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Summary of Appraisal Report

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October 17, 2006

Mr. Brad Edwards
 Engineering Technician III
 Department of Public Service
 Engineering Division
 City of Costa Mesa
 P. O. Box 1200
 Costa Mesa, California 92628-1200

Re: Complete Appraisal
 Preschool Property
 As Existing
 261 Monte Vista Avenue
 Costa Mesa, California

File No. 2356

Dear Mr. Edwards:

In accordance with the written authorization we have received, Carl W. Boznanski, of Boznanski & Company, a real property appraisal firm has evaluated the market value of a fee interest in an existing preschool facility. Our dates of value are August 13, 2006, as well as October 17, 2006, the latter corresponds to our most recent property inspection.

The subject property is located at 261 Monte Vista Avenue in the city Costa Mesa, Orange County, California. It is located mid-block on a public thoroughfare. It has a rectangular net site area of 51,563 sf or 1.1837 ± acres. The subject site is rectangular in shape. It is zoned R-1 (Single Family Residential) by the city. The property is improved with a 8,199 ± sf preschool facility originally constructed in 1923 and added onto as recently as 1986. It is comprised five separate structures, including an administration building, three classroom buildings and one restroom building. The front of the site is landscaped and asphalt paved for parking and driveway purposes. The middle part of the site contains a swimming pool and a wading pool that are fence enclosed along with paved play areas and a covered lunch structure. The rear part of the site has paving for play purposes as well as a large grass area. The front of the site has wrought iron fencing with the other three perimeters having tall concrete block walls. The property has long been operated as an owner-occupied preschool. However, at the present time is closed. The property is apparently owned by Jean L. Park.

Based on the investigation and analysis outlined in the accompanying report, and subject to the certification and contingent and limiting conditions attached to this report, we conclude that the fee simple market value of the subject property, located at 261 Monte Vista Avenue, Costa Mesa, California, as of October 17, 2006, is:

\$3,609,000

We conclude that the alternate date of value August 13, 2006 because of the two month difference in these dates would be essentially the same:

\$3,609,000

In arriving at our valuation conclusion for this property we looked to the Market Data Approach for underlying residential land value and to the Market Approach for comparably improved preschool facilities. Because of the overall age of these buildings and property improvements, we concluded that the Cost Summation Approach has little value because of the difficulty in accurately assigning depreciation rates to such advanced age improvements. The Income Approach is not utilized because we conclude that there is a nominal market for the renting of such facilities and that we were unable to uncover sales of similar properties that sold with an income stream in place in order to establish reasonable rates of return.

This complete appraisal assignment has been completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This report is not considered to depart from the specific guidelines of USPAP. As such, this report describes the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value.

Any significant changes to the site size or configuration, to the improvements in size or quality, or any other material information supplied to us in this analysis, as further identified herein, could affect our valuation conclusion and would require a re-evaluation of our analysis.

Following this letter is a complete, self-contained appraisal report, which describes the subject area and the conditions of this appraisal, identifies the subject property and its characteristics and then specifically enumerates the methodology used in valuing the property.

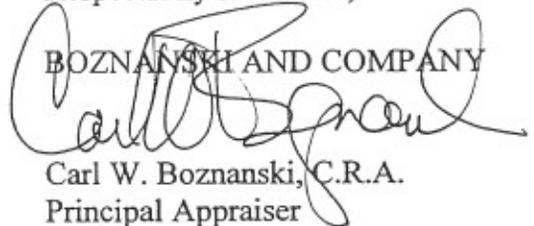
We retain a copy of this report, together with worksheets, documents and other data upon which our conclusions and opinion of value are based.

We certify that we have no past, present or contemplated future interest in this property and that we have acted in accordance with accepted ethics and standards in our profession.

Thank you for this opportunity to provide appraisal services.

Respectfully submitted,

BOZNANSKI AND COMPANY

A handwritten signature in black ink, appearing to read 'Carl W. Boznanski', is written over the printed name and title.

Carl W. Boznanski, C.R.A.

Principal Appraiser

President

Certified General Appraiser

CA# AG010837

CWB/drm

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY LOCATION:	261 Monte Vista Avenue, Costa Mesa, California
DATES OF VALUE:	August 13, 2006 and October 17, 2006
INTEREST APPRAISED:	Fee Simple
OWNER:	Jean L. Park
UTILIZER:	City of Costa Mesa
PROPERTY:	
ASSESSOR'S PARCEL NO.:	439-333-01
SITE SIZE:	1.1837± acres; 51,563 sf
ZONE:	R1 (Single Family Residential); City of Costa Mesa
BUILDING SIZE:	8,199 sf in five buildings
YEAR BUILT:	1923 and 1986
USE TYPE:	Preschool Facility
HIGHEST AND BEST USE:	
"As Though Vacant Land":	Single Family Residential Tract
"As Improved":	Preschool Facility
VALUE INDICATIONS:	
Cost Approach:	N/A
Market Approach - Land	\$3,609,000
Market Approach - Preschool	\$2,566,000
Income Approach:	N/A
VALUE CONCLUSION:	\$3,609,000