slips}$ ) per month. The marina is private for Bay Club members only and it was reported to be operating at approximately 90-percent occupancy (May 2012) with slip fees ranging from \$23.00 per lineal foot for 20- and 25-foot slips and \$52.00 per lineal foot for 88- and 90-foot slips.

I have also compared at the rent being paid by the Bahia Corinthian Yacht Club for the tidelands (51,400 Sq.Ft.) they lease from the City. The lease with the City is an older lease and the Club pays 9.0-percent of "gross revenues" applied to the "Lineal Footage of Leased Tidelands" (2,079 LF). The "gross revenue" is calculated based on a survey of five marinas (Bayside, Villa Cove, Bayshore, Balboa, Balboa Yacht) and the weighted average slip fees for the five marinas. The average slip fee is multiplied by the lineal feet (2,079 LF), the 9.0-percent percentage rent figure

and then annualized. It was reported that Bahia Corinthian Yacht Club has 68 slips for members only and the slip fees are \$25.75 per lineal foot for slips under 35-feet and \$30.55 for slips 40-feet and up. The following table is a summary of the fees paid over the recent past:

Year	Total Payment	% Change Prior Year	Tidelands \$/Lineal Foot	Tidelands \$/Sq.Ft.
2007	\$55,228	--	\$24.59	\$1.07
2008	\$58,168	5.3%	\$25.91	\$1.13
2009	\$63,899	9.85%	\$28.45	\$1.24
2010	\$63,899	--	\$28.45	\$1.24
2011	\$65,713	2.8%	\$29.27	\$1.28
2012	\$72,220	9.9%	\$32.16	\$1.41

The American Legion is located at 215 15<sup>th</sup> Street on the Balboa Peninsula and they lease uplands and tidelands from the City. They have a 50-slip marina that is constructed over 36,632 square feet of tidelands. The marina is reportedly 100-percent occupied with slip fees of \$14.00 per lineal foot (30' max on inside of marina) and \$16.00 per lineal foot (31' – 41' on outside of marina). The American Legion lease includes a percentage rent clause and they pay 40.0-percent of the gross slip fee revenue for the use of the tidelands. In 2011 the total percentage rent for the tidelands was \$88,119, or \$2.40 per square foot of tidelands (\$88,119 :- 36,632 Sq.Ft.). The percentage rent paid indicates the gross revenue from the marina was \$214,924 (\$88,119 :- 0.41), or an average slip fee of \$358 per month ((\$214,924 :- 12 mos.) :- 50 slips).

The following table is a summary of the rent per square foot for the marinas in the Harbor that pay percentage rent and information regarding the annual payments and tidelands area was available. The table also includes the pro-forma marina analysis for the Balboa Yacht Basin and Bayshores Marina that was presented above. The table is arrayed based on the rent per square foot of tidelands area.

Marina	Year	% Rent	Tideland (Sq.Ft.)	Total Slips	Tidelands Rent /Sq.Ft.
Bahia Corinthian	2012	9.0%	51,400	68	\$1.41
Swales Anchorage	2006	20.0%	50,175	55	\$1.44
Newport Marina	2011	N.A.	50,175	43	\$1.44
Balboa Yacht Basin	Pro-Forma	20.0%*	226,272	171	\$1.62
American Legion	2011	40.0%	36,632	50	\$2.40
Bayshores Marina	2004	20.0%	100,057	138	\$2.47
Bayshore Marina	2012	20.0%	100,057	138	\$3.10
Balboa Bay Club	2011	31.0%	205,738	131	\$3.24
Bayshores Marina	Pro-Forma	20.0%*	100,057	138	\$3.43
					\$2.41 avg.

The marina leases that encumber tidelands in Newport Harbor and have a percentage rent clause are summarized above and reflect an annual rent between \$1.41 and \$3.24 per square foot of tidelands. The pro-forma analysis, using the marina with the lowest (Balboa Yacht Basin) and the highest (Bayshore Marina) average slip fees, indicate that using a percentage rent figure of

20-percent of gross slip fee revenue will result in an annual rental rate in the range from \$1.88 to \$3.43 per square foot of tidelands. The data indicate that in 2011 the American Legion (with the lowest average slip fee), Bayshore Marina (in 2004 & 2011/12), and the Balboa Bay Club are paying rent per square foot of tidelands within the range reflected by the pro-forma analysis. The Bayshore Marina is typical of most tideland properties surrounding Newport Harbor as the Lessee owns the upland parcel and leases the tideland. In addition, there is an intervening strip of water between the tidelands and the seawall. Based on the preceding, the rent per square foot of tidelands analysis based on other marinas in the Harbor is supportive of the market rent conclusion of 20-percent of gross revenue for marinas located in the tidelands.

Base (Minimum) Rent Calculations – Rent per Square Foot

The jurisdictions interviewed and the lease documentation reviewed indicates that most leases have a minimum, or base, rent that is payable regardless of the gross revenues from the marina. Most jurisdictions establish a minimum rent by taking the average of the prior three years gross revenues, multiplied by 75-percent, and applying the applicable percentage rent. The following is an example using hypothetical gross revenue figures:

Gross Revenue – Year 1:	\$ 750,000
Gross Revenue – Year 2:	\$ 800,000
Gross Revenue – Year 3:	\$ 850,000
Total Gross Revenue – 3 years:	\$2,400,000
3 Year Annual Average	-:- 3
Average Annual Gross Revenue:	\$ 800,000
Adjustment Factor:	x 0.75
Adjusted Gross Revenue:	\$ 600,000
Applicable Percentage Rent Rate:	x 0.20
Annual Minimum Rent:	\$ 120,000

In this example the annual minimum rent is \$120,000. This methodology is used with Lessee's that have a prior history operating the marina and as the basis for mid-term adjustments to the base rent, typically every three or five years.

One jurisdiction (Ventura County) that recently completed several new marina lease agreements reported that they established the minimum rent by forecasting the stabilized first year gross revenue, multiplying it by 80-percent and applying the appropriate percentage rent. The forecast gross revenue is based the slip mix and a survey of other marinas.

Based on the data uncovered, the minimum could be established using this methodology, or an alternative would be to base it on the rent per square foot of tidelands as discussed in the section above. Given that there is a new lease (11/2011) for a tideland parcel in Newport Harbor that is similar to other parcels in that the uplands are under separate ownership and the initial lease rate is stated on a rent per square foot of tidelands, it is judged to be a good indicator of the market

rent per square foot of tidelands. Based on data presented above, **I have concluded that the minimum market rent for tidelands that are improved with commercial marinas/piers is \$1.45 per square foot of tidelands.** This conclusion assumes that there is a percentage rent clause in addition to the minimum annual rent. When the minimum of \$1.45 per square foot of tidelands was applied to the two pro-forma marinas included above, the minimum applicable to the Balboa Yacht Basin would be \$328,094 (\$1.45 x 226,272 Sq.Ft.) and the minimum applicable to the Bayshore Marina would be \$145,082 (\$1.45 x 100,057 Sq.Ft.).

Using the methodology applied by the State Lands Commission when they are setting the benchmark for the leasing of tidelands for “Recreational” use in Southern California the indicated minimum rent of \$1.45 per square foot of tidelands equates to a “land” value for the tidelands of \$16.11 per square foot (\$1.45 ÷ 0.09), using the state mandated 9.0-percent rate of return it equates to an average slip fee of \$19.80 per lineal foot. Assuming the maximum rent per square foot of tidelands (\$3.43) based on the Bayshore Marina pro-forma analysis (as set forth in the previous section), the indicated value of the underlying tidelands is \$38.11 per square foot (\$3.43 ÷ 0.09) and equates to an average slip fee of \$45.62 per lineal foot. The calculation of the indicated rent per lineal foot is set forth below, and assumes an average slip length of 36 feet, a 50/50 mix of sailboats and powerboats and a 50/50 mix of single- and double-berth layouts, a total of 1,180 square feet of tidelands required per 36-foot slip as discussed on pages 34 through 36. Using the methodology employed by the State Lands Commission as a check of the rent per square foot calculation assuming a tidelands lease rate of 20-percent of gross slip fees for marina purposes, is set forth as follows.

Annual Market Rent \$/Sq.Ft. of Tidelands:	\$1.45	\$3.43
Average Sq.Ft. of Tidelands per Slip:	x 1,180 Sq.Ft.	x 1,180 Sq.Ft.
Average Annual Tidelands Rent per Slip:	\$1,711.00	\$4,047.40
Concluded Percentage Rent:	÷ 0.20	÷ 0.20
Indicated Annual Gross Revenue Per Slip:	\$8,555.00	\$20,237.00
Converted to Monthly Rent	÷ 12 Months	÷ 12 Months
Average Monthly Fee Per Slip:	\$712.92	\$1,686.42
Average Slip Length – Lineal Feet:	÷ 36 LF	36 LF
Average Slip Fee Per Lineal Foot:	\$19.80/LF	\$46.84/LF

Based on the marina survey included on pages 19 through 31 all of the marinas surveyed exceed the monthly slip fee of \$19.80 per lineal foot and support the “base” market rent conclusion.

Based on the interviews conducted it was noted that any spaces that are located in “marinas” associated with restaurants, bars and other operations that set aside slips for very short term

“transitory” use (guest slips) are typically included in the “base” rent calculations and not subject to percentage rent calculations. The consensus is that this type of short term use supports the overall health of the business’s that surround the harbor and contribute to the overall health of the harbor. In addition, these “guest slips” are generally used by parties that patronize the business and are spending money within the jurisdiction and help support the overall health of the harbor and the surrounding business operations.

Land Value Comparison – Tidelands v. Uplands

As noted above, when a 9.0-percent rate of return is applied to the minimum and maximum annual rent per square foot of tidelands required to support a commercial marina, the indicated value of the underlying tidelands is between \$16.11 (\$1.45  $\pm$  0.09) and \$38.11 (\$3.43  $\pm$  0.09) per square foot. The following table is a summary of the sale of bayfront properties and those located on the inland side of Coast Highway along Mariners Mile in the City of Newport Beach. The sales are included to show the relationship between the land values of upland and tideland property, and are not included to reflect the market value of any specific upland parcel.

LAND SALE SUMMARY JULY 2012						
Data No. Location Assessor Parcel Number	Sale Date Doc. No.	Site Area (Sq.Ft.)	Bay Frontage (Lineal Ft.)	Zoning Land Use Designation	Total Sale Price	Price /Sq.Ft. /Fr.Ft.
1/ 2523 & 2527 W. Coast Hwy. Mariner's Mile 049-150-24 & -25	5/29/2001 01-345422	24,000	100 LF	SP-5 MU-W1	\$3,800,000	\$158.33 \$38,000
2/ 3000 W. Coast Highway Mariner's Mile 049-110-05	6/13/2003 03-692635 7/1/2003 03-770946	21,867 <u>21,867</u> 43,734	None None	SP-5 CG-0.5	\$1,650,000 <u>\$1,650,000</u> \$3,300,000	\$75.46 N.Appl.
3/ 2601 W. Coast Highway Mariner's Mile 049-150-05	8/7/2003 03-947657	12,000	50 LF	SP-5 MU-W1	\$3,100,000	\$258.33 \$62,000
4/ 2300-2312 Newport Blvd. Newport Peninsula 042-120-31	2/26/2004 04-150855	103,247	465 LF	SP-6 MU-W2	\$18,000,000	\$174.34 \$38,710
5/ 2607 W. Coast Highway Mariner's Mile 049-150-27	12/21/2007 07-747541	27,103	112.99 LF	SP-5 MU-W1	\$10,600,000	\$391.10 \$93,814
5-A/ 2607 W. Coast Highway Mariner's Mile 049-150-27	1/24/2010 10-21499	27,103	112.99 LF	SP-5 MU-W1	\$8,030,000	\$277.46 \$66,555
6/ Confidential Mariner's Mile Confidential	Cancelled Escrow 2008	18,450	100 LF	SP-5 MU-W1	\$6,750,000	\$365.85 \$67,500
7/ 100-300 W. Coast Highway Mariner's Mile 049-280-85	3/1/2010 10-96152	33,084	None	RSC CG	\$2,870,000	\$86.75 N.Appl.
8/ 320 W. Coast Highway Mariner's Mile 049-280-86	3/2/2010 10-123574	78,129	None	RSC CG	\$4,000,000	\$51.19 N.Appl.
9/ 2633 W. Coast Highway Mariner's Mile 049-150-01	1/18/2011 11-30551	18,000	75 LF	SP-5 MU-W1	\$5,800,000	\$322.22 \$77,333

Comments on Comparable Land Sale Data

The nine data items presented are all located within the subject's immediate market area surrounding Newport Harbor – with six of seven located on Mariner's Mile. With the exception of Sale Two, all of the sales were improved at the time of sale and reflect the transfer of a fee simple interest subject to subject to short-term leases. All of the waterfront sales include the rights, via a tidelands permit, to the adjoining tidelands. They are all judged to reflect cash equivalent sale prices. Relative to the subject property, the physical characteristics (site area, zoning and land use, bay frontage, etc...) of the comparables are reasonably similar to the subject and reflective of the overall market as of the date of value.

**Comparable Sale One** is a bayfront site located on W. Coast Highway near its intersection with Tustin Avenue. The site has 100-feet of bay frontage and a depth of 240-feet. The site was improved with two older commercial buildings (one was renovated) that are located along the street frontage and the rear portion (bay side) is improved with the South Shore Yacht Club. The yacht club had three years remaining on a 10-year lease and the lease rate was increased by arbitration in May 2004, and the yacht club could not afford the adjusted rent and vacated their premises. Based on the City records this site has the rights to 32,107 square feet of tidelands that support approximately 330 lineal feet of commercial piers. According to City records, the buyer has reconfigured the piers. Given the size, age and condition of the improvements this sale is judged to reflect land value.

**Comparable Sale Two** is an assemblage of two sites located on the inland side of W. Coast Highway between Riverside Avenue and the Newport Boulevard bridge. The combined site area is 43,734 square feet. The site is zoned SP-5, RSC (Retail Service Commercial) and the land use designation is CG-0.5 (General Commercial – 0.50 FAR). A portion of the site was improved with a drive-thru restaurant facility (Auto Bistro) that has been razed. The buyer owns the adjoining BMW dealership and acquired the combined site for use as a car sales lot. The site as a level topography and a rectangular shape. This comparable is inferior to the subject due to its lack of bay frontage; however, due to its location it is included primarily for informational purposes as defining the extreme lower limit of the probable market value range.

**Comparable Sale Three** is located on W. Coast Highway at its intersection with Tustin Avenue. The site has 50-feet of bay frontage with a uniform depth of 240-feet. The improvements contain approximately 3,600 square feet and were in fair condition at the time of sale. At the time of sale the improvements were occupied by a restaurant (Josh Slocum's) that was paying approximately \$12,000 per month in rent, with approximately two-years remaining on their lease. According to City records the site had the rights to 4,000 square feet of tidelands that supported a 103-foot "U-



shaped dock with a 25-foot beam and additional 80-lineal feet suitable for a side tie that generated approximately \$2,000 per month in rent (\$0.50/Sq.Ft. or 16.7% of uplands rent). The buyer has replaced the existing pier; however, the dimensions are not available. The recorded sale price is \$3,000,000; however, the buyer's representative reported that an additional \$100,000 commission was paid outside of escrow. The buyer has a residence in the harbor area and purchased this site based on the value of the underlying land because the pier would accommodate his 145-foot yacht.

**Comparable Sale Four** is located in the McFadden Square/Lido Village section of the Newport Peninsula. The site has an irregular shape with a gross area of 2.37 acres and approximately 465 feet of bay frontage and the rights to 25,800 square feet of tideland that support approximately 1,000 lineal feet of commercial pier space. The underlying zoning is SP-6 RMC (Cannery Village/McFadden Square Specific Plan-Recreation & Marine Commercial) and the underlying Land Use designation is MU-W2 (Mixed Use-Water 2). The site was acquired for redevelopment and is improved with several buildings including professional and marine tenants and the South Coast Shipyard and Design Center that total approximately 45,000 square feet. The buyer has received conditional approvals from the City to redevelop the site with 31,000 square feet of mixed use commercial space and 31 residential loft units. They are still awaiting approvals from the California Coastal Commission and other agencies. Given the buyer's intentions this comparable reflects land value.

**Comparable Sale Five** is located one lot west of the intersection of W. Coast Highway and Tustin Avenue. The site has 112.99 lineal feet of bay frontage with a uniform depth of approximately 240-feet and a gross area of 27,103 square feet. The site has the rights to 9,039 square feet of commercial tidelands that support approximately 400 lineal feet of commercial piers. The tideland area is leased by the upland property owner to a party that operates the marina and the lease to the marina operator generates \$5,794 per month (\$0.64/Sq.Ft. of tideland per month, or \$7.68 per square foot annually) in rental income through May 2008 (4.5% minimum adjustment), which represents 22.9-percent of the total rental income for the upland and tidelands. The marina operator is responsible for all taxes, insurance, utilities, maintenance and repair and operating expenses associated with the operation of the marina. The site is improved with a 5,100 square foot restaurant building that is occupied by Joe's Crab Shack. The restaurant pays \$19,517 per month, with a lease expiration date of September 30, 2009 and no renewal options. The improvements were constructed in 1968 and have been renovated several times over the years and are in average condition. Using \$100 per square foot as the depreciated value of the improvements, the indicated value of the underlying bayfront land is calculated as follows:

Total Sale Price:	\$10,600,000
Less – Depreciated Value of Improvements (5,100 SF x \$100/SF):	<u>-510,000</u>
Indicated Value of Bayfront Land:	\$10,090,000

Based on the above, the abstracted land value is \$10,100,000 (rounded), which equates to \$89,388 per front foot and \$372.65 per square foot. The buyer lives in the City and it was reported that this site was acquired because it will accommodate the buyer's yacht. The buyer's intended use beyond the restaurant lease was not disclosed.

**Comparable Sale Five-A** reflects the resale of Comparable Five. The restaurant had a new 10-year lease; however, the financial details at the date of the second sale were not disclosed. It was noted that the seller (buyer from Sale 5) had met with legal difficulties not associated with the property. The buyer also acquired the adjoining site (Sale 9) and the long-term goal is to redevelop the combined properties. Using the same methodology as above, when the estimated depreciated value of the improvements (\$100.00/Sq.Ft. x 5,100 Sq.Ft.) is deducted from the total sale price, the abstracted land value is \$7,520,000 (rounded), which equates to \$66,555 per front foot and \$277.46 per square foot.

**Comparable Sale Six** is located along the bayfront in Mariners Mile. It is an irregular shaped mid-block site that has 100-feet of bay frontage, approximately 133-feet of street frontage, a depth from approximately 150- to 175-feet, and a gross are of 18,450 square feet. The site is nominally improved and the improvements are of no contributory value to the underlying site. The site has rights to 8,000 square feet of submerged tidelands that support approximately 450 lineal feet of commercial piers. The land and improvements were reportedly leased for \$11,000 per month. A review of the escrow instructions indicates the property was in escrow for \$6,750,000; however, the sale never closed as the escrow was cancelled in late 2008. This comparable is helpful in defining the extreme upper limit of the probable market value range.

**Comparable Sale Seven** is located on the corner of Coast Highway and Dover and was marketed with Sale Eight; however, they sold to different buyers. The site is being developed with a commercial center that is requiring extensive site work and retaining wall along the rear of the property. The underlying zoning has a 0.3 FAR, but permits up to 19,905 square feet (0.6 FAR) as the buyer has assembled six legal lots. The site does not have access to the harbor and there is no perceptible view of the harbor.

**Comparable Sale Eight** is a mid-block site that is located next to Comparable Sale Seven. The site was improved with seven, vacant, office/commercial buildings with a combined area of 16,154 square feet. The site was marketed as vacant land; however, the buyer has renovated and re-leased the existing buildings. The underlying zoning permits an FAR of 0.3; however, if the

lots are assembled the FAR is increased to 0.5 (the buyer acquired a total of 11 legal lots). This property is on the inland side of Coast Highway and has no access to, or view of, the harbor.

**Comparable Sale Nine** is located two lots west of the intersection of W. Coast Highway and Tustin Avenue. The site has 75 lineal feet of bay frontage with a uniform depth of approximately 240-feet and a gross area of 18,000 square feet. The site has the rights to 9,039 square feet of commercial tidelands that support approximately 400 lineal feet of commercial piers that generate approximately \$5,794 per month in rental income (through 5/2009). The site is improved with a 4,500 square foot restaurant and retail building that is occupied by The Shamrock and a jewelry store. The site was subject to a ground lease that expired in May 2011. The listing agent noted that the site was marketed at land value. It should be noted that the buyer acquired the site next door (Sale 5a) and recently (2/2012) purchased an improved property at 2431 W. Coast Highway (APN 049-150-29).

The sales that have frontage on the bay all have rights to the tidelands and included slip spaces, while those that are off the water (Nos. 2, 7 & 8) do not have this amenity. The sales that have bay frontage reflect a price per square foot ranging from \$158.33 to \$3911.10 per square foot with the most recent sale (No. 9) reflecting a value of \$322 per square foot. This compares with price per square foot indications from \$51.19 to \$86.75 for land along the inland side of Coast Highway along Mariners Mile. Typically bayfront land is also compared on a price per front foot as it better reflects the amount of frontage relative to the depth of the site. The price per front foot indications range from \$38,000 to \$93,814, with the most recent sale (No. 9) reflecting a figure of \$77,333 per front foot. As previously noted the land sale data is not included to estimate the value of any specific upland parcel, rather it is included to show the relationship between the value of the upland parcels relative to the implied value of the tidelands based on my analysis of the data presented.

Based on the most recent upland sales (Nos. 5a and 9) the indicated market value for uplands parcels is likely in the general range of \$275 per square foot. The price will vary depending on various physical (size, frontage, depth, etc...) and locational characteristics, the underlying zoning and permitted uses, the intensity of permitted use and the dedication requirements; however, the sale data is presented for illustration purposes. The indicated value of the underlying tidelands based on the concluded minimum and forecast maximum rent per square foot of tidelands is from approximately \$16.00 to \$38.00 per square foot of leased tidelands. This equates to between 5.8-percent (\$16.00 :- \$275.00) and 13.8-percent (\$38.00 :- \$275.00) of the value range suggested by the land sale data presented.

Land Sale Comparables Three and Five, which include tidelands under the City jurisdiction and uplands that are under separate ownership, indicates that approximately 16- to 23-percent of the total income to the combined uplands and tidelands is generated by the rent of the tidelands.

In addition, the county has jurisdiction over some of the tideland parcels that surround Harbor Island with many others under City jurisdiction. The homeowners on Harbor Island own the upland parcels and they lease tidelands from either the City or the County based on a formula that is set forth in the individual leases as follows:

$$\text{Value of the Upland Parcel} \times 0.375 \text{ (37.5-percent)} \times 0.09 \text{ (9.0-percent)}$$

This formula recognizes that the tidelands have less utility than the uplands parcel and the upland land value is multiplied by 37.5-percent and the resulting tidelands value is multiplied by a rate of return to derive the annual rent.

Based on the data uncovered the minimum and percentage market rent conclusions are within a reasonable range when comparing the indicated price per square foot values of the upland parcels to the tideland parcels.

#### Non-Profit, Yacht Club & Historic Property - Tidelands/Marina Leasing

The **County of Orange** has two lease agreements in Newport Harbor with non-profit organizations. They are the **Sea Scout Base** and the adjacent **Orange Coast College Sailing** center along Coast Highway in the Mariner's Mile neighborhood. The county has jurisdiction over both the upland and tideland parcels. A representative for the County reported that neither of these non-profits pay rent for the use of the uplands or the tidelands. The Lessees were responsible for the construction of all improvements, both on the uplands and over the tidelands and they are responsible for all of the expenses associated with the ongoing operation of the properties.

**Orange County** also administers the properties in Dana Point Harbor, which is home to the Ocean Institute. **The Ocean Institute** is a non-profit that provides educational programs for students through hands-on marine science, environmental awareness and maritime history programs. The facility is located at 24200 Dana Point Harbor Drive and includes uplands and tidelands. They do not pay any "base" rent for either the uplands or the tidelands; however, they pay percentage rent for activities that compete with the other commercial interests in the harbor - primarily whale watching tours (10%), charter vessels (12.5%) and rental of the facilities for wedding and proms (10.0%). It was noted that the lease of the facilities for weddings and proms is their largest source of revenue. The Institute was responsible for all of the construction costs (uplands & tidelands) and the on-going operating expenses.

The **County of Orange** has a ground lease with the **Dana Point Yacht Club (DPYC)** for the property located at 24399 Dana Drive that encumbers 1.92 acres of land and 0.52 acres of water area. The lease is dated but the lease includes percentage rents for uses that are primarily tied to the tidelands and uplands. The only “tideland” use that they pay rent on is for the rental and leasing of slips (16 total) and they pay 25-percent of the gross slip fees for the slips that are leased. The portion of the docks in the tideland that are used by the junior sailing program are not included in the calculation of the percentage rent. The percentages that apply to land based activities are as follows: Food & Beverage - 3.25%; Merchandise Sales – 10.0%; Group Events/Banquets – 5.0%; Dry Storage/Dinghy Racks – 20%. They do not pay any rent based on membership dues or fees collected for the junior sailing program. The County is preparing to enter into a new lease for this property as the ground lease expires in late-2012. Their lease analysis includes a line item deduction for “public use” that is deducted from the “market” rent figure.

In November 2011 the **County of Orange** entered into a lease with the **Dana Point Shipyard** for a 1.6 acre parcel of land that is in Dana Point Harbor. The Premises includes adjoining water area; however, the square footage of the water area is not defined. The lease notes that the “County’s primary purpose for entering into this Lease is to maintain and promote the continued operation and development of the shipyard facilities and those services needed by the public” for complete “marina-oriented” services, including boat repairs, ship chandlery and sales. The rent for both the uplands and the water area includes a base rent figure (\$47,163 per year) with percentage rent based on the various permitted uses. With respect the water area, the rent for “Long Term Storage and Slippage Fees” is 20-percent of the gross receipts and the rent for “Short Term Storage and Boat Slip Rental” (less than 90-days) is 4.0-percent of the gross receipts. The “Short Term” slips rental are for vessels that are at the facility on an interim basis for repairs, lay-days and sales and are not considered “guest spaces”. It should be noted that the lease has a provision that defines the limits of the “short-term” use and the “short-term” use requires the prior written approval of the Marina Operator(s) and are subject to availability. The reduced percentage (4.0%) for “Short Term” rentals is applicable to boat yards, yacht brokerages and other “marina-oriented” service business’s that require short term berthing and help to promote the overall marina.

The **Newport Aquatic Center (NAC)** is located in the Upper Newport Bay at 1 Whitecliffs Drive. This is a non-profit that is on 3.9 acres of “filled” tidelands that are under the jurisdiction of both the **County of Orange** and the **City of Newport Beach**. They are also subject to operating conditions set forth by the Department of Fish & Game. The facilities include a boat house, wash deck, parking and beach frontage. NAC provides marine recreation to both

established teams and to the general public including kayaking, outrigger canoes, stand-up paddle boards and rowing. They have a “No Fee” lease that was extended in 1997 for a term of 25 years. The lease places some restrictions on the use of the property and requires that it be open to the public and provide public access to the harbor. The Lessee was responsible for all construction costs and the on-going operating expenses.

The **City of Los Angeles** has several non-profit users including the UCLA Rowing Base, Loyola Marymont University and other community organizations including rowing, sailing and other marine services. It was reported that all of the non-profits pay some rent, but in most cases it is fairly nominal.

The **Unified Port of San Diego** reports that they do not have any non-profits operating in their jurisdiction but they do have yacht clubs that receive reduced rental rates because they promote San Diego Harbor and navigation for recreational activities such as aquatic sports, regattas and other boating-related events. It was reported that they do have a historic building in their jurisdiction (Police Building) and they provide a reduced rent to offset the higher cost of maintaining a historic building. In November 2011, The Port entered into a three-year lease with the Coronado Yacht Club for the property at 1631 Strand Way, Coronado. The premises include 675,376 square feet of land and water (15.5-acres) that is to be used for a non-profit yacht club including approximately 264-slips. The rent is based on a percent of gross revenue that is stepped up over the lease term as follows: 8.25-percent for 2011; 8.80-percent for 2012; 9.35-percent in 2013; and, 9.90-percent for 2014. The percentage rent is based on income from slips, dry storage and lockers, dues, member and guest food and beverage, catered food and beverages, and ship store sales. The percentage rent specifically excludes all income that is attributable to the junior sailing programs, regatta entry fees and initiation fees. The lessee is responsible for all construction of improvements, the ongoing maintenance and repair of the facilities (including taxes, utilities, etc...) and the improvements are the property of the Lessee during the term of the lease. The Lessor, at their option, can require that the Lessee remove the improvements at the Lessee’s expense at the expiration of the lease.

On the basis of the analysis set forth in the following section (Section E) I have concluded that the yacht clubs have a “base” fair market rent of \$0.55 per square foot of tidelands against 20-percent of gross revenue from slip rental fees and that no percentage rent should be charged against junior sailing programs and regatta entry fees.

The “base” rent for the tidelands associated with shipyards, yacht brokers and other “commercial” uses in the “recreational” tidelands is similar to the base tidelands rent established in Section A for commercial operations at a fixed location (fuel docks). Based on the analysis set

forth in Section A, I have concluded that the base rent for these “commercial” uses in the “recreational” tidelands (shipyards, yacht brokers, etc...) is \$0.99 per square foot of tidelands.

#### Conclusions – Tidelands Supporting Commercial Piers/Marinas

Based on the market data uncovered and the interviews conducted during the course of completing this assignment I have concluded that **the submerged tidelands in Newport Harbor that are not leased in conjunction with the adjoining upland parcel for marina purposes have a Minimum Fair Market Rent of \$1.45 per square foot of tidelands against 20.0-percent of the gross revenue from slip rental fees.**

Based on the data uncovered, the jurisdictions that have non-profits operating marinas in the tidelands do not charge rent (either a base rent per square foot of tidelands or a percentage of gross revenue) for either the tidelands or the uplands; therefore, I have **concluded that submerged tidelands used by non-profits (ExploreOcean, etc...), have a Fair Market Rent that is on a “No Fee” basis. The Fair Market Rent for the submerged tidelands used by non-profits that are used for the rental of marina slips is 20-percent of gross slip rental revenue.**

I have concluded that **the submerged tidelands in Newport Harbor that are associated with yacht clubs in conjunction with the adjoining upland parcel, have a base Fair Market Rent of \$0.55 per square foot of tidelands against 20.0-percent of the gross revenue from slip rental fees not associated with regattas or junior sailing programs.**

I have concluded that **the submerged tidelands in Newport Harbor that are leased for “short-term” uses (90-days or less) for “Marina-Oriented” business’s (shipyards, yacht brokerage), in conjunction with the adjoining upland parcel, have a Fair Market Rent of \$0.99 per square foot of tidelands against 4.0-percent of the gross revenue from “short-term” slip rental fees.**

#### **SCOPE OF WORK - BULLET POINTS**

The Scope of Work attached to the Contract for Services includes bullet point questions regarding specific conditions that exist in Newport Harbor. The questions are discussed and addressed throughout the appraisal and the conclusions presented take into consideration the bullet points; however, the following is a more concise list of my conclusions relative to the specific bullet points.

- Separation between uplands and tidelands ownership.

As discussed throughout Section A, the market data indicates that there is a discount for tidelands and uplands being under separate ownership. The “base”

rent and the percentage rent conclusions presented in this report reflect that the tidelands and uplands are under separate ownership.

My conclusion is that the submerged tidelands that do not have access to the immediate uplands and require that marina tenants use the public streets or parking lots for parking have the same “base” and percentage rent.

- Rates charged in Newport Harbor for existing leases.

The section titled “Recent City of Newport Beach Lease Agreements” includes a summary of the Balboa Bay Club and American Legions leases.

The market data presented in Section A includes a discussion of the two County tidelands leases (Comparable 1 & 2) in terms of both the percentage rent (20.0%) and rent per square foot of tidelands. Comparable One is discussed on page 46 and Comparable Two is discussed on pages 46 and 47.

Pages 57 through 60 includes a discussion of the current rent per square foot of tidelands for properties subject to existing leases that are located within Newport Harbor. This includes a total of five properties – Bahia Corinthian Yacht Club, Swales Anchorage/Newport Marina, American Legion, Bayshores Marina and the Balboa Bay Club.

The conclusions set forth in this report take the current lease rates (from both City & County leases) into account.

- The effect, if any, on FMV of a lessee’s obligation to dredge beneath leased docks, maintain sea walls, etc.

The discussion of the market data presented on pages 45 through 55 includes a discussion of the dredging and maintenance requirements of the parties. In most cases the lessee is responsible for dredging the leased tidelands and for the maintenance and repair of the sea wall and the conclusions presented are based on the assumption that the lessee is responsible of the dredging of the leased tidelands and maintenance of the sea wall.

- The effect, if any, on FMV of a property being closer to or farther from the Harbor Entrance (ocean jetties).

A discussion of the impact on lease rates due to location within the Harbor is presented on page 55.

My conclusion is that the location within the Harbor does not impact the lease rates.

- The effect, if any, on FMV for tidelands leased when there is a “gap” of privately-held water (assume useable for docks, support structures, other), between privately-held uplands and public tidelands?

The discussion of this is included with Comparable Sales One and Two presented in Section A (pages 45 – 47) includes a property with and without a water “gap”



and they are leased (% rent) at the same rate. The Fair Market Rent conclusions take the “gap” into account.

- Is it typical or atypical that FMV or the resulting rental rate be adjusted downward when the lessee is responsible for an historic structure (ex. The Balboa Pavilion).

The only jurisdiction that has a historic property is the Port of San Diego (discussed on pages 68 to 71 in Section A) and they offset the rent by the additional cost (if any) associated with the higher maintenance cost associated with the historic building relative to a similar non-historic building, but it does not impact the percentage rental rate charged for the tidelands.

- Is it typical or atypical that FMV or the resulting rental rate be adjusted downward when the lessee is a not-for-profit entity (ex. Explore Ocean).

A discussion of non-profits is included on pages 68 through 71. Based on the market data uncovered I have concluded that not-for-profits have a “No Fee” Fair Market Rent and should not pay rent for the tidelands. The exception is if they have an operation in the tidelands that competes with others in the Harbor, i.e. for slip rentals they should pay 20-percent of gross slip revenue as percentage rent.

## VALUATION

Based upon the work undertaken, and my experience as a real estate analyst and appraiser, I have formed the opinion, as of the 10th day of August 2012, subject to the Assumptions and Limiting Conditions contained in this report, that the subject properties in each category have the following market rental values:

### SECTION A

Current Fair Market Rent for the Fuel Docks is \$0.99 per square foot per annum, against a rent per gallon of \$0.015 per gallon for the first 100,000 gallons (combined gas & diesel) and \$0.02 per gallon in excess of 100,000 gallons (combined gas & diesel).

Annual Base Rent for 813 E. Bay Avenue

**TWELVE THOUSAND FOUR HUNDRED THIRTY FOUR DOLLARS**

**\$12,434.00**

Annual Base Rent for 406 S. Bay Avenue

**ELEVEN THOUSAND ONE HUNDRED EIGHTY SEVEN DOLLARS**

**\$11,187.00**

### SECTION D

The submerged tidelands in Newport Harbor that are not leased in conjunction with the adjoining upland parcel for marina purposes have a Minimum Fair Market Rent of \$1.45 per square foot of tidelands against 20.0-percent of the gross revenue from slip rental fees.

The submerged tidelands used by non-profits (ExploreOcean, etc...), have a Fair Market Rent that is on a "No Fee" basis. The Fair Market Rent for the submerged tidelands used by non-profits that are used for the rental of marina slips is 20-percent of gross slip rental revenue.

The submerged tidelands that are associated with yacht clubs, have a base Fair Market Rent of \$0.55 per square foot of tidelands against 20.0-percent of the gross revenue from slip rental fees not associated with regattas or junior sailing programs.

The submerged tidelands in Newport Harbor that are leased for "short-term" uses (90-days or less) for "Marina-Oriented" business's (shipyards, yacht brokerage), in conjunction with the adjoining upland parcel, have a Fair Market Rent of \$0.99 per square foot of tidelands against 4.0-percent of the gross revenue from "short-term" slip rental fees.

**ADDENDA**

Unified Port of San Diego - Benchmarks

Percentage Rents Adopted by the  
Board of Port Commissioners  
San Diego Unified Port District - December 7, 2004

<i>Property Type</i>	<i>Category</i>	<i>Percentage of Gross Sales Revenue</i>
Lodging Properties	Guest rooms & related services	7.0%
	Rental conference/banquet rooms and related svcs	7.0%
	Revenues for barber/beauty shops	5.0%
	Revenues from boat and breakfast operations	7.0%
Restaurants	Food sales from full service restaurants	3.0%
	Food sales from limited service restaurants	3.0%
	Beverages for consumption off site	3.0%
	Beverages for consumption on site	5.0%
	Revenues from admission or cover charges	5.0%
Retail	Sales of California lottery tickets	0.5%
	Sale of groceries	3.0%
	Sales (or value) of fish exchanging operations	3.0%
	Sales of merchandise, sundries and incidentals	2% - 5%
	Revenues from vending machines owned by lessee	5.0%
	Revenues from ship chandlery operations	4.0%
	Revenues from health club/spa services	10.0%
	Revenues from rental of automobiles	10.0%
	Revenues from recreation lessons	10.0%
	Revenues from rental of office space	10.0%
	Revenues from bicycle and rec. equip. rental	15% & 10%
	Revenues from vending machine commissions (machines not owned by lessee)	25.0%
	Revenues from telecommunications equipment	50.0%
Marinas	Revenues from minor marine services	5.0%
	Revenues from slips, dock lockers, dinghy racks and dry storage spaces	22% & 15%
	Revenues from yacht club dues and guest fees	10.0%
	Revenues from sailing school operations	10.0%
	Revenues from boat rentals (< 24 hours)	10.0%
Sportfishing and Harbor Excursions	Revenues from crew operated excursion boats	6% & 6%/5%/3%
	Revenues from sportfishing and whale watching	6.0%
	Revenues from boat charters (> 24 hours)	6.0%
	Revenues from bait sales and equipment rentals	6.0%
Fuel Sales	Revenues from petroleum products other than gasoline, diesel or mixed fuel	5.0%
	Revenues from sales of gasoline, diesel or mixed fuel for use in motor vehicles	\$0.025/gal
	Revenues from gasoline or mixed fuel used in boats	\$0.04/gal
	Revenues from diesel fuel for use in boats	\$0.02/gal
Miscellaneous	Revenues from any activities permitted in the lease but not listed above	10.0%
	Revenues from any activities not permitted in the lease but not listed above	20.0%

Harbor Permit Policy

## HARBOR PERMIT POLICY

The following section offers exceptions to the distance that piers can extend in certain parts of the harbor.

### \*BAYWARD LOCATION OF PIERS AND FLOATS

- A. U.S. Bulkhead Sta. No. 107 to No. 109. Piers will be permitted to extend out to the U.S. Pierhead Line.
- B. U.S. Bulkhead Sta. No. 109 to No. 110. Piers may be permitted to extend 16 feet channelward of the U.S. Pierhead Line.
- C. U.S. Bulkhead Sta. No. 110 to 112. Piers will be permitted to extend out to the U.S. Pierhead Line.
- D. U.S. Bulkhead Sta. No. 112 to No. 113. Piers will be permitted to extend out to the U.S. Pierhead Line. Commercial piers between "A" Street and Adams Street will be subject to special permits approved by Harbor Commission.
- E. U.S. Bulkhead Sta. No. 113 to 114. Piers shall be subject to a special permit approved by the Harbor Resources Division.
- F. U.S. Bulkhead Sta. No. 114 to No. 119. Piers will be permitted to extend to the U.S. Pierhead Line.
- G. U.S. Bulkhead Sta. No. 119 to No. 120. Piers may be permitted to extend 20 feet beyond the U.S. Pierhead Line.
- H. U.S. Bulkhead Sta. No. 120 to No. 221. Piers may be permitted to extend 20 feet beyond the U.S. Pierhead Line.
- I. The Rhine. Special permits approved by the Harbor Resources Division shall be required for construction of piers in the Rhine, extending northerly from U.S. Bulkhead Sta. No. 120.

\*Based on Harbor Regulations adopted by the City Council on December 15, 1941.

- J. U.S. Bulkhead Sta. No. 122 to No. 125. Piers or boat slips may be permitted to extend 20 feet channelward of the U.S. Pierhead Line.
- K. West Newport Channels. Piers may be permitted in the Rivo Alto, the Rialto, and the channel lying westerly of Newport Boulevard. Piers, slips, and floats will be permitted to extend channelward a distance of 30 feet maximum from the channel lines in the Rivo Alto, the Rialto, and the channel lying westerly of Newport Boulevard. Property extending to the ordinary high tide line, with a frontage exceeding thirty (30) feet will be allowed 1-foot increase in float width parallel to the Pierhead Line, for each additional 2 feet frontage.

The piers, slips and floats in Balboa Coves shall not extend into the channel a distance greater than 30 feet from north line of channel shown on Tract 1011. Floats. Up to 20 feet in length may extend into the bay the 30 feet from the said line of waterway; however, for floats over 20 feet in length, the 30 feet distance shall be reduced 1-foot for each 2 feet added to the length of the float. The maximum permissible length of float shall be 30 feet. (Second paragraph of Sec. 23 (k) added by Resolution No. 6139.)

- L. U.S. Bulkhead Sta. No. 226 to No. 227. Piers or boat slips will be permitted to extend to the U.S. Pierhead line.
- M. U.S. Bulkhead Sta. No. 227 to 128. Piers or boat slips will be permitted to extend to the bulkhead line.
- N. U.S. Bulkhead Sta. No. 128 to No. 130. Piers or boat slips will be permitted to extend to the U.S. Pierhead line.
- O. U.S. Bulkhead Sta. No. 130 to No. 131. Piers or boat slips may be permitted to extend 20 feet channelward of the U.S. Pierhead Line.
- P. Upper Bay. Piers or boat slips may be permitted to extend to the pierhead lines as shown on Harbor Lines Map approved by City Council and on file in the Public Works Department.
- Q. U.S. Bulkhead Sta. No. 132 to No. 137. Pier or boat slips will be permitted to extend to the U.S. Pierhead Line.



- R. U.S. Bulkhead Sta. No. 137 to east property line of Beacon Bay Subdivision. Piers shall be granted under special permits approved by the Harbor Resources Division to extend 16 feet beyond the U.S. Pierhead Line.
- S. East Property Line of Beacon Bay Subdivision to U.S. Bulkhead Sta. No. 104. Piers may be permitted to extend 20 feet channelward of the U.S. Pierhead Line.
- T. U.S. Bulkhead Sta. No. 104 to No. 106. Piers shall be subject to special permits approved by the Harbor Commission.
- U. Bay Island. Piers will be permitted to extend to the U.S. Pierhead Line on the west, northerly and easterly sides of the Island. Piers will not be permitted on the north side of the channel south of Bay Island.
- V. Balboa Island. All new piers and revision to existing permits shall be subject to special permits approved by the Harbor Commission. Revisions to existing piers will be permitted providing they do not lessen the use of either the immediate water or land areas.
1. South Bay Front East of U.S. Bulkhead Sta. No. 256. Piers may be permitted to extend 16 feet channelward of the U.S. Pierhead Line. Dredging around floats shall not exceed a depth of minus 4 feet at mean lower low water along a line 85 feet channelward of and parallel to the bulkhead line.
  2. South Bay Front between U.S. Bulkhead Sta. No. 256 and No. 259. Piers may be permitted to extend 10 feet channelward of the U.S. Pierhead Line. Dredging around floats shall not exceed a depth of minus 2 feet at mean lower low water along a line 60 feet channelward of and parallel to the bulkhead line.
  3. South Bay Front from Emerald Avenue Northwesterly to the Westerly Prolongation of the Northerly Line of Lot 5, Block 1, Resubdivision of Section 1, and Balboa Island. Piers will be permitted to extend to City pierhead line. Dredging around floats shall not exceed a depth of 2 feet at mean lower low water along a line 45 feet channelward of and parallel to the existing concrete bulkhead.
  4. North Bay Front. Piers may be permitted to extend 10 feet channelward of the U.S. Pierhead Line, except where a pier line has been established by

the City. Dredging around floats shall not exceed a depth of minus 2 feet at mean lower low water along a line 60 feet channelward of the parallel to the U.S. Bulkhead Line or the existing concrete bulkhead.

5. East Bay Front. Piers may be permitted to extend 10 feet channelward of the U.S. Pierhead Line northerly of the northerly line of Park Avenue and 16 feet channelward of the U.S. Pierhead Line southerly of the northerly line of Park Avenue. Dredging around floats shall not exceed a depth of minus 2 feet at mean lower low water along a line 60 feet channelward of and parallel to the bulkhead line.
- W. Collins Isle. Piers will be permitted to extend to the U.S. Pierhead Line on the southwest and west side of Collins Isle. No piers will be permitted on the north or east side of Collins Isle.
- X. Harbor Island. Piers will be permitted to extend to the U.S. Pierhead Line. Special permits approved by the Harbor Commission will be required for piers northeasterly of Lots 14, 15, 16 and 36.
- Y. Lido Isle. Piers may be permitted to extend out to the U.S. Pierhead Line, except on the westerly side between U.S. Bulkhead Sta. No. 172 and No. 174. Piers may be permitted to extend 20 feet beyond the U.S. Pierhead Line between U.S. Bulkhead Sta. No. 172 and 174.
1. Piers and floats will not be permitted in the beach area along the northerly side of Lido Isle between the easterly line of Lot 849 and the westerly line of Lot 493.
  2. Piers and floats will not be permitted in the beach area along the southerly side of Lido Isle between the easterly line of Lot 919 and the westerly line of Lot 457.
- Z. Linda Isle. Piers or boat slips will be permitted to extend to the pierhead lines as shown on Harbor Lines Map approved by City Council and on file in the Public Works Department.

**Reaffirmed - January 24, 1994**  
**Amended - June 27, 1994**  
**Amended - June 26, 1995**  
**Amended - March 25, 1996**  
**Amended - June 8, 1998 (effective July 22, 1998)**  
**Amended - December 14, 1998**  
**Amended - May 8, 2001**  
**Amended - September 10, 2002**  
**Amended - October 28, 2003**  
**Amended - April 13, 2004**  
**Amended - January 8, 2008 (eff. January 22, 2008)**

Qualifications

# QUALIFICATIONS

of

**James B. Netzer, MAI**

## Professional Background

Prior to forming Netzer & Associates, he was associated for over three years with Urban Pacific Services Corp. Actively engaged as a real estate analyst, appraiser and consultant since 1987. Principal of the appraisal and consulting firm of Netzer & Associates with offices at:

170 E. Seventeenth Street, Suite 206  
Costa Mesa, California 92627

## Educational Activities

Bachelor of Arts in Liberal Studies with a Concentration in Economics, California State University, Long Beach, 1986.

Has successfully completed the following courses sponsored by the American Institute of Real Estate Appraisers and the Appraisal Institute:

- A.I.R.E.A Course 1A-1: Principles of Real Estate Appraisal
- A.I.R.E.A Course 1A-2: Basic Valuation Procedures
- A.I.R.E.A Course 1B-A: Capitalization Theory and Techniques, Part A
- A.I.R.E.A Course 1B-B: Capitalization Theory and Techniques, Part B
- A.I.R.E.A Course SPP: Standards of Professional Practice
- A.I. Course 2-1: Case Studies in Real Estate Valuation
- A.I. Course 540: Report Writing and Valuation Analysis
- A.I. Course 550: Advanced Applications

## Professional Affiliations

Member of the Appraisal Institute - MAI Designation

## State Licenses

State of California - Certified General Real Estate Appraiser - Certificate No. AG003143  
State of California - Real Estate Broker License - License No. 01185682

## Court Qualification

Qualified as an expert witness in the Superior Courts of Orange, Los Angeles and San Diego Counties, U.S. Bankruptcy Court – Los Angeles Division.

## Teaching Experience

Orange Coast College - Adjunct Professor (retired) - Business 140 "Real Estate Appraisal Principles"

## Scope of Experience

During the period in which Mr. Netzer has been engaged as a real estate appraiser and analyst, he has been involved in most aspects of the field having completed assignments for multiple purposes, including: estate planning; bankruptcy; conflict-of-interest analysis (Political Reform Act of 1974); construction defects litigation; soil subsidence; dissolution of marriage; ground lease re-valuation; leasehold & sub-leasehold valuation; property tax appeals; lease and ground lease arbitration; easement/access/encroachment disputes (based on Overholtzer v. Northern Counties Title); soils contamination litigation; mortgage lending; construction financing; portfolio valuation; market and feasibility analysis; fractional interest valuation; and, due diligence.

He has experience appraising the following property types:

### **Vacant Land**

Residential lots, sub-division sites, condominium sites, commercial and industrial sites, mountainous acreage, raw acreage, mitigation land (Delhi Sands Flower Loving Fly, Stephens Kangaroo Rat & Open Space).

### **Residential**

Single-family residences, condominiums, townhomes, planned unit developments, multi-family units, apartment buildings, mobile home parks, proposed and existing sub-divisions.

### **Commercial**

Office buildings, medical office buildings, restaurant buildings, retail centers, neighborhood shopping centers, community centers, commerce centers, congregate care facilities, parking structures, golf courses, mixed-use developments, auto dealerships, gas stations.

### **Industrial**

Manufacturing and warehouse buildings, distribution facilities, multi-tenant buildings, mini-storage facilities.

### **Special Use**

Submerged tidelands, boat harbor, auto ferry, bait barge, marina, gas docks, mooring fields, civic center, fire stations, police stations, emergency communications facilities, temporary construction easements, steel fabricating plant, car wash facilities.

## PARTIAL LIST OF CLIENTS

### ATTORNEYS, LAW FIRMS & ACCOUNTANTS

Barton Klugman & Oetting	McDermott, Will & Emory
Law Offices of David G. Boss	Law Offices of Erik B. Michelsen
Browne & Woods LLP	Millar, Hodges & Bemis
Burd & Naylor	Hart, King & Coldren
Gibson, Dunn & Crutcher	Palmieri, Tyler, Wiener, Wilhelm & Waldron
Goldstein & Ward	Richard Shaffer (Court Appointed Receiver)
Greines, Martin, Stein & Richland LLC	Rubin & Eagan
Jeffer, Mangels, Butler & Marmaro LLP	Severson & Werson
Landels, Ripley & Diamond	Stradling, Yocca, Carlson & Rauth
Larsen & Associates	Turner & Reynolds
Latham & Watkins	Richard Wildman, Attorney at Law
Law Offices of Michael Leight	Wolf & Richards
Loeb & Loeb, LLC	Wright Ford Browning & Young
Lynberg & Watkins	Wynne, Spiegel & Itkin

### LENDING INSTITUTIONS

Bank Midwest, N.A.	GE Capital Investment Advisors
Bank of America	Hawthorne Savings
Bankers Mutual (Berkshire Mortgage)	Huntington National Bank
California Federal Bank	Merrill Lynch Credit Corporation
Citicorp Real Estate, Inc.	Park View Mortgage
Credit Suisse	Strategic Mortgage Services
Comerica Bank	Tokai Bank
Escondido National Bank	Wells Fargo Bank

### GOVERNMENTAL AGENCIES

City of Costa Mesa	Federal Deposit Insurance Corporation (FDIC)
City of Huntington Beach	Resolution Trust Corporation (RTC)
City of Newport Beach	Securities & Exchange Commission (SEC)

### GENERAL CLIENTS

AMRESKO Management, Inc.	PNL Asset Management
Arnold Construction	Pulte Home Corporation
The Boy's Republic	Ramsey Color Lab, Inc.
Capital Guardian Trust	S & S Construction/Shappell Industries
Chicago Title Company	St. Clair Company LLC
Decron Management	Santa Fe Pacific Pipeline Partners, L.P.
First American Title Insurance	Staples, Inc.
Hamilton Company	State Farm Insurance
Kinder Morgan Energy Partners	Stewart Title Guaranty Company
Lee & Associates	Texaco Refining & Marketing, Inc.
Newport Sports Collection Foundation	Western National Properties