Fw: North Coyote Valley Property

City Clerk <city.clerk@sanjoseca.gov>
Fri 11/12/2021 8:37 AM
To: Agendadesk <Agendadesk@sanjoseca.gov>

Office of the City Clerk | City of San José
200 E. Santa Clara St., Tower 14th Floor
San Jose, CA 95113
Main: 408-535-1260
Fax: 408-292-6207

How is our service? Please take our short survey.

From: Alexis Victors [redacted]
Sent: Thursday, November 11, 2021 4:07 PM
To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>; City Clerk <city.clerk@sanjoseca.gov>; Rivera, Robert <robert.rivera@sanjoseca.gov>; Brilliot, Michael <Michael.Brilliot@sanjoseca.gov>; Burton, Chris <Christopher.Burton@sanjoseca.gov>
Subject: North Coyote Valley Property

[redacted]

[External Email]

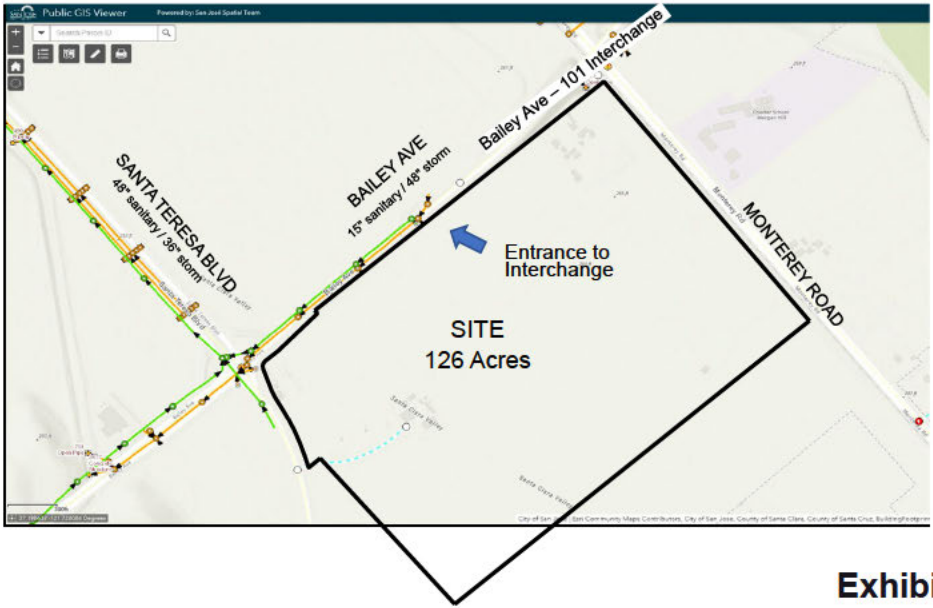
November 11, 2021

Hon. Mayor Liccardo, Vice-Mayor Jones and City Councilmembers
City of San José
200 E. Santa Clara Street
Tower, 3rd Floor
San José, CA 95113
Re: November 16, 2021 – General Plan 4-Year Review Public Hearing City File Nos. GP21-012, GPT21-002, C21-031, PDC21-033, PP21-012 North Coyote Valley Properties
Dear Mayor Liccardo, Vice-Mayor Jones and City Councilmembers:
During the Planning Commission meeting one of the Commissioners asked where the 126 acre property with a submittal for development was located. The presenter said he was not sure. Mr. Burg's letter provided several informative maps. Attached here are three exhibit maps that clearly present the location and demonstrate why this location is quite different from the properties proposed for open space or agriculture use designation.

Alexis P. Victors

[redacted]

126 Acres: All Infrastructure in Place



Sanitary Sewer Main

Storm Drain Main

Exhibit #4

PROTECTING THE ENVIRONMENT AND JOBS IN COYOTE VALLEY

- Coyote Planning Area: ±15,995 AC
- Site Area: ±126 AC ±0.81% of Coyote Area
- Hydrological Connection Area
- Proposed Linkage Restoration Area
- Protected Lands
- 100-YR Floodplain
- Flood Relief
- Flood Storage
- Coyote Areas

NOTE: The site area does not impede into areas marked as hydrological connection areas, proposed linkage restoration areas, and protected lands.The site area also does not contain land that is noted as areas used for hydrological enhancements or proposed wildlife crossings.

Exhibit #2

126 Acres, Appropriate for Development

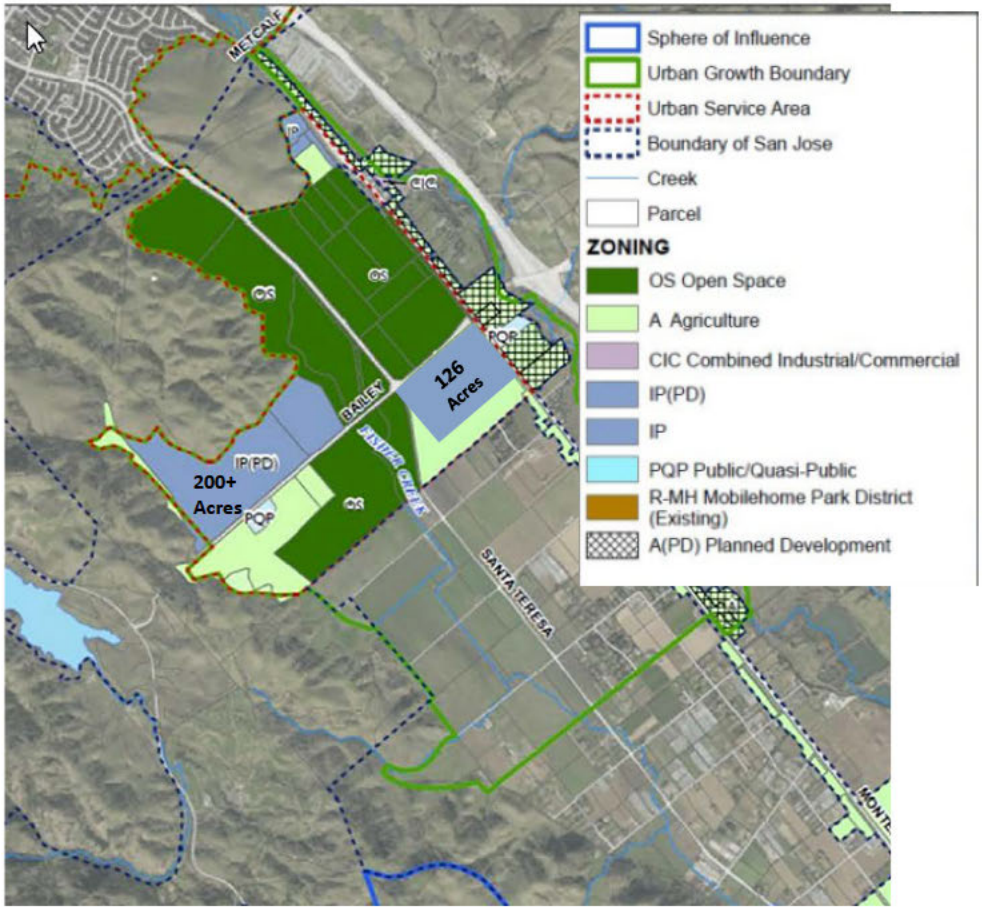


Exhibit #1

Fw: Monterey Corridor and GP Designation for Coyote Valley; Council Hearing Nov. 16, 2021 - Ag Report re Marchese Property

City Clerk <city.clerk@sanjoseca.gov>
Fri 11/12/2021 8:50 AM
To: Agendadesk <Agendadesk@sanjoseca.gov>

Office of the City Clerk | City of San José
200 E. Santa Clara St., Tower 14th Floor
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Fax: 408-292-6207

How is our service? Please take our short survey.

From: Norm Matteoni [redacted]
Sent: Friday, November 12, 2021 8:37 AM
To: The Office of Mayor Sam Liccardo <TheOfficeofMayorSamLiccardo@sanjoseca.gov>; District1 <district1@sanjoseca.gov>; District2 <District2@sanjoseca.gov>; District3 <district3@sanjoseca.gov>; District4 <District4@sanjoseca.gov>; District5 <District5@sanjoseca.gov>; District 6 <district6@sanjoseca.gov>; District7 <District7@sanjoseca.gov>; District8 <district8@sanjoseca.gov>; District9 <district9@sanjoseca.gov>; District 10 <District10@sanjoseca.gov>
Cc: City Clerk <city.clerk@sanjoseca.gov>; Chris Marchese <[redacted]; LEO CACITTI [redacted] Ken Saso [redacted]
Subject: RE: Monterey Corridor and GP Designation for Coyote Valley; Council Hearing Nov. 16, 2021 - Ag Report re Marchese Property

[External Email]

Dear Mr. Mayor and Members of the Council:

Attached is a second agriculture viability report that focuses on the Marchese property next to the Sobrato High School, residential development and near urbanized Morgan Hill at Burnett Avenue.

Notwithstanding that the property is an existing cherry orchard and thus presents the face of green space, the image is deceiving when you analyze the costs of operation, production, market factors and lack of infrastructure. Detailed analysis is provided in the report.

Dear City Clerk:

Please add this report to the record for the Coyote Valley hearing.

Norm Matteoni

Matteoni
O'Laughlin
& Hechtman
LAWYERS

NORMAN E. MATTEONI
[redacted]

House
Agricultural
Consultants

Providing expertise in agricultural science, management, & appraisal since 1977

Agricultural Viability Study of Marchese Property of 221 Acres

San José, California

Gregory A. House & Henry House

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The publishing date of this report is 2021-11-12. The revision number of this report is 13795. This report supersedes any previous version having a smaller revision number or older publishing date than shown above.

N.B.—This report is formatted for double-sided printing. If you have received it electronically and wish to print it, duplex printing is recommended for best results.

Contents

1 Introduction

1.1 Purpose of report. The purpose of this report is to investigate and provide an opinion on the long-term viability of agriculture as a use of the subject land, which is approximately 221 farmable acres[1] lying within the Coyote Valley on the east side of Monterey Road within the City of San José and Santa Clara County, California. This subject site is hereinafter termed the *subject property* or *subject* of this report.

Under a separate cover, we, House Agricultural Consultants, have recently examined the agricultural viability of the neighborhood containing the subject property (the set of parcels in the Coyote Valley lying east of Monterey Road) in aggregate. This report, on the other hand, specifically examines one ownership within the Coyote Valley, a orchard at the extreme south of the Coyote Valley that has been used as a cherry orchard by the Marchese family for the past approximately fifty years. This report has been authorized by the subject property's owner, represented by Christopher Marchese. This report is intended for presentation to the City of San José's Planning Commission and the County of Santa Clara's Planning Commission.

1.2 Executive summary. Agriculture is not a viable use of the subject property now or in the long-term. It is being farmed to cherries at present to cover property taxes and keep the weeds down, and appears to be in a break-even cash flow pattern through our analysis of the past decade's financial reports of its farming operations. However, as soon as next year, continued use as

[1] The county assessor's plat maps indicate a gross area of 228.7 acres, total.

cherries most likely will result in increasing annual cash-flow losses. Moreover, when depreciation or capital recovery of sunk investment costs are considered in the financial analysis, the annual operating losses to this agricultural operation are already heavy and will increase over time.

The following detrimental factors apply to the entire neighborhood of the Coyote Valley's east side, including the subject:

– competitively disadvantageous, high cost of doing agricultural business;
– adjacent and surrounding urban uses incompatible with farming;
– lack of any agricultural-support services in the area; and
– substantial environmental limitations and intrusions caused by adjoining wildlife-habitat, recreational, and municipal land uses.

Due to these adverse factors, most neighboring landowners of the Coyote Valley have already ceased to operate farming businesses on their properties.

The key limitation of the subject property that we explore in this report, which has led us to find lack of long-term agricultural viability is its lack of profitability in its current use as cherries, or in other potential alternative agricultural uses, as we detail in section 4.

A related specific problem—a very high cost of doing business—puts the subject property's agricultural operations at a major competitive disadvantage relative to other areas of northern and central California where agriculture is viable. The result is poor profitability for any agricultural enterprise to which the property might be put.

Finally, the prospects for profitability of agricultural enterprises on the subject are projected to worsen for the foreseeable future due to decreasing gross income and increasing costs, especially labor wages.

1.3 Qualifications of consultants. Since 1977, House Agricultural Consultants (HAC) has provided clients with a wide range of appraisal, consulting, and management services. Clients include farmers, landowners, institutions, insurance companies, law firms, municipalities, state and federal agencies, and many others. A sample list of clients is included in the appendices of this report.

HAC has prepared numerous studies concerning the agronomics, economics, and agricultural viability of farm properties over the years. HAC has worked in Santa Clara County for three decades, serving clients such as Leland Stanford Junior University and the City of Morgan Hill. For the latter, HAC has been involved since 2009 in helping to design an agricultural-conservation program, including agricultural-viability studies, farm land-use studies, and appraisals of agricultural-conservation easements.

The résumés of the authors are included in the appendices of this report.

Mr. Henry House, coauthor of this report, has twenty years of experience as an agricultural consultant, with expertise in soil science, statistics, agricultural economics, and agroecology. In his spare time he assists his father on the management of the family farm.

Mr. Greg House, coauthor of this report, is a qualified expert witness on agricultural matters in California Superior Court, United States Tax Court, and United States Bankruptcy Court. Mr. House has over forty years of experience as an agricultural consultant throughout California and the western states, and has worked particularly in northern California as a crop-management consultant since 1977. Mr. House is also a farmer of 35 years. Coco Ranch, the family farm, produces organic apples and other organic tree fruits on forty acres of land near Dixon, California.

Greg House is credentialed by the American Society of Farm Managers and Rural Appraisers, holding its professional designations of Accredited Farm Manager and Accredited Rural Appraiser. Mr. House is recognized by the American Society of Agronomy as holding its designations of

Certified Crop Advisor and Certified Professional Agronomist. Mr. House holds a professional license from the state of California as a Certified General Appraiser, number AG-001999.

1.4 Scope of work in preparation of study. Our work in preparing this study included the following:

– A site inspection of the subject and its neighborhood, the Coyote Valley.
– Review of relevant scholarly literature on the subject of agricultural viability.
– Review of the United States Census of Agriculture data for Santa Clara County, Santa Cruz County, Monterey County, and San Benito County concerning farm size, gross and net income, and number of farm operations.
– Review of the University of California Cooperative Extension's financial cost studies for the subject's actual and potential alternative crops, cherries and hay.
– Reference to land-value studies published by the California Chapter of the American Society of Farm Managers and Rural Appraisers.
– Reference to Santa Clara County Assessor's office's records and maps.
– Reference to the United States Department of Agriculture's *Web Soil Survey* for soil-class information.
– Examination and analysis of California Department of Conservation's Farmland Mapping and Monitoring Program maps, present and historical, of the subject property and its neighborhood.
– Interviews with the landowner's representatives and several other farmer-landowners in the subject's Coyote Valley neighborhood.
– Review of regulations of the City of San José affecting the cost of business on the subject property.
– Review of farm-specific data provided by the landowner: including well records, yield history, and financial information.

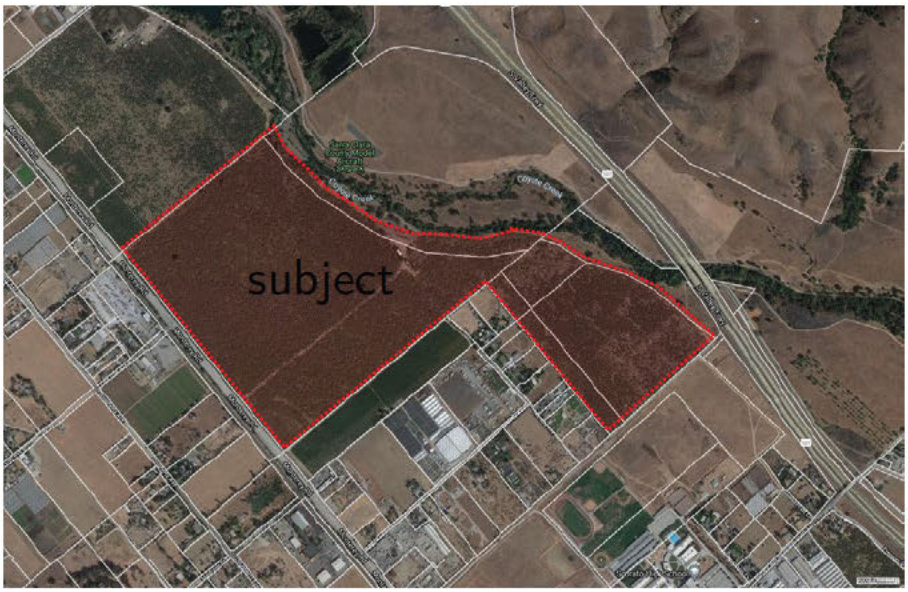
2 Setting and property description

2.1 Subject site's production area. The subject property lies within the northern portion of the California Central Coast production area, which includes Santa Cruz and Monterey Counties.

2.2 General description of subject's neighborhood. The neighborhood containing the subject property contains 83 assessor's parcels that are owned by nongovernmental entities and comprises approximately 750 acres. Of these, there are 37 parcels that are at least five acres in size and privately owned, that is, not owned by a government or school district; these 37 parcels total 638 acres (including the subject property). Figures 1 illustrates the subject property. The subject lies within the limits of the City of San José, having been annexed in the 1960s. Figure 2 illustrates the location of the subject's neighborhood in southern Santa Clara County.

The subject itself is bounded by Monterey Road on part of its southwest, Coyote Creek and its surrounding public open space on its northeast, and other private ownerships on its northwest as well as portions of its southeast and southwest. The Sobrato High School and a parcel owned by City of San José adjoin a portion of the subject property's southeast. This neighborhood is geographically separated from Santa Clara County's other farming areas of Morgan Hill and Gilroy that lie substantially further south.

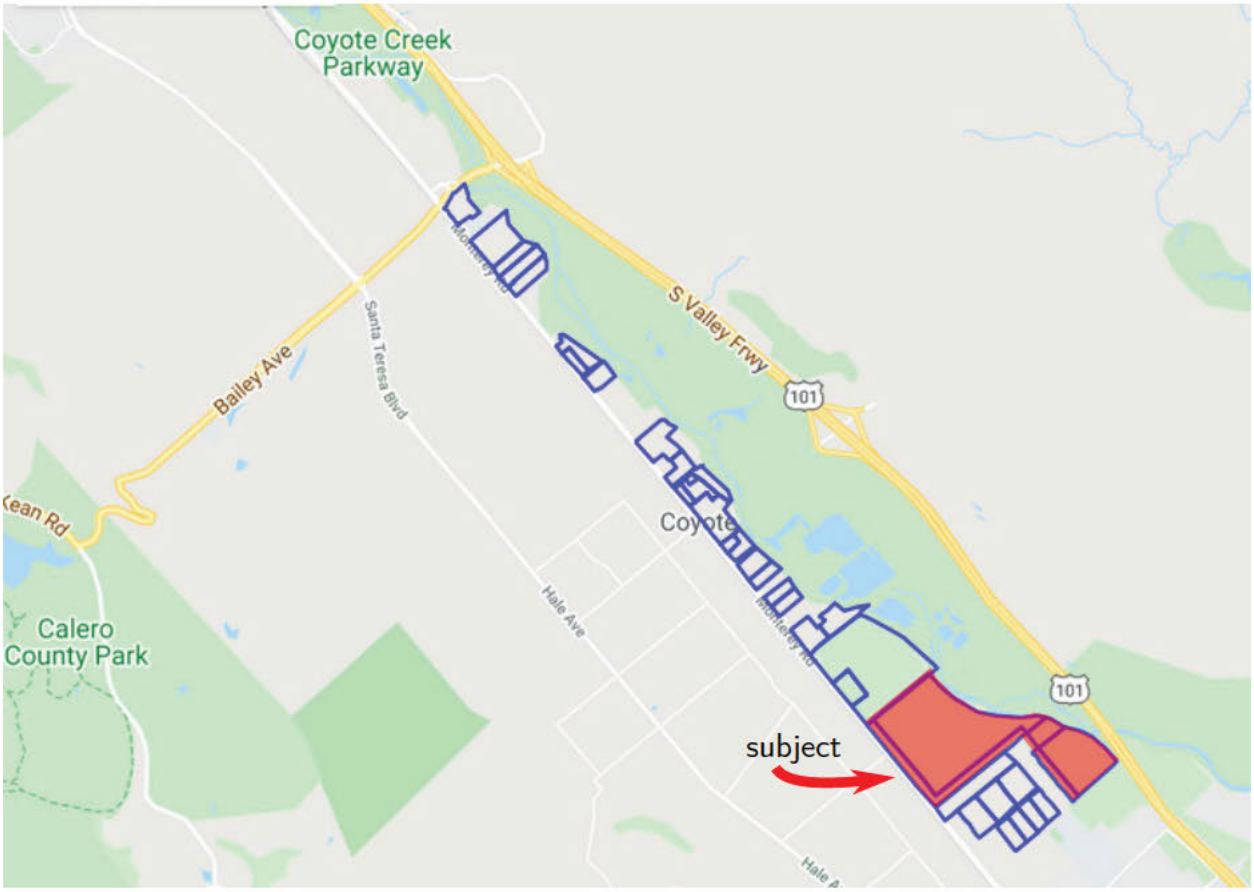
FIGURE 1 Map showing location of the subject property (outlined in red).



2.2.1 ISOLATED SETTING: DIFFICULT ACCESS AND ADJOINING INCOMPATIBLE LAND USES. The subject property is located at the south of the Coyote Valley, from whose agricultural open space it is isolated by Monterey Road. The subject itself lies within the City of San José. As noted, an urban land use (Sobrato High School) adjoins the subject's southeast, while the Coyote Creek on the subject's northeast contains a public trail. All of these are nonfarm land uses, and each represents a significant barrier which makes pursuing commercial agriculture on the subject property difficult.

2.2.2 URBAN PROXIMITY. The very same nonfarm land uses that isolate the subject and make for difficult farm vehicle access also make for conflicts with the proximate urban surroundings. These conflicts include restrictions on spraying and applying farm chemicals, conflicts of dust and noise from farm operations, theft, vandalism, and damage to crops and capital goods from wildlife. The presence of members of the urban public on the neighboring public trail and adjoining school property is significantly disadvantageous to commercial agriculture. Not only is the grower's ability to apply pesticides ordinarily used in commercial agriculture impacted, but greater attention to safety, relative to typical agricultural settings, is be required at all times given the possibility of uninformed members of the public wandering into an active agricultural operation.

FIGURE 2 Map showing location and extent of the subject's neighborhood in Coyote Valley. The 37 parcels, including the subject, that are privately owned and at least five acres are outlined in blue.



3 Agricultural viability

Agricultural properties can be studied in many ways, with emphasis on different but significant characteristics, such as agronomic productivity, economic productivity, market value, value-in-use, etc. In this study, we focus on the viability of the agricultural use of the subject property.

3.1 What is agricultural viability? Viability refers to the ability to live, and used in this agricultural context it implies both physical and financial feasibility of a farm, demanding, too, that the agricultural use endure over a long time period. To be viable, a farm must have both the physical attributes necessary for financial feasibility and longevity, such as soil and water, but also must be economically feasible in the long term. A recent report by Daniel A. Sumner of the University of California at Davis sums it up this way:

> Finally, economic analysis of feasibility, viability, costs, and benefits must be evaluated over extended time horizons. Sustainability of the land use is fundamental. Farming requires long-lasting investments to maintain land productivity and viability.[2]

[2] Sumner, Daniel A., *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San José*, September 2021.

The United States Department of Agriculture offered a similar definition in its 1986 study entitled *Farm Viability: Results of the USDA Family Farm Surveys.* That study developed a *viability model* which it explained this way:

> To be "viable", a farm household must generate net income sufficient to meet financial obligations of three types. First, it must provide for the livelihood of its members. Second, to continue operating the farm business as it is currently organized, the household must cover cash operating expenses (including interest payments), and capital replacement costs. Third, to maintain its line of farm credit and prevent foreclosure of the business, the household must also meet principal payments on debt as scheduled.

We note that the 1986 USDA study considers as viable even those family-farm operations that do not generate enough income for a family's entire living needs, with the understanding that off-farm income could supplement agricultural income to provide for the life-needs of the farmers themselves as part of farm viability.[3] Nevertheless, we emphasize that both definitions of *agricultural viability* require that the farm be economically sustainable, able to generate enough revenue to provide for both capital replacement and at least some modest net economic profit after capital replacement is provided for.

3.1.1 External and internal factors of viability. A thorough analysis of economic viability for agricultural property will take into account both external and internal factors affecting the farm, impacting its utility and viability as a site for agricultural activities. Such an analysis would also consider the interaction of the external and internal factors on each other. By *external*, we mean factors outside the control of the farmer, factors that are inherent to the broader farm economy. By *internal* factors, we refer to those factors which are inherent to the specific farm and its specific site.

External factors affecting economic viability of agricultural property include such market forces as commodity prices, competition, demand for commodities, availability and cost of labor, government regulations, and environmental factors such as sources of contamination, pestilence, and global climate change. In our previous study we examined the common external factors affecting the properties of the east side of the Coyote Valley, including the significant large-scale economic forces affecting the agricultural utility and viability of the entire neighborhood that contains the subject property, such as

– trend towards larger farms, fewer farmers in California and the U.S.A.;
– trend towards increasing mechanization due to high and increasing labor costs; and
– shortage of suitable labor[4]

which we need not elaborate here; please refer to our report published October 28, 2021, titled *Agricultural Viability Study of Coyote Valley · East Side Monterey Road* for discussion.

Internal characteristics which affect the economic viability of a property can be broadly divided into two categories: the land or agronomic factors of soil, water and local climate; and site factors or characteristics such as size, shape, and surrounding uses. We discuss these factors in detail in that report.

[3] USDA reported in 2019 that 96 percent of farm households derived some income from off-farm sources and that, on average, off-farm income contributed 82 percent of total income, or $101,638, for all family farms in 2019. Sourced from ⟨https://ers.usda.gov/amber-waves/2021/september/off-farm-income-a-major-component-of-total-income-for-most-farm-households-in-2019⟩, downloaded October 18, 2021.

[4] For example, Kaitlin Washburn Report for America, *In California farm country, growers struggle with labor shortage* (article in *USA Today*, April 6, 2020) reports: "A crippling labor shortage has affected nearly every corner of California agriculture." ⟨https://www.usatoday.com/story/opinion/2020/04/06/california-growers-struggle-labor-shortage-other-challenges-column/2941779001⟩.

Following is a short discussion of two major external economic factors putting the subject property at a disadvantage for commercial agricultural operations.

3.1.2 Poor availability of agricultural-support services. It is difficult for agriculture to continue if convenient and adequate support services are not readily available, an issue affecting the subject property as well as its neighborhood that we have explored and discussed in our companion report, *Agricultural Viability Study of Coyote Valley · East Side Monterey Road*. In brief, such services include equipment supply-and-repair shops; general farm-supply stores; vendors of fertilizers, herbicides, and pesticides; providers of integrated pest management; and specialized financial services such as providers of insurance, credit, banking, and marketing. A packing house which prepares picked fruit for market, keeps the fruit cool and fresh, and has proper truck-shipping facilities is a notable requirement for commercial cherry crops, such as the subject's, as well as other tree fruits. There are none of these in the Coyote Valley and none in southern Santa Clara County. The closest suppliers for equipment and farm chemicals are in Watsonville, which can only be accessed via the busy commuter Highway 101 and the sinuous Highway 152 through the Santa Cruz Mountains. Thus the subject property's operators must travel long distances to obtain supplies and services, putting them at a disadvantage relative to other farming areas in California, such as the Santa Cruz–Watsonville area, the Central Valley of California, and the southern San Joaquin Valley (the location of numerous competing cherry producers). We find that, in comparison to the farms in such vital farm production areas of California, agricultural-support services available to the subject property are severely limited.

Please refer to our previously mentioned report of October 28, 2021 for a detailed discussion on this topic. In the Land Evaluation and Site Assessment model that we discuss in that companion report, the subject property ranks poorly in availability of agricultural-support services compared to competing farms in other regions: the subject scores a zero in this factor of availability of agricultural-support services.

3.1.3 Poor market presence and timing worsened by climate change. Aside from crop yield and competition to be low-cost producers, farmers of perishable fruit and vegetable crops also compete in the arena of market timing. Typically, when these crops come into season, the earlier the farmer can bring the commodity to market, the higher the price. It can be viewed as a simple supply issue, with the early season bringing higher prices because of the limited supply as well as being first and novel for the new season.

In this regard, for instance, the cherries of subject property have not fared well, as the relatively newer production areas of the southern San Joaquin Valley have edged out Coyote Valley, which formerly had a slight market-timing advantage. The southern San Joaquin cherries are harvested earlier and command a higher price than cherries from Coyote Valley: by the time cherries produced on the subject or elsewhere in the Coyote Valley cherries can be sold, the market has attained mid-season characteristics of high supply from numerous competing producers and consequently the lowest prices of the season.

Global climate change appears to be an additional external factor further negatively affecting fruit production in the Coyote Valley. The subject's owner and neighboring growers report weather-related problems now that did not exist in the past decades, such as insufficient accumulation of winter chilling hours (necessary to stimulate fruit trees to flower and yield) and spring rains (causing crop loss). We have been provided records that demonstrate that disastrous spring rains occurred in six out of the past seven years. Little or no yield of cherries could be picked from the subject in these rainy six years, because cherries split and mold within hours after even a light rain on the ripening fruit.[5]

3.1.4 Other internal or property-specific factors. Internal characteristics which affect the economic viability of a property can be broadly divided into two categories: the land or agronomic factors of soil, water and local climate; and site factors or characteristics such as size, shape, and surrounding uses.

These factors are discussed in detail in our report published October 28, 2021, titled *Agricultural Viability Study of Coyote Valley · East Side Monterey Road*. In brief, the subject property has high-rated soil (with respected to physical agronomic characteristics) but high water cost and limited, or threatened, water availability; and the uses of land surrounding the subject are incompatible with commercial agriculture, putting the property at a competitive disadvantage for both ease of operations and costs of production.

Please refer to our referenced October 28, 2021 report for more detailed discussion and analysis by the model of Land Evaluation and Site Assessment (LESA).

4 Property-specific analysis of financial feasibility

Factors in the financial viability of a farm business include its productivity, its cost of doing business in its particular location, and the level of investment in capital replacement (including investment in new machinery and technology).[6]

Our previous report discussed re-investment in an agricultural operation as a factor of viability. Our observations in July 2021 as well as conversations with the property owners indicate there are no or minimal new on-farm re-investments occurring in the subject site. The cherry growers have not kept up with the replanting of the newer cherry cultivars demanded by the market. This threatens the continued productivity of the subject's cherry production, as its current variety, Bing, is fast becoming obsolete in the retail end of the commercial cherry business.

From an economic perspective, the present level of new on-farm investment reflects the net income potential from existing farm operations as well as the farmer's anticipation of future benefits from farming. Due to the factors noted above and discussed in detail in our previous report, there is no incentive for re-investment in these subject orchards. A related problem is the age of the farmers: the current operators are at retirement age or above, and there is no upcoming generation of young farmers to take their place.

In the three following subsections, we examine the subject property's financial potential in a number of agricultural uses, including its existing agricultural use—a cherry orchard—to illuminate the lack of profitability in its continued agricultural use. We present three property-specific analyses: (I) comparison of the subject's cashflow to market-typical costs and returns for the operation of a cherry orchard, (II) financial ratios and metrics as used by lenders to determine credit worthiness and investment potential, and (III) a financial-feasibility budget for removal of the existing cherry orchard and its replacement with another agricultural use.

4.1 Analysis I: Comparison of subject's costs and returns with market. Compared to other cherry orchards in other cherry growing regions of California, the subject property as a cherry orchard is not profitable.

We have referenced a cost study of the University of California, *Sample Cost to Establish an Orchard and Produce Sweet Cherries: San Joaquin Valley—North 2017* (full citation in the references of this report, page 17). This publication reports the agricultural-economist authors'

[5] Personal communication from Chris Marchese, October 18, 2021. Also personal experience of Greg House, who grows commercial cherries in Solano County.

[6] E.g., Adelaja, A. and K. Rose. *Farm Viability Revisited: A Simultaneous-Equation Cash Flow Approach*. Agricultural Finance Review. Vol. 48 (1988): 11-24.

research on the costs and returns of a typical cherry orchard in the San Joaquin Valley, which, as noted, we have identified as the major cherry-producing area of California that competes with the subject property. In summary, this study which projects net cash revenue to an established orchard in that area of $5,102 per acre, annually (gross revenues minus cash operating expenses); from this figure, the operator obtains capital recovery as economic profit, if any (i.e., this figure sums direct costs only, without deducting depreciation, any recovery of capital investments, or any provision for re-investment).

The appendices of this report contain tables that compare the cost study's costs and returns in the San Joaquin Valley to the subject's.[7] In contrast with the typical San Joaquin Valley-area orchard considered in the cost study, the subject's average annual return for the past seven[8], including crop-insurance payments in disaster years, has been $99.57 dollars per acre, or $22,004 total, per annum, a difference of −98 percent from the San Joaquin cherry-growing operations.

Moreover this figure does not account for depreciation of equipment or capital recovery, a consideration we take up in the next section as the NFIO metric analysis.

Finally, we anticipate this already modest and risky average cash return to decrease further in the coming years due to the increasing cost of labor.

4.1.1 Deleterious effect of local farm-labor wages. Figure 3 illustrates the national-level rise in farm-labor wages over the past decade. Compared to competing agricultural areas of California, this issue is substantially magnified in the case of the subject as it lies within the City of San José, which has its own minimum-wage ordinance. Table 1 compares the minimum wage of California to that required in San José. As the table indicates, the minimum-wage rate is currently set at $15.45 per hour and scheduled to increase in 2022 to $16.20 per hour. Thus, under the burden of this urban-type minimum-wage standard due to its location within the City of San José, as an agricultural employer the subject's operator is at a serious disadvantage compared to competing cherry-producing areas of California. This eight-percent difference (2022 figure) perhaps does not seem like much, but for many crops, especially fruits and vegetables, labor is a major expense; for example, the previously cited California Cooperative Extension cost study estimates that labor is 38 percent of the cost to produce cherries; another recent U.C. production-cost study estimates hand labor as 61 percent of the cost to produce lettuce. Agriculture is typically a high-cost, low-profit-margin business. A recent study that we undertook to examine the financial efficiency of U.S. farms using historical financial data from the USDA found an average net farm income ratio (NFIR: net income divided by gross income) of two percent for all U.S. farms in 2015. This means that 98 percent of the gross income was consumed by expenses, and indicates on average U.S. farms are a very-low-profit-margin business. Here is a strong reason for the need for farms to be large and for the need for them to continue to get bigger. Cherries, as a delicate fruit crop, are entirely hand-picked.

The subject lies within the limits of the City of San José (having been annexed in the 1960s) and is thus subject to its jurisdiction. We have reviewed the minimum-wage ordinance of the City of San José, which we have reproduced in the appendices of this report (section 7.3). This ordinance has since 2017 set a minimum wage exceeding California's minimum wage under which to which competing agricultural businesses (generally operating in unincorporated areas) are subject. We found that the hourly rate to which the subject property in the City of San José will be subject will once again increase in 2023 and continue to increase annually thereafter up to five percent per annum to match Bay Area urban consumers' cost-of-living index. Thus, we can project a rate of

[7] Section 7.1 (page 18).

[8] Years 2014 through 2021; the year 2021 was not included, as this year is unfinished; however, available evidence fails to indicate any change in the trend.

FIGURE 3 Wages for U.S. farm labor have increased by approximately 36 percent since 2010. In California the increase since 2010 is approximately 63 percent.

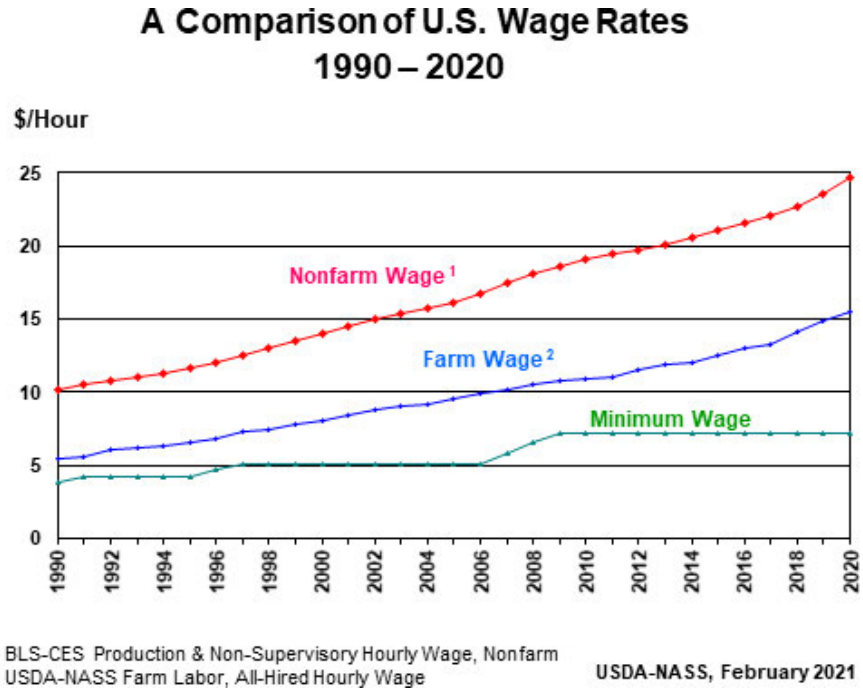


TABLE 1 Schedule of minimum hourly wages, 2016 to 2022, California compared to San José.

Year	California min. wage	San José min. wage	Percent difference, San José–statewide
2017	$10.50	$10.50, raised Jul. 1 to $12.00	+14.3
2018	$11.00	$13.50	+22.7
2019	$12.00	$15.00	+25.0
2020	$13.00	$15.25	+17.3
2021	$14.00	$15.45	+10.4
2022	$15.00	$16.20	+8.0
2023	$15.00	$17.00*	+13.3

* Projected per language of city's ordinance.

$17.00 per hour in 2023, thirteen percent higher than the California minimum wage, and anticipate further increases thereafter indefinitely.

4.2 Analysis II: Financial ratios. For this approach, we have examined the subject property's agricultural operation's economic viability on the basis of several common farm financial ratios and metrics used by banks and creditors. Such ratios are widely used to determine whether a lender shall extend operating credit money to a farm business; they represent an objective measure of the financial health of a farm as they can be compared to established standard criteria, that is, acceptable numeric values. The utility of financial ratios regarding the subject of this report is

two-fold: in addition to being statistics that shed light on the future economic viability of a farm operation, they directly indicate the capacity of an operation to borrow working capital to finance its operation during the annual cycle of crop production.

The two financial ratios that are appropriate in this analysis to shed light on the subject property are the *operating-profit margin ratio*, or *OMPR*, and the *rate of return on farm assets*.

4.2.1 Operating-profit margin ratio (OMPR). The *operating-profit margin ratio* is defined as net income from operations divided by gross revenue. The subject's net income from operations, which was discussed in the previous section comparing the subject to the University of California's cost studies, is $22,004 (average for the past seven years)[9]; the gross revenue for the same period averaged $1,368,158. The indicated operating-profit margin ratio for the subject property is thus 0.016.

Accepted interpretations of the value per agricultural-economics literature are

Ratio:	Indicated financial strength of business:
< 0.10	weak
0.10–0.25	acceptable/average
> 0.25	strong.

The subject's ratio of 0.016 is substantially less than 0.1 and thus places the subject property deeply into the "weak" category. This is an indication that the subject property has a very low margin of profit, relative to the standard in the agricultural sector, and thus lacks robustness to adversity; a single unusually poor year or a modest increase in expenses or decline in revenue could result in insolvency. This is not a business that a potential agricultural lender would desire to service.

4.2.2 Rate of return on farm assets. The other ratio we have selected to shed light on the subject's economic viability is the *rate of return on farm assets*. This statistic can be thought of as an opportunity cost or interest rate that the farm earned in one year on all money invested in the business. It is defined as the income from all operations divided by the average total value of all farm assets. Accepted interpretations of the value per agricultural-economics literature are

Rate of return:	Financial strength of business:
< 1.0 %	weak
1.0–5.0 %	acceptable/average
> 5.0 %	strong.

The major asset component of this ratio is the subject's land. We have estimated the value of the land under agricultural use as $8,000,000 to $15,550,000 ($35,000 to $68,000 dollars per acre) based on a recent offer from the Santa Clara Valley Open Space Authority and the Peninsula Open Space Trust for $35,000 per acre, which we have discussed with the landowner[10], as well as other recent purchases by those entities in the neighborhood.[11] Other assets include trees and equipment, estimated to contribute $2,934,000, adding which to the land gives a total farm-asset

[9] The partial year of 2021 is excluded, however, there is no evidence available at this time that 2021 will improve upon the previous seven years' trend. That trend is downward (a decline in profitability year after year, on average).

[10] Personal communication from Chris Marchese, October and November, 2021.

[11] Estimate of value for economic-feasibility purposes, only. Although we, this report's authors, are appraisers, we have not appraised the subject property in this report.

value (denominator of this rate-of-return ratio) of $10,940,000 to $18,490,000. The indicated rate for the subject property[12] is 0.12 to 0.2 percent, placing the subject property well within the "weak" category of financial strength.

4.2.3 Net farm income from operations (NFIO). Lastly, we have additionally computed a statistic known as the NFIO, which is another measurement of financial health (a sum not a ratio) that sheds additional light on the situation of the subject property by considering depreciation (i.e., the wasting of capital assets). The previous two financial-health ratios do not consider depreciation or capital recovery (although they include the annual cash cost of ongoing repairs and maintenance). The statistic of *Net farm income from operations*, or *NFIO* is defined as gross cash farm income, minus total cash farm expenses, minus depreciation. By considering depreciation, this statistic is a measurement of true average annual economic profit. The interpretation is straightforward: a positive result is net economic profit, after all forms of depreciation are considered; while a negative result is a net economic loss.

We compute the NFIO of the subject property as $−935 per acre, or $−206,731, per annum, based on the past seven years (this is a annual average, as the annual revenue and expenses vary from year to year). This negative result confirms what other evidence presented in this this report has suggested: that the subject property does not have long-term agricultural viability; and while it is currently operating, its capital assets (the trees and other agricultural, nonland assets) are being depleted year-after-year.

4.3 Analysis III: Scenario of alternative annual crop enterprises. If the existing cherry orchard were to be removed, the land could be cleared and prepared for the growing of annual crops. The typical crops grown in the area are a few summer vegetables such as squash, pumpkins and sweet corn; grass hay, such as wheat hay or oat hay, is also grown.

To examine the potential economic return of these alternatives to cherry or other tree-fruit production, we first consider the cost to remove the existing orchards and prepare the land for annual row or field crops.

4.3.1 Cost to remove cherry orchard. The University of California at Davis has recently published a study of orchard-removal costs. In the past it was permitted to bulldoze orchard trees into piles and burn them. This was a relatively inexpensive method to clear the land of the trees. Such agricultural burning is no longer permitted by air-quality-control boards in California, and thus the remaining option is to pull out the trees, grind them up in place, and either spread the wood chips on the on land or haul the wood chips to a co-generation plant. This latter option is very unlikely for the subject property due to its location, hauling costs, and the scarcity of co-generation plants willing to accept the wood chips.

We therefore examine the remaining option, to pull the trees, grind them in place, spread the wood chips on the land, and incorporate the chips into the soil. Table 2 summarizes the operations and estimated costs, based on the University study, adjusted upward by twenty percent due to the location of the subject property.[13] The cost is estimated at $2,062 per acre, or $455,500, total.

For any new agricultural use of the subject property, be it vegetables, oat hay, or replanting to cherries or some other orchard crop, this cost would need to be paid up-front, and thus presents a very sizable cost that the subsequent use would need to recover.

[12] See the appendices of this report, section 7.1, for source data.

[13] Lyondakis, the premier orchard removal company through California, has so advised the subject property's owners that due to their location, remote from mainstream agriculture, difficult to access, and in a urban area, their typical cost for orchard removal would be increased by approximately twenty percent.

TABLE 2 Estimated per acre cost to remove existing cherry orchard on the subject property.

Operation	Cost per acre
pull trees	$300
grinding	$720
spread chips	$316
deep rip	$600
discing	$126
total	$2,062

Recovery of this orchard removal cost is not economically possible given any of the many options reviewed in this report, as follows.

4.3.2 VEGETABLES. Vegetable production requires extensive equipment, grower knowledge, and ready markets. The area vegetable growers rely primarily on seasonal recreation for tourists in the fall months to both market their produce and to generate agri-tourism sales income, as described by Daniel Sumner, Professor of Agricultural Economics at the University of California at Davis in his previously cited 2021 study entitled *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San José.*

Vegetable agri-tourism is a specialized business and the current landowners cannot be expected to operate such an enterprise. Could it be rented for this purpose? The Marchese property is quite large for the area, being approximately 221 acres, three to four times the size of the B&T Farms agri-tourism operation at the corner of Bailey Avenue and Santa Teresa Boulevard. Thus the subject property is too large to be used entirely for agri-tourism, and so if this scheme were to be pursued, commercial vegetable production would need to be the principle use of the property, supplemented by agri-tourism. Assuming there were a tenant willing to take on the subject 221 acres for the combined purpose of vegetables and seasonal agri-tourism, and if the landowners were willing to rent the land for such purposes, what might be the economic rent for the 221 acres?

This seasonal recreational (agri-tourism) use and its associated rental rates have been well documented by Daniel Sumner. Dr. Sumner's data indicates a rental range of $350 to $700 per acre per year for the vegetables with seasonal agri-tourism in the neighborhood of the subject property, on the east side of Monterey Road in North Coyote Valley. His survey included properties from 40 to 80 acres in size. We would expect the subject property to rent at the very low end of this range due to its large size; $350 per acre would be the maximum we anticipate as rent for the subject 221 acres. As Dr. Sumner noted, this does not even cover property taxes for the landowner, and fails also to cover other land-ownership costs such as bookkeeping, insurance, and maintenance costs. The effect of the City of San José's higher-than-standard minimum wage, previously discussed under the economics of cherry production, likewise is detrimental to this putative operational alternative.

The use of the subject property for vegetables, even if seasonal agri-tourism is included, is not an economically viable use.

4.3.3 OAT HAY. Oat hay is also grown in the neighborhood of the Marchese property. Oat hay is an annual crop sown in the fall and harvested in the summer. The farming equipment required to

produce a hay crop is considerably less than that for vegetables, and it does not require irrigation, as hay grasses, such as oats, can produce a crop on the normal winter rainfall of the Coyote Valley, about 12 to 18 inches.

The average yield for oat hay in the area is approximately 2.5 tons per acre. To estimate the cost and returns in growing oat hay on the subject 221 acres, we reference a 2012 economic study by the University of California Cooperative Extension entitled *2012 Sample Cost to Produce Oat Hay: Sacramento Valley—Dryland*. The term *dryland* indicates that no irrigation water is required, and the Sacramento Valley is similar to the Santa Clara Valley in rainfall and winter climatic patterns. We have updated the 2012 costs by an upward-adjustment factor of five percent, based on information from the United States Department of Agriculture's Economic Research Service which maintains records of nationwide annual costs of production paid by farmers. This index for farm-production costs (not including labor wages) indicates a modest five-percent overall increase between the years 2012 and 2021.

A complete economic budget for the oat-hay enterprise on the subject property is included in the appendices to this report (section 7.2). In summary, the oat-hay enterprise is projected to produce a gross income of $437.50 per acre based on production of 2.5 tons per acre of oat hay sold at $175 per ton. Total expenses to grow the hay and also cover fixed ownership costs such as taxes and insurance are $839.49 per acre. Even if the property taxes of the Marchese property were reduced by a factor of five, the oat-hay enterprise would just about break-even (that is, expenses would equal gross income, and the net would be zero), thus producing no incentive for the farmer to grow the crop.

The oat-hay enterprise is a nonstarter; this is not a viable economic use of the property.

5 Conclusion

The subject property lacks agricultural viability for the future. We have analyzed the subject's financial potential for agriculture, and it fails the tests of comparison to other cherry producers and registers critically low, "no-go" financial-analysis ratios used by lenders to determine whether an agricultural operation is worth investing in; alternative agricultural enterprises such as oat hay and vegetables are not viable either, even before fronting the sizeable cost of clearing the land of the existing noneconomic cherry orchards. We conclude that no economically rational market participant would purchase the subject property for any agricultural purpose.

The subject property only continues to be operated as a cherry orchard as an interim use due to the owner's decision to maintain the land and prevent its becoming a public nuisance; while farming cherries has just been above break-even in cashflow on average over the past seven years, an overall economic loss is occurring, when overhead and capital depreciation are taken into consideration. The orchards are old, in decline, and there is no incentive to re-invest in them.

Moreover, the subject's longstanding historical use is economically risky: the average slightly positive cashflow over seven years is due to two positive years, only, offsetting five years of loss. We project that positive cashflow will no longer be possible in 2022 and future years, as the cost of labor will increase by approximately eight percent due to a minimum-wage ordinance of the City of San José that puts the subject at a severe economic disadvantage compared to competing fruit-growing areas of California. Furthermore, global climate change will increase the frequency of crop-destroying weather disasters, further limiting the possibility of a positive return from fruit cultivation on the subject.

5.1 Final negative opinion of viability. For the reasons presented in this report, we conclude that the subject property is not viable for agriculture now or in the medium- to long-term future.

5.2 Certification. We certify that to the best of our knowledge and belief, the statements of fact in this report are true and correct. The reported analyses, opinions, and conclusions are our personal, unbiased professional analyses, opinions, and conclusions. We have no present or prospective interest in the property that is the subject of this report. We have no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon a predetermined outcome that favors the cause of the client, attainment of a stipulated result, or occurrence of a subsequent event.

We have made a personal inspection of the property that is the subject of this report. Our analyses, opinions, and conclusions have been developed, and this report has been prepared, in conformity with, and subject to, the Professional Code of Ethics and the Standards of Professional Practice of the American Society of Farm Managers and Rural Appraisers.

[redacted]

Gregory A. House, AFM, ARA, CPAg
Certified General Appraiser, California license no. AG-001999

Henry House

6 Sources referenced

The sources of data employed in the analyses in this report have included the consultants' files, knowledge, and experience from agricultural consulting and appraisal in the area (see the list of qualifications, page 50). Specific research performed for this assignment is detailed in section 1.4 and in the exhibits within the appendices that follow. Additionally, appropriate published sources have been referenced in the preparation of this appraisal. These include:

California Department of Conservation. *The California Agricultural Land Evaluation and Site Assessment Model Instruction Manual.* California Department of Conservation–Office of Land Conservation, 1997.

Grant, Joe A.; Caprile, Janet L.; Sumner, Daniel A.; and Murdock, Jeremy. *Sample Cost to Establish an Orchard and Produce Sweet Cherries: San Joaquin Valley—North 2017.* University of California Cooperative Extension University of California Agricultural Issues Center, and U.C. Davis Department of Agricultural and Resource Economics, 2017.

Long, Rachael; Munier, Doug; Klonsky, Karen M. *2012 Sample Cost to Produce Oat Hay: Sacramento Valley—Dryland.* University of California Cooperative Extension University of California Agricultural Issues Center, and U.C. Davis Department of Agricultural and Resource Economics, 2012.

Pease, James R., and Coughlin, Robert E. *Land Evaluation and Site Assessment: A Guidebook for Rating Agricultural Lands*, second edition. Prepared for the United States Department of Agriculture Natural Resource Conservation Service and published by the Soil and Water Conservation Society (Ankeny, IA) 2001.

Salant, P., et al. *Farm Viability: Results of the USDA Family Farm Surveys · Rural Development Research Report No. 60.* United States Department of Agriculture–Economic Research Service, July 1986.

Sumner, Daniel A. *The Economic Viability and Financial Feasibility of the Continued Agricultural Use of the North Coyote Valley Properties in the City of San José.* September 2021.

7 Appendices

7.1 Data for analysis I: Past eight years of returns from subject cherry orchard.

MORGAN HILL CHERRY ORCHARD TENANCY

COST ACCOUNTING INFORMATION

FOR A VIABILITY STUDY BY

HOUSE AGRICULTURAL CONSULTANTS

I A-1

MORGAN HILL CHERRY 0RCHARD TENANCY

CHERRY ORCHARD GROWER DETAILED ACCOUNTING HISTORY REPORT

LEASE OPERATOR - M&R PACKING COMPANY

ITEM		DESCRIPTION	ENTITY	SUB-TOTAL COST	ITEM TOTAL COST	CATEGORY TOTAL COST
I.		RANCH HUSBANDRY / CULTURAL COSTS				
	A.	FUEL				
	1	RED / LOW SULPHUR DIESEL	TORO PETROLEUM CORP.	9,919.42		
	2	DA MAGNAPLEX	E.F. KLUDT & SONS	63.14		
	3	FORKLIFT FUEL - PROPANE	WELLS FARGO BANK	235.62		
		TOTAL FUEL COSTS (A)			10,218.18	10,218.18
	B.	EQUIPMENT COSTS				
	1	OUTSIDE TRACTOR RENTAL				
	a	SPRAY RIG TRACTOR	N & S TRACTOR	2,912.00		
	b	OUTSIDE RENTAL TRACTOR REPAIRS	N & S TRACTOR	645.75		
		SUB-TOTAL (B-1)			3,557.75	
	2	TRACTOR EQUIPMENT REPAIR & PARTS				
	a	LABOR REPAIR COST	M&R CREW	2,516.62		
	b		WFB - GARTON TRACTOR	486.98		
	c	KUBOTA TRACTOR	WFB - BIG VALLEY TRACTOR	498.76		
	d		WFB - NAPA AUTO PARTS	146.85		
	e	V-BELT	WFB - GRAFFIGNA BROS. F/A SUPPLY	16.44		
	f		WFB - BIG W SALES	183.46		
	g	STARTER MOTER	BELKORP AG., LLC	346.27		
	h	KUBOTA TRACTOR	LODI REBUILDERS	172.58		
	i	TIRE REPAIR	LODI TIRE SERVICE	25.00		
	j	TIRE - JD 870	EAST BAY TIRE	288.97		
		SUB-TOTAL (B-2)		4,681.93	4,681.93	
	3	SPRAYER REPAIR & PARTS				
	a	LABOR REPAIR COSTS	M&R CREW	1,571.50		
	b	WEED SRAYER	WFB - J. MILANO	50.14		
	c	CH SPRAYER	WFB - HOME DEPOT	16.78		
	d	CH CPRAYER	WFB - GARTON TRACTOR	257.34		
	e	PRESS RELIEF + SS PIPE NIPPLE	BG AGRI SALES & SERVICE	394.02		
	f	PACKING / BEARINGS	BELKORP AG., LLC	395.28		
	g	SPRAYER REPAIR & PARTS	J. MILANO CO.	66.35		
	h	SPRAYER CLAMPS	CAPITAL RUBBER CO. LTD.	19.23		
	i	SPRAYER REPAIRS	BARRY MCLAIN	3,772.96		
	j	BATTERY	GRAFFIGNA BROS. F/A SUPPLY	112.83		
		SUB-TOTAL (B-3)		6,656.43	6,656.43	
	4	SCRAPER REPAIR & PARTS				
	a	9 FT. BLADE	MOTION INDUSTRIES INC.	248.05		
	b	SCRAPER REPAIR & PARTS	AIM AG INDUSTRIAL MFG. INC.	164.61		
	c	SCRAPER REPAIR & PARTS	J. MILANO CO. INC.	457.43		
		SUB-TOTAL (B-4)			870.09	
	5	SMALL FARMING TOOLS REPAIR & PARTS				
	a	NAPA GOLD FUEL	ROSAS	47.71		
	b	CHAIN SAW REPAIR	ACME SAW & SUPPLY INC.	184.69		
	c	CHAIN SAW REPAIR	WFB - ACME SAW & SUPPLY INC.	198.23		
	d	PARTS	WFB - WARD'S AUTO SUPPLY	28.85		
	e	4-WAY LUG WRENCH	WFB - GRAFFIGNA BROS. F/A SUPPLY	20.21		
	f	NAPA GOLD SPIN-ON	WARD'S AUTO SUPPLY	52.30		
	g	LOCK/KEYS	PAUL'S SAFE LOCK	32.48		
		SUB-TOTAL (B-5)			564.47	
		TOTAL EQUIPMENT & REPAIR COSTS (B)			16,330.67	16,330.67
	C	HEALTH & SAFTEY				
	1	SANITARY RESTROOM FACILITIES				
	a	M&R CREW - ANNUAL SERVICE	STAR SANITATION LLC	3,067.76		
	b	HARVEST CREWS - PORTABLES	STAR SANITATION LLC	8,473.99		
	c	MISC.	WFB - LOWES	34.81		
		TOTAL HEALTH & SAFETY COSTS (C)			11,576.56	11,576.56
		PAGE 1 OF 4	PAGE CATEGORY SUB-TOTAL			38,125.41
		REV. DATE 10/14/21				

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ITEM		DESCRIPTION	ENTITY	SUB-TOTAL COST	ITEM TOTAL COST	CATEGORY TOTAL COST
D		**RODENT CONTROL - SQUIRRELS / GOPHERS**				
	1	OUTSIDE LABOR + BAIT / TRAPS	EE HALL INC.	4,006.55		
	2	BAIT / TRAP	M&R CREW	1,599.64		
	3	LABOR - SQUIRREL + GOPHER CONTROL	M&R CREW	7,228.61		
		TOTAL COST (D)			**12,834.80**	**12,834.80**
E		**PRUNING / TOPPING / HEDGING**				
	1	OUTSIDE TOPPING / HEDGING	VILLARREAL HEDGING & TOPPING, INC.	34,125.00		
	2	OUTSIDE PRUNING LABOR	EE HALL INC.	1,045.09		
	3	PRUNING LABOR	M&R CREW	1,124.76		
		TOTAL COST (E)		**36,294.85**	**36,294.85**	**36,294.85**
F		**DEAD WOOD / BRUSH REMOVAL**				
	1	OUTSIDE LABOR - WOOD/BRUSH REMOVAL	EE HALL INC.	59,344.94		
	2	LABOR - WOOD/BRUSH REMOVAL	M&R CREW	2,617.30		
	3	OUTSIDE SHREDDING / CHOPPING	EE HALL INC.	2,808.54		
	4	SHREDDING / CHOPPING	M&R CREW	7,326.57		
	5	OUTSIDE LABOR - TREE REMOVAL	EE HALL INC.	1,325.25		
	6	LABOR - TREE REMOVAL	M&R CREW	3,201.24		
	7	OUTSIDE BACK-HOE SERVICE	HOLLOWAY AG. SERVICES	2,660.00		
	8	SUCKERING	M&R CREW	865.20		
	9	BURNING	M&R CREW	281.19		
		TOTAL COST (F)		**80,430.23**	**80,430.23**	**80,430.23**
G		**RE-PLANT TREES**				
	1	PURCHASE TREES - 414 CORAL	SIERRA GOLD	5,340.60		
	2	PURCHASE TREES - 350 BING	BRANDT NURSERY	4,515.00		
	3	PURCHASE TREES - 146 RAINER	BRANDT NURSERY	1,883.40		
	4	PURCHASE TREES - 90 TARTS	SIERRA GOLD	1,161.00		
	5	PURCHASE TREES - 310 BING ON MAHALEB	BORELLO FARMS	2,855.16		
		SUB-TOTAL (G1+2)			**15,755.16**	
	3	PURCHASE 1.25 WTX 10"/ PROTECTIVE MTL.	WILSON ORCHARD & VINYARD SUPPLY	8,133.79		
	4	OUTSIDE LABOR - RE-PLANT	EE HALL INC.	23,210.42		
	5	LABOR - RE-PLANT	M&R CREW	2,530.71		
	6	PURCHASE - 1/2" EMT CONDUIT TREE STAKE	MVR ELECTRICAL SERVICE	2,453.00		
	7	OUTSIDE LABOR - STAKING TREES	EEHALL INC.	6,436.84		
	8	PURCHASE PROTECTIVE MESH NETTING	AMAZON	2,596.08		
	9	LABOR - INSTALL PROTECTIVE NET	M&R CREW	1,903.44		
	10	OUTSIDE LABOR - INSTALL PROTECTIVE NET	EE HALL INC.	5,622.20		
	11	OUTSIDE SUPERVISOR FOREMAN	EE HALL INC.	1,196.60		
		SUB-TOTAL (G3-11)			**54,083.08**	
		TOTAL COST (G)			**69,838.24**	**69,838.24**
H		**SURVEY / TREE IDENTIFICATION**				
	1	OUTSIDE LABOR - PAINT TREES	EE HALL INC.	10,423.58		
	2	LABOR - PAINT TREES	M&R CREW	2,530.71		
	3	PURCHASE PAINT	BG AGRI SALES AND SERVICE	361.68		
	4	PURCHASE PAINT	WILSON ORCHARD & VINEYARD SUPPLY	117.45		
		TOTAL COST (H)		**13,433.42**	**13,433.42**	**13,433.42**
I		**POLLINATION / GRAFTING**				
	1	GRAFTING TREES	J & J AG / 5J1A, LLC	4,411.00		
	2	PURCHASE GRAFTING PISTOL GREASE	BG AGRI SALES & SERVICE	238.26		
	3	BEE HIVES	#1 HONEY BEES INC.	15,120.00		
	4	BOUQUET POLLENATION	M&R CREW	N/A		
		TOTAL COST (I)		**19,769.26**	**19,769.26**	**19,769.26**
J		**IRRIGATION SYSTEM REPAIRS**				
	1	OUTSIDE PUMP REPAIRS - #1 & #2	PACIFIC SOUTH WEST IRRIGATION	N/A		
	2	OUTSIDE MAINLINE / SUB-MAIN REPAIRS	PACIFIC SOUTH WEST IRRIGATION	3,566.69		
	3	SPRINKLER LINE HOSE REPAIRS - LABOR	EE HALL LLC	3,667.42		
	4	SPRINKLER REPAIRS				
	a	OUTSIDE LABOR - REPAIR SPRINKLERS	EE HALL INC.	3,042.90		
	b	PURCHASE - SWIVEL/BALL VALVE/EMITTERS	IRRIGATION DESIGN & CONSTRUCTION	6,217.50		
	c	PURCHASE - NELSON R10 STAKES/BALL VALVE	SIGNATURE IRRIGATION, INC.	3,552.92		
	d	PURCHASE - 3/4" PVC ADAPTER	LODI PUMP & IRRIGATION	58.77		
	5	MISC. REPAIRS				
	a	TANK BALL VALVE	BG AGRI SALES & SERVICE	2,417.98		
	b	MISC. PARTS	WFB - HOME DEPOT	228.15		
		TOTAL COST (J)		**22,752.33**	**22,752.33**	**22,752.33**
		PAGE 2 OF 4	**PAGE CATEGORY SUB-TOTAL**			**255,353.13**
		REV. DATE 10/14/21				

I A-3

ITEM		DESCRIPTION	ENTITY	SUB-TOTAL COST	ITEM TOTAL COST	CATEGORY TOTAL COST
K		**IRRIGATION**				
	1	PURCHASE WATER				
	a	PUMP STATION #1 - 08M006	SCVWD	6,042.13		
	b	PUMP STATION #2 - 07HOO8	SCVWD	4,507.94		
	c	PUMP STATION #3 - 07A006	SCVWD	4,947.76		
	d	PUMP STATION #4 - 07K006	SCVWD	2,966.52		
		SUB-TOTAL (K-1)		**18,464.35**	**18,464.35**	
	2	PUMP STATION POWER				
	a	PUMP STATION #1 - 1009468973	P G & E	13,792.48		
	b	PUMP STATION #2 - 1004491050	P G & E	3,978.61		
	c	PUMP STATION #3 - 1006789979	P G & E	13,835.29		
	d	PUMP STATION #4 - 1010072918	P G & E	8,199.00		
		SUB-TOTAL (K2)		**39,805.38**	**39,805.38**	
	3	IRRIGATION				
	a	LABOR	M&R CREW	11,122.81		
	b	OUTSIDE LABOR	EE HALL INC.	3,969.70		
		SUB-TOTAL (K3)		**15,092.51**	**15,092.51**	
		TOTAL COST (K)			**73,362.24**	**73,362.24**
L		**UTILITIES**				
		HOUSE / YARD - 1003917165	PG & E	5,412.43		
		HOUSE UTILITY REIMBURSEMENT	T. FLORES	-800.00		
		TOTAL COST (L)		**4,612.43**	**4,612.43**	**4,612.43**
K		**WEED CONTROL & FERTILIZATION +**				
		GROWTH REGULATORS & PEST CONTOL				
	1	LABOR				
		IRRIGATION SYSTEM - LIQUID FERTILIZER	M&R CREW	3,877.20		
		MACHINE DRY SPREAD - FERTILIZER / PEST CNTRL	M&R CREW	692.16		
		MACHINE SPRAY - GROWTH REGULATORS	M&R CREW	2,957.96		
		HAND SPRAY - WEED CONROL	M&R CREW	1,773.66		
		MACHINE SPRAY - WEED CONTROL	M&R CREW	3,947.50		
	2	OUTSIDE LABOR				
		MACHINE SPRAY - GROWTH REGULATORS	EE HALL INC.	4,652.78		
		MACHINE SPRAY - WEED CNTRL / FERTILIZER	EE HALL INC.	3,580.35		
		SUBTOTAL (K 1+2)		**21,481.61**	**21,481.61**	
	3	OUTSIDE ANALYSIS & SERVICE FEE	NUTRIEN AG SOLUTIONS	106.00		
		SUB-TOTAL (K-3)		**106.00**	**106.00**	
	4	PURCHASE CHEMICALS:				
		GROWTH REGULATORS & PEST CONTOL				
	a	RNA + ACTIVATOR	NUTRIEN AG SOLUTIONS	3,688.56		
	b	DORMEX	NUTRIEN AG SOLUTIONS	735.75		
	c	RAMIK + DEADLINE (DRY)	NUTRIEN AG SOLUTIONS	2,504.82		
	d	METEOR + PRO AQUA	NUTRIEN AG SOLUTIONS	5,185.68		
	e	ALION + CHATEAU	NUTRIEN AG SOLUTIONS	9,075.25		
	f	CAN 17	NUTRIEN AG SOLUTIONS	7,806.66		
	g	RAMIK (DRY)	NUTRIEN AG SOLUTIONS	1,770.71		
	h	INTREPID + ACTIVATOR	NUTRIEN AG SOLUTIONS	17,979.24		
	i	WATERMAX + ACTUATE	NUTRIEN AG SOLUTIONS	26,639.48		
	j	FOLIAR PLUS	NUTRIEN AG SOLUTIONS	1,768.80		
	k	WATERMAX + KTS LIQUID	NUTRIEN AG SOLUTIONS	17,770.90		
	l	PRO GIBB + DANITROL	NUTRIEN AG SOLUTIONS	26,292.43		
	m	PRO GIBB + RALLY	NUTRIEN AG SOLUTIONS	16,267.45		
	n	PRO AQUA PULSE + RNA + ACTIVATOR - CREDIT	NUTRIEN AG SOLUTIONS	-2,311.81		
		SUB-TOTAL (K-4)		**135,173.92**	**135,173.92**	
	5	PURCHASE FERTILIZER				
		FERTILIZER & WEED CONTROL				
	a	FORFEIT + SHARK	NUTRIEN AG SOLUTIONS	483.74		
	b	CAN + K PREM + CHASER + ZINC GOLDEN PRO	NUTRIEN AG SOLUTIONS	10,382.27		
	c	CALMAX	NUTRIEN AG SOLUTIONS	742.50		
	d	YARAMILA (DRY)	NUTRIEN AG SOLUTIONS	25.77		
		SUB-TOTAL (K-5)		**11,634.28**	**11,634.28**	
	6	CHEMICAL GRADUATED MIXING PITCHER	BG ARGI SALES & SERVICE	254.51		
		SUB-TOTAL (K-6)		**254.51**	**254.51**	
		TOTAL COST (K)			**168,650.32**	**168,650.32**
		PAGE 3 OF 4	**PAGE CATEGORY SUB-TOTAL**			**246,624.99**
		REV. DATE 10/14/21				

4

I
A-4

ITEM		DESCRIPTION	ENTITY	SUB-TOTAL COST	ITEM TOTAL COST	CATEGORY TOTAL COST
M		**SUPPORT FOR HARVEST**				
	1	**MOVE EQUIPMENT & LADDERS**				
	a	LABOR - EQUIPMENT	M&R CREW	413.84		
	b	OUTSIDE LABOR - EQUIPMENT	VERSATILE AG SOLUTIONS INC	1,420.70		
	c	OUTSIDE LABOR - LADDERS	EE HALL INC	112.70		
		SUB-TOTAL (M-1)		**1,947.24**	**1,947.24**	
	2	**CLEAN-UP**				
	a	LABOR	M&R CREW	2,164.41		
	b	OUTSIDE LABOR	EE HALL INC.	4,740.33		
	c	20 C.Y. TRASH DUMPSTER RENTAL	GREENWASTE MANAGEMENT	1,324.57		
	d	DUMP FEE	GREEN WASTE MANAGEMENT	784.57		
		SUB-TOTAL (M-2)		**9,013.88**	**9,013.88**	
	3	**WASH RENTAL TRACTORS PRIOR TO RETURN**				
		OUTSIDE LABOR	EE HALL INC.	1,811.32		
		SUB-TOTAL (M-3)		**1,811.32**	**1,811.32**	
	4	**RENTAL EQUIPMENT**				
	a	CHILLER GENERATOR	SUNBELT	6,868.65		
	b	3 - FORKLIFTS	?	3,750.00		
	c	LOADING RAMP	?	1,000.00		
	d	23- TRACTOR + BIN TRAILER	?	17,250.00		
		SUB-TOTAL (M-4)		**28,868.65**	**28,868.65**	
	5	**SUPPORT LABOR**				
	a	OUTSIDE LABOR - RENTAL FORKLIFT OPERATOR	?	9,713.32		
	b	OUTSIDE LABOR - HAULING	?	1,928.89		
	c	GENERAL LABOR	M&R CREW	369.60		
	d	LABOR - WATER TRUCK (DUST CONTROL)	M&R CREW	3,422.93		
		SUB-TOTAL (M-5)		**15,434.74**	**15,434.74**	
		TOTAL COST (M)			**57,075.83**	**57,075.83**
N		**MISC. TESTING**				
	a	FOOD SAFETY TEST	GLOBAL GAP AUDIT	550.00		
	b	WATER SAFETY TEST	FGL ENVIRONMENTAL	152.00		
		TOTAL COST (N)		**702.00**	**702.00**	**702.00**
			PAGE 4 CATEGORY SUB-TOTAL			**57,777.83**
			PAGE 3 CATEGORY SUB-TOTAL			**246,624.99**
			PAGE 2 CATEGORY SUB-TOTAL			**255,353.13**
			PAGE 1 CATEGORY SUB-TOTAL			**38,125.41**
		TOTAL RANCH HUSBANDRY / CULTURAL COSTS (I)				**597,881.36**
II		**HARVEST CONTRACT PICKING COST**				
	a	SUB-TOTAL #'S PICKED @ $0.5150/# = 889,832 #	VERSATILE AG SOLUTIONS INC.	458,263.51		
	b	SUB-TOTAL #'S PICKED @ $0.5565/# = 980,999 #	FRANCISCO S. SANCHEZ	545,827.84		
	c	SUB-TOTAL #'S PICKED @ $0.5432/# = 98,800 #	ALL READY FARM LABOR INC.	53,668.81		
		TOTAL #'S PICKED @ $0.5370/# = 1,969,631 #				
		18 # EQUIVALENT BOXES = 107,925 BOXES				
		TOTAL COST (II)		**1,057,760.16**		
		PAGE 4 OF 4				
		REV. DATE 10/14/21				

MORGAN HILL CHERRY ORCHARD TENANCY
2021 CHERRY ORCHARD DETAILED PACK-OUT ACCOUNTING SUMMARY
LEASE OPERATOR - M&R PACKING COMPANY

EXPORT SALES = 28.47 % OF PACK-OUT

ITEM	DESCRIPTION: PACK-OUT STYLE	CHERRY SIZE	NUMBER OF CARTONS	NET PACK-OUT 66.994985% LBS.	GROSS SALES $	PACKING HOUSE CHARGES: STANDARD CHARGES INCOMING LBS.	INCOMING $0.318/#	OUTGOING $0.270/#	PACK CHARGES PACK STYLE	PACK CHARGES CHARGE $	FUMMIGATION $0.300/# $	TOTAL P. H. CHARGES $	SALES COMMISION 8.00%	CCAB ASSESSMENTS $0.055 / # NO.1 $	NET SALES $
I	NUMBER 1'S SALES														
A	2.5 KILO = 5.51#														
		9.5 R (+)													
		10.0 R (+)	1,040	5,980	16,120.00										
	SUB-TOTAL (I-A)		1,040	5,980	16,120.00			-1,614.60			-1,794.00				
B	11 # CARTON														
		9.0 R (+)	51	574	1,750.22										
		9.5 R (+)	8,015	90,169	247,160.95										
		10.0 R (+)	7,940	89,325	216,437.96										
		10.5 R (+)	2,876	32,355	72,270.03										
	SUB-TOTAL (I-B)		18,882	212,423	537,619.16			-57,354.21			-63,726.90				
C	18 # CARTON														
		9.5 R (+)													
		10.0 R (+)	2,522	46,027	133,596.02										
		10.5 R (+)	2,702	49,312	127,076.03										
		11.0 R (+)	1,726	31,500	53,578.53										
		11.5 R (+)	1,648	30,076	41,780.61										
	SUB-TOTAL (I-C)		8,598	156,915	356,031.19			-42,367.05			-47,074.50				
D	8/2# BAGS = 16#														
		9.5 R (+)													
		10.0 R (+)													
		10.5 R (+)													
		11.0 R (+)													
		11.5 R (+)													
	SUB-TOTAL(I-D)														
E	8/2# CLAMS = 16#														
		10.0 R (+)													
	SUB-TOTAL (I-E)														
F	12/2# BAGS = 24#														
		11.0 R (+)													
	SUB-TOTAL (I-F)														
G	12/2.25# BAGS = 27#														
		10.5 R (+)													
	SUB-TOTAL (I-G)														
	SUB-TOTAL (I)		28,520	375,318	909,770.35	560,218	-178,149.32	-101,335.86		0.00	-112,595.40	-392,080.58	-72,781.63	-1,146.72	443,761.42
	$/# - NET PACK-OUT				2.42		-0.47	-0.27			-0.30	-1.04	-0.19	-0.01	1.18
	18# BOX EQUIVALENT			20,565		30,697									
	$/18# BOX - NET PACK-OUT				44.24		-8.66	-4.93			-5.48	-19.07	-3.54	-0.05	21.58
II	OTHER PRODUCTS														
A	DOUBLES & SPURS														
	UITILITY/#2														
	UTILITY 8/2 #2														
	SUB-TOTAL (II-A)														
B	CANNERY LARGE														
C	JUICE														
	SUB-TOTAL OTHER PRODUCT SOLD (II-A-C)														
D	UNDERSIZE														
E	TRASH														
	SUB-TOTAL (II)														
	TOTAL NET RETURN														

DOMESTIC SALES = 71.56% OF PACK-OUT

ITEM	DESCRIPTION: PACK-OUT STYLE	CHERRY SIZE	NUMBER OF CARTONS	NET PACK-OUT 66.994985% LBS.	GROSS SALES $	PACKING HOUSE CHARGES: STANDARD CHARGES INCOMING LBS.	INCOMING $0.318/#	OUTGOING $0.270/#	PACK CHARGES PACK STYLE	PACK CHARGES CHARGE $	TOTAL P.H. CHARGES $	SALES COMMISION 8.00%	CCAB ASSESSMENTS $0.055 / # NO.1 $	NET SALES $
I	NUMBER 1'S SALES													
A	2.5 KILO = 5.51#													
		9.5 R (+)	287	1,650	2,587.75									
		10.0 R (+)						-445.50						
	SUB-TOTAL (I-A)		287	1,650	2,587.75			-445.50						
B	11 # CARTON													
		9.0 R (+)												
		9.5 R (+)	504	5,670	21,551.21									
		10.0 R (+)												
		10.5 R (+)												
	SUB-TOTAL (I-B)		504	5,670	21,551.21			-1,530.90						
C	18 # CARTON													
		9.5 R (+)	75	1,369	3,225.00									
		10.0 R (+)												
		10.5 R (+)												
		11.0 R (+)												
		11.5 R (+)												
	SUB-TOTAL (I-C)		75	1,369	3,225.00			-369.63						
D	8/2# BAGS = 16#								$0.095/#					
		9.5 R (+)	13,976	227,110	149,601.26				$1.54 / UNIT					
		10.0 R (+)	18,047	293,264	88,363.35									
		10.5 R (+)	7,485	121,631	35,306.75									
		11.0 R (+)	3,929	63,846	18,315.80									
		11.5 R (+)	3,416	55,510	12,932.21									
	SUB-TOTAL(I-D)		46,853	761,361	304,519.37			-205,567.47		-72,153.62				
E	8/2# CLAMS = 16#								$0.200/#					
		10.0 R (+)	2,562	41,633	94,737.42				$3.25 / UNIT					
	SUB-TOTAL (I-E)		2,562	41,633	94,737.42			-11,240.91		-8,326.60				
F	12/2# BAGS = 24#								$0.095/#					
		11.0 R (+)	2,125	52,063	122,141.02				$2.33 / UNIT					
	SUB-TOTAL (I-F)		2,125	52,063	122,141.02			-14,057.01		-4,951.25				
G	12/2.25# BAGS = 27#								$0.095/#					
		10.5 R (+)	2,927	80,493	176,169.43				$2.61 / UNIT					
	SUB-TOTAL (I-G)		2,927	80,493	176,169.43			-21,733.11		-7,639.47				
	SUB-TOTAL (I)		55,333	944,239	724,931.20	1,409,413	-448,193.33	-254,944.53		-93,070.94	-796,208.80	-57,951.30	-2,884.97	-132,113.87
	$/# - NET PACK-OUT				0.77									-0.14
	18# BOX EQUIVALENT			51,739		77,228								
	$/18# BOX - NET PACK-OUT				14.01		-8.66	-4.93		-1.80	-15.39	-1.12	-0.05	-2.55
II	OTHER PRODUCTS													
A	DOUBLES & SPURS								$0.335 / #					
	UITILITY/#2		600	10,950	3,899.19				$5.834 / UNIT					
	UTILITY 8/2 #2		430	6,988	2,488.36									
	SUB-TOTAL (II-A)		1,030	17,938	6,387.55					-6,009.01	-511.00			
B	CANNERY LARGE		9	12,469	2,618.49									
C	JUICE		23	524,860	26,243.00									
	SUB-TOTAL OTHER PRODUCT SOLD (II-A-C)			555,267	35,249.04									
D	UNDERSIZE		14	55,415	0.00									
E	TRASH		14	39,392	0.00									
	SUB-TOTAL (II)		1,090	650,074	35,249.04					-6,009.01	-511.00			28,729.03
	TOTAL NET RETURN													

TOTAL NO.1 SALES

ITEM	DESCRIPTION: PACK-OUT STYLE	CHERRY SIZE	INCOMING DELIVERED LBS.	PACK-OUT SOLD LBS.	GROSS SALES $	P.H CHARGES $	SALES COMMISSIONS 8.0% $	CCAB ASSESSMENTS $	NET SALES $
I	NUMBER 1'S SALES								
A	2.5 KILO = 5.51#								
		9.5 R (+)							
		10.0 R (+)							
	SUB-TOTAL (I-A)								
B	11 # CARTON								
		9.0 R (+)							
		9.5 R (+)							
		10.0 R (+)							
		10.5 R (+)							
	SUB-TOTAL (I-B)								
C	18 # CARTON								
		9.5 R (+)							
		10.0 R (+)							
		10.5 R (+)							
		11.0 R (+)							
		11.5 R (+)							
	SUB-TOTAL (I-C)								
D	8/2# BAGS = 16#								
		9.5 R (+)							
		10.0 R (+)							
		10.5 R (+)							
		11.0 R (+)							
		11.5 R (+)							
	SUB-TOTAL(I-D)								
E	8/2# CLAMS = 16#								
		10.0 R (+)							
	SUB-TOTAL (I-E)								
F	12/2# BAGS = 24#								
		11.0 R (+)							
	SUB-TOTAL (I-F)								
G	12/2.25# BAGS = 27#								
		10.5 R (+)							
	SUB-TOTAL (I-G)								
	SUB-TOTAL (I)		1,969,631	1,319,557	1,634,161.55	-1,188,289.38	-130,732.93	-4,031.69	311,107.55
	$/# - NET PACK-OUT								0.24
	18# BOX EQUIVALENT		107,925	72,304					
	$/18# BOX - NET PACK-OUT				22.60	-16.43	-1.81	-0.06	4.30
II	OTHER PRODUCTS								
A	DOUBLES & SPURS								
	UITILITY/#2								
	UTILITY 8/2 #2								
	SUB-TOTAL (II-A)								
B	CANNERY LARGE								
C	JUICE								
	SUB-TOTAL OTHER PRODUCT SOLD (II-A-C)			555,267					
D	UNDERSIZE								
E	TRASH								
	SUB-TOTAL (II)				35,249.04	-6,009.01	-511.00	0.00	28,729.03
	TOTAL NET RETURN			1,874,824	1,669,410.59	-1,194,314.82	-131,245.74	-4,031.75	339,841.12

NOTES:
1. UNIT WEIGHT FOR PACK-OUT STYLES
- 2.5 KILO = 5.75#
- 11 # CARTON = 11.25#
- 16# CARTON = 16.25#
- 18# CARTON = 18.25#
- 8 /2# BAGS = 16.25#
- 8/2# CLAMS = 16.25#
- 24# - 12/2# BAGS = 24.50#
- 27# - 12/2.5# BAGS = 27.50#

2. TOTAL INCOME SHOWN IS $497.60 LESS THAN M&R PACKING 2021 SUMMARY. TOTAL INCOME SHOWN FOR NUMBER 1'S SALES, AND 11.5 ROW DOMESTIC IS $540.00 LESS THAN M&R PACKING 2021 SUMMARY.

PAGE 1 OF 1
REV. DATE 10/14/21

I C

MORGAN HILL CHERRY ORCHARD TENANCY
M.H.C.O.T. / M&R PACKING COMPANY VS. U.C. DAVIS AG. COOP.
2021 COST COMPARISON TO PRODUCE SWEET CHERRIES
PRODUCTION AREA = 224.7 ACRES

ITEM	DESCRIPTION	RESPONSIBILITY			M.H.C.O.T. / M&R PACKING COMPANY												U.C. DAVIS AG. COOP. SAN JOAQUIN VALLEY - NORTH						
					2021 ANNUAL COST						2021 YIELD WITH PACK-OUT = 67%						2017	2017 YIELD WITH PACK-OUT = 75%					
		M.H.C.O.T	M&R PACKING	SHARED	UNITS		SUB-TOTAL	TOTAL	UNIT	COST / ACRE	TOTAL		DOMESTIC @ 70.60%		EXPORT @ 28.06%		COST / ACRE	TOTAL		DOMESTIC @65%		EXPORT @35%	
					#	18# BOXES	$	$	AC	$ / AC	# / AC	$ / #	16 # BOX / AC	$ /BOX	18# BOX / AC	$ / BOX	$ / AC	# / AC	$ / #	16# BOX / AC	$ / BOX	18# BOX / AC	$ / BOX
I	CASH OVERHEAD																						
	CROP INSURANCE PREMIUM			•				138,224.00	224.70	615.15							486.00						
	LIABILITY & PROPERTY INSURANCE	•						9,112.00	221.14	41.20							57.00						
	SECURED PROPERTY TAXES	•						42,413.86	221.14	191.8							346.00						
	PROPERTY MANAGEMENT FEE	•						4,800.00	221.14	21.71							150.00						
	INVESTMENT REPAIRS - REPAIR PUMP STATION #1 + #2	•						55,713.51	224.70	247.95							77.00						
	MISC.	•						25.00	221.14	0.11							N/A						
	SUB-TOTAL (I)							250,288.37	224.70	1,112.04							1,112.00						
II	NON-CASH OVERHEAD							N/A															
	BUILDINGS	•						N/A									59.00						
	CHERRY ORCHARD ESTABLISHMENT - YEAR 1976	•						N/A									678.00						
	ESTABLISH IRRIGATION PUMPS & WELLS	•						N/A									87.00						
	LADDERS (50 EA / ACRE)			•				N/A									15.00						
	LAND PURCHASE - YEAR 1975	•						N/A									1,400.00						
	ESTABLISH SPRINKLER IRRIGATION SYSTEM - YEAR COMPLETED 2012	•						N/A									97.00						
	TOOLS - SHOP / FIELD			•				N/A									17.00						
	EQUIPMENT			•				N/A									83.00						
	SUB-TOTAL (II)																2,436.00						
III	RANCH HUSBANDRY																						
A	CULTURAL COSTS																						
	FUEL		•				10,218.18		224.70	45.47													
	EQUIPMENT RENTAL / REPAIRS		•				15,766.20		224.70	70.17													
	SMALL FARMING TOOLS / REPAIRS		•				564.47		224.70	2.51													
	ANNUAL SANITARY FACILITIES - RANCH HUSBANDRY CREW		•				3,102.57		224.70	13.81							15.00						
	RODENT CONTROL - SQUIRRELS / GOPHERS		•				12,834.80		224.70	57.12													
	PRUNING / TOPPING / HEDGING		•				36,294.85		224.70	161.53							922.00						
	DEAD WOOD / BRUSH REMOVAL		•				80,430.23		224.70	357.94													
	RE-PLANT TREES - LABOR / PURCHASE / PROTECTIVE FENCING		•				69,838.24		224.70	310.81							20.00						
	SURVEY / TREE IDENTIFICATION (PAINT)		•				13,433.42		224.70	59.78							58.00						
	POLLINATION / GRAFTING		•				19,769.26		224.70	87.98							350.00						
	IRRIGATION SYSTEM REPAIRS		•				22,752.33		224.70	101.26													
	IRRIGATION - PURCHASE WATER / POWER / LABOR		•				73,362.24		224.70	326.49							192.00						
	HOUSE / YARD UTILITIES		•				4,612.43		224.70	20.53													
	WEED CONTROL & FERTILIZATION - LABOR / PURCHASE		•				25,865.66		224.70	115.11							228.00						
	GROWTH REGULATORS & PEST CONTROL - LABOR / PURCHASE		•				142,784.66		224.70	635.45							995.00						
	SUB-TOTAL (III-A)						531,629.54		224.70	2,365.95							2,967.00						
B	SUPPORT FOR HARVEST																						
	LABOR - MOVE EQUIP./LADDERS/DUST CNTRL./ OPERATORS		•				19,193.30		224.70	85.42													
	CLEAN-UP LABOR + DUMPSTER FEES		•				9,013.88		224.70	40.12													
	RENTAL EQUIPMENT		•				28,868.65		224.70	128.48													
	MISC. TESTING - FOOD / WATER SAFETY		•				702.00		224.70	3.12													
	SEASONAL PORTABLE SANITARY FACILITIES - HARVEST PICKING CREWS		•				8,473.99		224.70	37.71													
	SUB-TOTAL (III-B)						66,251.82		224.70	294.85													
	SUB-TOTAL (III)							597,881.36	224.70	2,660.80							2,967.00						
IV	HARVEST																						
	CONTRACT HAND-PICK LABOR			•	1,969,631		1,057,760.16				9,393	0.5370						10,800	0.4000				
	SUB-TOTAL (IV)							1,057,760.16	209.70	5,044.16							4,320.00						
V	PACKING HOUSE CHARGES / COMMISIONS / ASSESSMENTS																						
A	PACKING HOUSE CHARGES																						
	DOMESTIC NO. 1'S			•		51,739	796,208.80		209.70	3,796.89			277	12.48			3,619.00			324	40.00		
	EXPORT NO.1'S + FUMMIGATION			•		20,565	392,080.58		209.00	1,669.72					98	44.24	2,205.00					155	42.00
	OTHER PRODUCTS - DBL+SPRS / CANNERY / JUICE / UNDR SZ / TRASH			•			6,009.10		209.70														
	SUB-TOTAL PACKING HOUSE CHARGES (V-A)			•		72,304	1,194,298.48	1,194,298.48	209.70	5,695.27							5,978.00						
B	SALES COMMISSIONS			•				131,245.74	209.70	625.87							1,483.00						
C	CALIFORNIA CHERRY BOARD ASSESSMENTS			•				4,031.75	209.70	19.23							41.00						
	SUB-TOTAL (V)							1,329,575.97	209.70	6,340.37							7,502.00						
VI	ANNUAL RENT PAID BY LEASE OPERATOR																						
A	GUARANTEED BASE RENT TO M.H.C.O.T.		•					77,350.00	221.00	350.00													
B	RENT TO S.C.CO. PARKS		•					5,000.00	3.56	1,404.49													
	SUB-TOTAL (VI)		•					82,350.00	224.70	366.49													
	TOTAL COSTS			•				-3,317,855.86	224.70	14,397.38							18,403.00						
VII	GROSS SALES			•		72,304		1,669,950.59	209.70	7,963.52													
IIX	NET ANNUAL INCOME																						
A	NET SALES			•				-1,647,905.27	209.70	-7,465.69													
B	CROP INSURANCE PROCEEDS			•				?	224.70														
C	MARKET FACILITATION PROCEEDS			•				0.00	224.70														
	SUB-TOTAL (IIX)			•				-1,647,905.27	224.70	-6,967.31							5,102.00						

NOTES:
1. 06/08/21 = M&R PACKING - 1ST DAY PICKING W/ 70-MAN CREW. 06/08/21 = 2ND DAY PICKING W/ 70 MAN CREW. 06/09/21 = 3RD DAY PICKING W/ 140 MAN CREW. 06/10/21 = 4TH DAY PICKING. 06/11/21 = 5TH DAY OF PICKING W/ 300 MAN CREW. 06/12/21 = 6TH DAY PICKING W/ 300 MAN CREW. 06/13/21 = 7TH DAY PICKING W/ 250 MAN CREW. 06/14/21 = 8TH DAY PICKING W/ 350 MAN CREW. 06/15/21 = 9TH DAY PICKING W/ 350 MAN CREW. 06/16/21 = 10TH DAY PICKING W/ 650 MAN CREW.
06/17/21 = 11TH DAY PICKING W/ 650 MAN CREW. 06/18/21 = 12TH DAY PICKING - M&R PACKING SHUT-DOWN @ 7:30 AM. DUE TO MARKET COLLAPSE. DID NOT PICK APPROXIMATELY 15 AC.
2. M&R PACKING REPORTS 67% PACK-OUT. SLIGHT DAMAGE DUE TO HEAT AND WIND.
3. M&R PACKING ONLY PICKED BINGS. VANS AND RAINERS WERE UNDERSIZED, NO MARKET, THERFORE, LEFT FRUIT ON TREES.
4. NET PACK-OUT = 28.06 % NO.1 EXPORT = 20,565 - 18# BOXES / 70.60% NO.1 DOMESTIC = 58,107 - 16# BOXES / 1.34% OTHER.
5. GROSS SALES = $44.24 / 18# BOX NO.1 EXPORT / $12.48 / 16# BOX NO.1 DOMESTIC.
6. NO MARKET FOR UNDERSIZE, AND TRASH, AS WELL AS, BRINING.
7. ACTUAL 2021-2022 SECURED PROPERTY TAXES RECEIVED.

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REV. DATE 10/25/21

MORGAN HILL CHERRY ORCHARD TENANCY

ANNUAL CROP HARVEST HISTORY SUMMARY FROM MARCHESE FARMS / LEASE OPERATORS

HISTORY	YEAR	LEASEE OPERATOR	TOTAL ACRES HARVESTED	TOTAL CROP HARVEST DELIVERED - #	TOTAL CROP HARVEST 18 # BOX EQUIVALENT	TOTAL HARVEST YEILD #/AC.	COMMENTS:	CROP INSURANCE CLAIM	CROP INSURANCE YEAR
1	1988	MARCHESE FARMS	225.4	2,340,000	130,000	10,381	SIGNIFICANT CROP YIELD		
2	1989	MARCHESE FARMS	225.4	1,656,000	92,000	7,347	SMALL CROP YIELD - DECREASE FOLLOWING PREVIOUS BUMPER CROP		
3	1990	MARCHESE FARMS	225.4	612,000	34,000	2,715	INSIGNIFICANT CROP YIELD - CROP DAMAGE DUE TO LATE SPRING RAINS		
4	1991	MARCHESE FARMS	225.4	2,304,000	128,000	10,221	SIGNIFICANT CROP YIELD		
5	1992	MARCHESE FARMS	225.4	1,755,756	97,542	7,789	SMALL CROP YIELD - DECREASE FOLLOWING PREVIOUS BUMPER CROP		
6	1993	MARCHESE FARMS	225.4	0	0	0	SOLD CROP ON TREES TO M&R PACKING -TOTAL CROP LOSS DUE TO LATE SPRING RAINS		
7	1994	MARCHESE FARMS	225.4	2,681,946	148,997	11,898	SIGNIFICANT CROP YIELD		
8	1995	MARCHESE FARMS	225.4	523,512	29,084	2,322	SMALL CROP YIELD - DECREASE FOLLOWING PREVIOUS BUMPER CROP		
9	1996	MARCHESE FARMS	225.4	0	0	0	TOTAL CROP LOSS DUE TO LATE SPRING RAINS - INSURANCE CLAIM		
10	1997	MARCHESE FARMS	225.4	0	0	0	INSIGNIFICANT CROP DUE TO 1997 FLOODING - LOST 0.9 ACRES OF TOTAL CROP PRODUCTION		
11	1998	CHINCHIOLO FRUT COMPANY	224.6	634,280	5,238	2,823	SMALL CROP DUE TO STRONG EL NINO WEATHER PATTERN		
12	1999	CHINCHIOLO FRUT COMPANY	224.6	2,349,660	130,537	10,459	INCREASED CROP YIELD FOLLOWING STRONG EL NINO		
13	2000	CHINCHIOLO FRUT COMPANY	224.6	806,950	44,831	3,592	DECREASE IN CROP YIELD FOLLOWING PREVIOUS BUMPER CROP		
14	2001	CHINCHIOLO FRUT COMPANY	224.6	3,204,690	178,038	14,265	SIGNIFICANT INCREASE IN CROP YIELD - MACH. TOP/SIDE PRUNING		
15	2002	CHINCHIOLO FRUT COMPANY	224.6	1,568,760	87,153	6,983	LARGE DECREASE IN CROP YIELD FOLLOWING PREVIOUS BUMPER CROP		
16	2003	CHINCHIOLO FRUT COMPANY	224.6	125,340	6,963	558	NO CROP - MAJOR DAMAGE FROM SPRING RAINS		
17	2004	EL CAMINO PACKING, INC.	224.6	1,807,852	100,436	8,047	ABOVE AVE. CROP YIELD - LOW CHILL HRS / NO SPRING RAINS		
18	2005	EL CAMINO PACKING, INC.	224.6	741,546	41,197	3,301	LOW CROP YIELD - DUE TO LACK OF AIR-FLOW POLLINATION - NO PRUNING		
19	2006	EL CAMINO PACKING, INC.	224.6	1,526,477	84,804	6,795	INCREASED CROP YIELD FOLLOWING ABOVE AVE. WINTER RAINFALL		
20	2007	EL CAMINO PACKING, INC.	224.6	1,929,428	107,190	8,589	INCREASED CROP YIELDS DUE TO ABUNDANT CHILL HRS / LOW SPRING RAINFALL		
21	2008	EL CAMINO PACKING, INC.	219.6	2,322,430	129,024	10,575	LARGE INCREASE IN CROP YIELD - LOST 5.0 ACRES OF CROP PRODUCTION DUE TO RE-PLANT		
22	2009	MORGAN HILL FARMING PARTNERS	219.6	2,093,638	116,313	9,534	ABOVE AVE. CROP HARVEST	NO	2009
23	2010	MORGAN HILL FARMING PARTNERS	219.6	0	0	0	TOTAL CROP LOSS DUE TO LATE SPRING RAIN -MHCOT FORGAVE $38,675 OF RENT.	YES	2010
24	2011	MORGAN HILL FARMING PARTNERS	219.6	0	0	0	TOTAL CROP LOSS DUE TO LATE SPRING RAIN -MHCOT FORGAVE $39,350 OF RENT.	YES	2011
25	2012	MORGAN HILL FARMING PARTNERS	219.6	2,191,584	121,755	9,980	PARTIAL CROP LOSS DUE TO INCLEMENT WEATHER - MHCOT FORGAVE $38,675 RENT	YES	2012
26	2013	MORGAN HILL FARMING PARTNERS	219.6	919,564	51,086	4,187	SIGNIFICANT MARKET DOWN-TURN - CROP NOT COMPLETELY HARVESTED - PARTIAL CLAIM	YES	2013
27	2014	M & R PACKING COMPANY	219.6	87,541	4,863	398	NO CROP - DAMAGE DUE TO LATE SPRING RAIN/ INCLEMENT WEATHER	YES	2014
28	2015	M & R PACKING COMPANY	224.6	98,125	5,451	437	NO CROP - DAMAGE DUE TO LATE SPRING RAIN/ INCLEMENT WEATHER	YES	2015
29	2016	M & R PACKING COMPANY	224.6	17,851	992	79	NO CROP - DAMAGE DUE TO LATE SPRING RAIN/ INCLEMENT WEATHER - REGAIN 5.0 ACRES CROP PRODUCTION	YES	2016
30	2017	M & R PACKING COMPANY	224.6	0	0	0	SIGNIFICANT SMALL CROP DUE TO LACK OF CHILL HRS. / INCLEMENT WEATHER	YES	2017
31	2018	M & R PACKING COMPANY	224.6	389,540	21,641	1,734	NO CROP - LACK OF CHILL HRS. /POOR POLLINATION DUE TO DRY BLOSSOMS	YES	2018
32	2019	M & R PACKING COMPANY	224.6	0	0	0	NO CROP - DAMAGE DUE TO LATE SPRING RAIN / DOWN MARKET. 1-DAY HARVEST FOR CROP INS. CLAIM.	YES	2019
33	2020	M & R PACKING COMPANY	224.6	1,124,943	62,497	5,009	LATE SPRING RAIN = 45% DAMAGE EARLY/35% DAMAGE LATE. ORE. + WASH. CROP DAMAGE = GOOD MARKET. PICK CROP.	NO	2020
34	2021	M & R PACKING COMPANY	209.6	1,969,554	109,420	9,392	NO INITIAL WEATHER DAMAGE. MINOR WIND BRUISING. LATE HARVST 06/07-06/18. TEMPS. @ 105 DEG. NO PICK 15(+/-) AC=MARKET COLLAPSE.	YES	2021
35	2022	M & R PACKING COMPANY	224.6	?	?	?		?	2022
36	2023								
37	2024								
38	2025								
39	2026								
40	2027								
41	2028								
42	2029								
43	2030								
44	2031								
45	2032								

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MORGAN HILL CHERRY ORCHARD TENANCY

COYOTE VALLEY CHERRY ORCHARD PRODUCTION HISTORY REPORT

YEAR	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
AGE OF INITIAL TREES PLANTED	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32
ORCHARD OPERATOR	MARCHESE FARMS										CHINCHIOLO FRUIT COMPANY						EL CAMINO PACKING, INC.				
1. HARVEST PRODUCTION																					
TOTAL ACRES HARVESTED	225.41	225.41	225.41	225.41	225.41	225.41	225.41	225.41	225.41	225.41	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65
GROSS HARVEST - # PICKED	2,340,000	1,656,000	612,000	2,304,000	1,755,756	0	2,681,946	523,512	0	?	634,280	2,349,660	806,950	3,204,690	1,568,760	125,340	1,807,852	741,546	1,526,477	1,929,428	2,322,430
RANK OF GROSS HARVEST	4	10	16	6	9	19	2	17	NIC	NIC	15	3	13	1	11	18	8	14	12	7	5
% OF MAXIMUM GROSS HARVEST	73.0	51.7	19.1	71.9	54.8	0	83.7	16.3	NIC	NIC	19.8	73.3	25.2	100	49.0	3.9	56.4	23.1	42.9	60.2	72.5
AVE. % OF MAX. GROSS HARVEST	46.3								NIC	NIC	45.2						51.0				
TOT. NO. TOP 10 PRODUCTION YRS	5								NIC	NIC	2						3				
AVE. ANNUAL HARVST - # PICKED	1,484,152								NIC	NIC	1,448,280						1,665,547				
AVE. ANNUAL EQUIV. 18# BX HRVST	82,453								NIC	NIC	80,460						92,530				
HRVST YIELD - # PER ACRE	10,381	7,347	2,715	10,221	7,789	0	11,898	2,322	NIC	NIC	2,823	10,459	3,592	14,265	6,983	558	8,047	3,301	6,795	8,589	10,338
AVE. HRVST YIELD - # PER ACRE	6,596										7,736						7,414				
HRVST YIELD - TNS. PER AC.	5.19	3.67	1.36	5.11	3.89	0.00	5.95	1.16	NIC	NIC	1.41	5.27	1.80	7.13	3.49	0.28	4.02	1.65	3.40	4.29	5.17
HRVST YIELD - 30# LUG PER ACRE	346.0	244.9	90.5	340.7	259.6	0.0	386.6	77.4			94.1	348.6	119.7	475.5	232.8	18.6	268.2	110.0	226.5	286.3	344.6
HRVST YIELD - 374# (AVE) BIN PER ACRE	27.8	19.6	7.3	27.3	20.8	0.0	31.8	6.2			7.5	28.0	9.6	38.1	18.7	1.5	21.5	8.8	18.2	23.0	27.6
2. PACK-OUT PRODUCTION																					
A. NUMBER ONE																					
GROSS PACK-OUT - #																					
NET PACK-OUT - #									NIC	NIC	397,062	1,470,888	505,152	2,006,136	982,044	78,462	1,131,633	464,174	925,388	1,310,970	1,312,000
TOTAL EQUIV. 18 # BOXES PACKED-OUT									NIC	NIC	22,059	81,716	28,064	111,452	54,558	4,359	62,868	25,787	51,410	72,832	72,889
% NET PK-OUT VS. GROSS HARVST									NIC	NIC	62.6	62.6	62.6	62.6	62.6	62.6	62.6	62.6	60.6	68.5	56.5
RANK OF NET PACK-OUT									NIC	NIC	10	2	8	1	6	11	5	9	7	4	3
TOT. NO. TOP 5 PACK-OUT YRS	NIC								NIC	NIC	2						3				
AVE. ANNUAL PACK-OUT - #	NIC								NIC	NIC	906,624						1,028,833				
AVE. ANNUAL EQUIV. 18# BX PK-OT	NIC								NIC	NIC	50,369						57,157				
PACK-OUT YIELD - # PER ACRE	NIC								NIC	NIC	1,767	6,547	2,249	8,830	4,371	349	5,037	2,066	4,119	5,836	5,840
AVE. PK-OT YIELD - # PER ACRE	NIC								NIC	NIC	4,019						4,580				
PACK-OUT YIELD - 18#BOX PER ACRE											98.2	363.7	124.9	490.6	242.8	19.4	279.8	114.8	228.8	324.2	324.4
AVE. PK-OT YIELD - 18 # BX PR. AC.	NIC								NIC	NIC	223.3						254.4				
B. OTHER PRODUCTS																					
3. S.C.CO. AG. RRPRT CMP'S.																					
TOTAL ACRES HARVSETED							1,160	1,200	1,200	1,185	1,150	1,150	1,050	754	853	973	965	985	990	995	999
C. C. O. - % OF TOTAL AC. HRVSTD							19.4	18.7	18.7	19.0	19.5	19.5	21.4	29.8	26.3	23.1	23.3	22.8	22.7	22.6	22.5
TOTAL AVE. HRVST - TNS PER AC.							3.00	0.50	0.20	1.00	0.70	7.10	1.30	5.80	2.90	2.10	2.90	2.30	3.00	4.00	5.30
C. C. O. HRVST. - TNS PER AC.							5.95	1.16	NIC	NIC	1.41	5.27	1.80	7.13	3.49	0.28	4.02	1.65	3.40	4.29	5.17
C. C. O. - % OF AVE. S.C.CO. HRVST.							198.3	232.0	NIC	NIC	201.4	74.2	138.5	122.9	120.3	13.3	138.6	71.5	113.3	107.3	97.5
C. C. O. - AVE. % S.C.CO. HRVST											111.8						105.6				
3. LEASE RENTAL AGREEMENT																					
ANNUAL BASE RENT											120,000	120,000	120,000	120,000	120,000	80,000	22,000	22,000	32,000	35,000	37,675
ANNUAL % CROP PROFIT											20	20	20	20	20	20	25	25	25	25	25
$ SHARE CROP PROFIT - MHCOT											27,409	12,309	94,594	170,349	24,328	0	104,781	51,818	163,761	56,051	86,781
$ SHARE NET CROP INS. PYMNT. - MHCOT																					
TOTAL ANNUAL REVENUE											147,409	132,308	214,594	290,349	144,328	80,000	126,781	73,818	195,761	91,051	124,456
AVE. ANNUAL REVENUE											168,165						122,373				
S.C.CO.ANNUAL LAND RENTAL - PARK											-4,800	-4,800	-4,800	-4,800	-4,800	-4,800	-800	-800	-800	-800	-800
NET ANNUAL REVENUE																					
4. COMMENT REFERENCE																					
GENERAL	#1					#2 &#3		#4	#5	#6, & #7 #8, & #9	#23			#11	#12	#13 & #14	#15	#15 & #25	#15	#15	#15
S.C.CO. CROP REPORTS											#15	#17	#18	#19	#20		#21		#22	#23	#26

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COMMENTS:

1. 225.41 AC. ORCHARD PLANTED FOOTPRINT EMPLOYING 18X20 GRID LAYOUT, COMPLETED IN 1976.
2. MF SOLD CROP ON TREES TO M&R COMPANY IN MARCH 1993.
3. SPRING RAINS OF 1993 WIPED OUT 1993 CROP.
4. SPRING RAINS OF 1995 DAMAGED MAJOR PORTION OF 1995 CROP.
5. MF PURCHASES CROP INSURANCE FOR 1996 CROP. SPRING RAINS OF 1996 WIPED OUT 1996 CROP.
6. 1997 CROP WAS HARVESTED BY CHINCIOLO FRUIT COMPANY AND M&R CO.
7. TENANCY OWNERS ENTERTAINED SALE OF CHERRY ORCHARD IN 1997.
8. TENANCY OWNERS EMPLOYED RITCHIE ASSET MANAGEMENT CO. IN 1997 TO PERFORM PROPERTY MANAGEMENT DUTIES FOR CHERRY ORCHARD.
9. TENANCY OWNERS ENTERTAINED PROPOSALS TO LEASE CHERRY ORCHARD FROM CHINCIOLO FRUIT CO. AND M&R COMPANY. CHINCIOLO FRUIT COMPANY WAS SELECTED AS LEASE OPERATOR FOR A 5 YEAR TERM ON 08/26/97.
10. 1997/1998 FLOODING OF COYOTE CREEK WASHED AWAY APPROX. 1.1 AC. OF "PLANTED FOOTPRINT" AT THE N.E. CORNER OF THE ORCHARD, THEREBY, REDUCING THE PLANTED FOOTPRINT TO 224.65. AC.
11. CHINCIOLO FRUIT COMPANY PERFORMS FIRST MACHINE TOPPING AND SIDE-PRUNING OF TREES IN 2001.
12. CHINCHIOLO FRUIT CO. INIITAL 5 YEAR LEASE TERM EXPIRED IN 2002. C.F.CO. ELECTS TO EXTEND LEASE TERM FOR 1 YEAR.
13. CHINCIOLO FRUIT CO. TERMINATES LEASE IN 2003 AFTER 2003 CROP IS HARVESTED. CROP SUFFERED MAJOR DAMAGED BY SPRING RAINS OF 2003.
14. TENANCY OWNERS ENTERED INTO A 1 YEAR LEASE WITH EL CAMINO PACKING, INC. ON 09/15/03. LEASE TERM COMMENCED 0N 10/01/03.
15. EL CAMINO PACKING, INC. RE-LEASES CHERRY ORCHARD ANNUALLY NEXT 4 YEARS. CURRENTLEASE TERM EXPIRES ON 10/01/08. E. C. P. INC. HAS NOT PERFORMED MACHINE TOPPING OF TREES DURING ENTIRE TERM OF LEASE.
16. DECREASED CROP YIELDS IN 1998 WAS DUE TO STRONG EL NINO WEATHER PATTERN.
17. INCREASED CROP YIELDS FOR 1999 FOLLOWING EL NINO WEATHER PATTERN. CVCO PRODUCED 75.2% OF AVE. S.C.CO. HARVEST. MOST LIKELY DUE TO TREES BEING OVER-GROWN, PREVENTING AIR-FLOW & POLLENIZATION EFFORTS.
18. SIGNIFICANT DECREASE IN CROP YIELDS FOR 2000. PROBABLY DUE TO PREVIOUS BUMPER CROP YEAR.
19. SIGNIFICANT INCREASE IN CROP YIELDS FOR 2001. CVCO RECORDS HIGHEST CROP PRODUCTION EVER @ 125.5% ABOVE S.C.CO. AVE. HARVEST.
20. SIGNIFICANT DECREASE IN CROP YIELDS FOR 2002. HOWEVER, CVCO CROP PRODUCTION @ 123.1% ABOVE S.C.CO. AVE. HARVEST.
21. LACK OF SPRING RAINS & HIGH TEMPS. IN LATE WINTER OF 2004 NEGATIVELY CROP YIELD. HOWEVER, CVCO CROP PRODUCTION @ 141.7% ABOVE S.C.CO. AVE. HARVEST. MOST LIKELY DUE TO INCREASED AIR-FLOW FROM PRUNING EFFORTS IN 2001.
22. ABOVE AVE. RAINFALL RECORDED IN WINTER OF 2006.
23. CROP YIELDS BENEFIT FROM ABUNDANT CHILL HOURS DUE TO FREEZING TEMPS. RECORDED FOR WINTER OF 2007. LOWER SPRING RAINFALL ATTRIBUTED TO IDEAL BLOSSOM BLOOM. CVCO CROP PRODUCTION @ 109.8% ABOVE S.C.CO. AVE. HARVEST.
24. S.C.CO. LEASE PAYMENTS ARE A PASS THRU, AND NOT CONSIDERED INCOME.
25. FIRE DESTROYS SHOP/BARN STRUCTURE IN 05/05 UNDER E.C.P.'S LEASE TERM.
26. S.C.CO. 2008 CHERRY CROP VALUE INCREASED 81 %, DUE TO A SIGNIFICANT INCREASE IN YIELD OF 75.5 %.

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MORGAN HILL CHERRY ORCHARD TENANCY
COYOTE VALLEY CHERRY ORCHARD PRODUCTION HISTORY REPORT

YEAR	2009	2010	2011	2012	2013
AGE OF INITIAL TREES PLANTED	33	34	35	36	37
ORCHARD OPERATOR	MORGAN HILL FARMING PARTNERS, LLC				
1. HARVEST PRODUCTION					
TOTAL ACRES HARVESTED	224.65	224.65	224.65	224.65	224.65
GROSS HARVEST - # PICKED	2,093,638	0	0	2,191,584	919,564
RANK OF GROSS HARVEST					
% OF MAXIMUM GROSS HARVEST					
AVE. % OF MAX. GROSS HARVEST					
TOT. NO. TOP 10 PRODUCTION YRS					
5-YR AVE. ANNUAL HARVST - # PICKED	1,040,957 (1,734,929 @ 3 YEAR AVE.)				
5-YR AVE. ANNUAL EQUIV. 18# BX HRVST	57,830 (96,385 @ 3 YEAR AVE.)				
HRVST YIELD - # PER ACRE	9,320	0	0	9,756	4,093
5-YR AVE. HRVST YIELD - # PER ACRE	4,634 (7,723 @ 3 YEAR AVE.)				
HRVST YIELD - TNS. PER AC.	4.66	0	0	4.88	2.05
HRVST YIELD - 30# LUG PER ACRE	310.7			325.2	136.4
HRVST YIELD - 374# (AVE) BIN PER ACRE	24.9			26.1	11.5
2. PACK-OUT PRODUCTION					
A. NUMBER ONE					
GROSS PACK-OUT - #				1,670,645	
NET PACK-OUT - #	1,829,688	0	0	1,169,115	718,264
TOTAL EQUIV. 18 # BOXES PACKED-OUT	101,648			64,951	39,904
% NET PK-OUT VS. GROSS HARVST	87.4			70.0	78.1
RANK OF NET PACK-OUT					
TOT. NO. TOP 5 PACK-OUT YRS					
5-YR AVE. ANNUAL NET PACK-OUT - #	743,413 (1,239,022 @ 3 YEAR AVE.)				
5-YR AVE. ANNUAL EQUIV. 18# BX PK-OT	41,301 (68,8344 @ 3 YEAR AVE.)				
PACK-OUT YIELD - # PER ACRE	8,145	0	0	5,204	3,197
5-YR AVE. PK-OT YIELD - # PER ACRE	3,309 (5,515 @ 3 YEAR AVE.)				
PACK-OUT YIELD - 18# BOX PER ACRE	452.5			289.1	177.6
5-YR AVE. PACK-OUT - 18 # BOX PER AC.	183.8 (306.4 @ 3 YEAR AVE.)				
B. OTHER PRODUCTS					
GROSS - # FOR YOGURT				520,939	
3. S.C.CO. AG. RRPRT CMP'S.					
TOTAL ACRES HARVSETED	941	597	476	?	?
C. C. O. - % OF TOTAL AC. HRVSTD	23.9	0	0	?	
TOTAL AVE. HRVST - TNS PER AC.	5.2	4.1	1.9	?	
C. C. O. HRVST. - TNS PER AC.	4.66	0	0	4.88	
C. C. O. - % OF AVE. S.C.CO. HRVST.	89.6	0	0	?	
C. C. O. - AVE. % S.C.CO. HRVST			?		
3. LEASE RENTAL AGREEMENT					
ANNUAL BASE RENT	77,350	77350	77350	77350	77350
ANNUAL % CROP PROFIT	20	20	20	20	20
ANNUAL S.C.CO. LEASE RENTAL					
$ SHARE CROP PROFIT - MHCOT		0	0	0	?
$SHARE NET CROP INS PYMNT.- MHCOT	74,370	95,985	58,081	4,783	
TOTAL ANNUAL REVENUE	151,720	173,335	135,431	82,133	?
AVE. ANNUAL REVENUE	135,655 (4 YR. AVE.)				
4. COMMENT REFERENCE					
GENERAL	#28, & #29 #30	#30 & #31	#32 & #34	#33	#35
S.C.CO. CROP REPORTS		#31	#32		

YEAR	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
AGE OF INITIAL TREES PLANTED	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52
ORCHARD OPERATOR	TBD					TBD					TBD				
TOTAL ACRES HARVESTED	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65	224.65

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COMMENTS:

1. 225.4 AC. ORCHARD "PLANTED FOOTPRINT" EMPLOYING 18X20 GRID LAYOUT, COMPLETED IN 1976.
2. MF SOLD CROP ON TREES TO M&R COMPANY IN MARCH 1993.
3. SPRING RAINS OF 1993 WIPED OUT 1993 CROP.
4. SPRING RAINS OF 1995 DAMAGED MAJOR PORTION OF 1995 CROP.
5. MF PURCHASES CROP INSURANCE FOR 1996 CROP. SPRING RAINS OF 1996 WIPED OUT 1996 CROP.
6. 1997 CROP WAS HARVESTED BY CHINCIOLO FRUIT COMPANY AND M&R CO.
7. TENANCY OWNERS ENTERTAINED SALE OF CHERRY ORCHARD IN 1997.
8. TENANCY OWNERS EMPLOYED RITCHIE ASSET MANAGEMENT CO. IN 1997 TO PERFORM PROPERTY MANAGEMENT DUTIES FOR CHERRY ORCHARD.
9. TENANCY OWNERS ENTERTAINED PROPOSALS TO LEASE CVCO FROM CHINCIOLO FRUIT CO. AND M&R COMPANY. CHINCIOLO FRUIT CO. WAS SELECTED AS LEASE OPERATOR FOR A 5 YEAR TERM ON 08/26/97.
10. 1997/1998 FLOODING OF COYOTE CREEK WASHED AWAY APPROX. 1.1 AC. OF "PLANTED FOOTPRINT" AT THE N.E. CORNER OF THE ORCHARD, THEREBY, REDUCING THE "PLANTED FOOTPRINT" TO 224.65 AC.
11. CHINCIOLO FRUIT COMPANY PERFORMS FIRST MACHINE TOPPING AND SIDE-PRUNING OF TREES IN 2001.
12. CHINCHIOLO FRUIT CO. INIITAL 5 YEAR LEASE TERM EXPIRED IN 2002. C.F.CO. ELECTS TO EXTEND LEASE TERM FOR 1 YEAR.
13. CHINCIOLO FRUIT CO. TERMINATES LEASE IN 2003 AFTER 2003 CROP IS HAR-VESTED. CROP SUFFERED MAJOR DAMAGED BY SPRING RAINS OF 2003.
14. TENANCY OWNERS ENTERED INTO A 1 YEAR LEASE WITH EL CAMINO PACKING, INC. ON 09/15/03. LEASE TERM COMMENCED 0N 10/01/03.
15. EL CAMINO PACKING, INC. RE-LEASES CHERRY ORCHARD ANNUALLY NEXT 4 YEARS. CURRENTLEASE TERM EXPIRES ON 10/01/08. E. C. P. INC. HAS NOT PERFORMED MACHINE TOPPING OF TREES DURING ENTIRE TERM OF LEASE.
16. DECREASED CROP YIELDS IN 1998 WAS DUE TO STRONG EL NINO WEATHER PATTERN.
17. INCREASED CROP YIELDS FOR 1999 FOLLOWING EL NINO WEATHER PATTERN. CVCO PRODUCED 75.2% OF AVE. S.C.CO. HARVEST. MOST LIKELY DUE TO TREES BEING OVER-GROWN, PREVENTING AIR-FLOW & POLLENIZATION EFFORTS.
18. SIGNIFICANT DECREASE IN CROP YIELDS FOR 2000. PROBABLY DUE TO PREVIOUS BUMPER CROP YEAR.
19. SIGNIFICANT INCREASE IN CROP YIELDS FOR 2001. CVCO RECORDS HIGHEST CROP PRODUCTION EVER @ 125.5% ABOVE S.C.CO. AVE. HARVEST.
20. SIGNIFICANT DECREASE IN CROP YIELDS FOR 2002. HOWEVER, CVCO CROP PRODUCTION @ 123.1% ABOVE S.C.CO. AVE. HARVEST.
21. LACK OF SPRING RAINS & HIGH TEMPS. IN LATE WINTER OF 2004 NEGATIVELY IMPACTED CROP YIELD. HOWEVER, CVCO CROP PRODUCTION @ 141.7 % ABOVE S.C.CO. AVE. HARVEST. MOST LIKELY DUE TO INCREASED AIR-FLOW FROM PRUNING EFFORTS IN 2001.
22. ABOVE AVE. RAINFALL RECORDED IN WINTER OF 2006.
23. CROP YIELDS BENEFIT FROM ABUNDANT CHILL HOURS DUE TO FREEZING TEMPS. RECORDED FOR WINTER OF 2007. LOWER SPRING RAINFALL ATTRIBUTED TO IDEAL BLOSSOM BLOOM. CVCO CROP PRODUCTION @ 09.8 % ABOVE S.C.CO. AVE. HARVEST.
24. S.C.CO. LEASE PAYMENTS ARE A PASS THRU, AND NOT CONSIDERED INCOME.
25. FIRE DESTROYS SHOP/BARN IN 2006 UNDER E.C.P.'S LEASE TERM.
26. S.C.CO. 2008 CHERRY CROP VALUE INCREASED 81 %, DUE TO A SIGNIFICANT INCREASE IN YIELD OF 75.5 %.
27. 2008 - E.C.P. RE-PLANTED 5.0 AC. SOUTH BLOCK ALONG MONTEREY HWY. @ R18 X T15 WITH 5 FT. OFF-SET SPACING.
28. MHCOT ENTERS INTO 5-YEAR LEASE AGREEMENT WITH MORGAN HILL FARMING PARTNERS, LLC. ON 09/01/08.
29. MHFP PERFORMS EXTENSIVE MACHINE-TOPPING AND SIDING OF TREES IN FALL OF 2008.
30. 2009/2010 - MHCOT UPGRADES ALL PUMP STATION ELECTRIC. & INSTALLS SHED ENCLOSURES. IRRIGATION MAINLINE IS UPGRADED & ALL PUMP STATIONS CONNECTED. PSWI DESIGNS PERMANENT SPRINKLER SYSTEM. 25 HP BOOSTER PUMPS ADDED TO ALL PUMP STATIONS W/ 30 HP TURBINE PRIMARY PUMPS @ WELLS #01, #02, & #03. INSTALL 20 HP SUBMERSIBLE PUMP @ WELL #04.
31. LATE RAINFALL IN MAY RESULTED IN TOTAL CROP LOSS IN 2010. CROP INSURANCE CLAIM SUBMITTED. S.C.CO. CHERRIES SUFFERED A SIGNIFICANT DECREASE OF 52 % IN CROP VALUE FROM 2009, DUE TO UNTIMELY LATE RAINS, CAUSING RIPENING FRUIT TO SPLIT, THEREBY, RENDERING IT UNMARKETABLE.
32. LATE SPRING RAINS AND UNSEASONABLY COOL SUMMER NEGATIVELY AFFECTED THE S.C.CO. CHERRY CROP, RESULTING IN TOTAL CROP LOSS IN 2011. CROP INSURANCE CLAIM SUBMITTED. S.C.CO. CHERRY HARVEST HAD A 53 % DECREASE IN YIELD COMPARED TO 2010 CROP. ONLY 476 AC. WERE HARVESTED OUT OF OVER 900 AC. WITHIN S.C.CO. FOR 2011.
33. 2012 CROP WAS HARVESTED (76.2% # ONE / 23.8 % OTHER PRODUCT, I.E. YOGURT). CROP INSURANCE CLAIM SUBMITTED FOR INCLEMENT WEATHER DAMAGE.
34. 2011 - MHCOT INSTALLS IRRIGATION SYSTEM SUBMAINS; UPGRADES ELECTRICAL TO YARD AND INSTALLS 100-A SUB-PANEL; UPGRADES DOMESTIC WATER SYSTEM, & REPLACES 5,000 GAL. WATER TANK.
35. 2013 - MHCOT COMPLETES PERMANENT SPRINKLER SYSTEM; INSTALLS DRAINAGE CULVERT @ D/W ENTRANCE ALONG MONTEREY HWY.

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III A

MORGAN HILL CHERRY ORCHARD TENANCY

LEASE OPERATOR - M&R PACKING COMPANY

2014 - 2021 COSTS VS. HARVEST INCOME SUMMARY TO PRODUCE SWEET CHERRIES

PRODUCTION AREA = 224.7 ACRES

ITEM	DESCRIPTION	RESPONSIBILITY			2021 ANNUAL COSTS			2020		2019		2018		2017		2016		2015		2014	
		M.H.C.O.T	M&R PACKING	SHARED	SUB-TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $	UNIT	TOTAL $
I	CASH OVERHEAD																				
	CROP INSURANCE PREMIUM			•			138,224.00		121,859.00		106,627.00		123,372.00		87,727.00		76,502.00		60,047.00		57,184.00
	LIABILITY & PROPERTY INSURANCE	•					9,112.00		9,229.00		9,036.00		8,928.00		8,918.00		9,255.00		9,205.00		6,724.00
	SECURED PROPERTY TAXES	•					42,413.86		41,274.40		42,594.80		42,992.74		42,142.94		41,567.10		41,588.59		49,106.17
	PROPERTY MANAGEMENT FEE	•					4,800.00		4,800.00		4,800.00		4,800.00		4,800.00		4,800.00		4,800.00		4,800.00
	INVESTMENT REPAIRS - REPAIR PUMP STATION #1 + #2	•					55,713.51		0.00		0.00		0.00		1,842.00		1,147.00		8,686.62		10,973.18
	MISC. ADMIN.	•					25.00		60.00		76.36		24.18		3.32		18.02		30.93		111.07
	SUB-TOTAL (I)						250,288.37		177,222.40		163,134.16		180,116.92		145,433.26		133,289.12		124,358.14		128,898.42
II	NON-CASH OVERHEAD						N/A														
	BUILDINGS	•					N/A														
	CHERRY ORCHARD ESTABLISHMENT - YEAR 1976	•					N/A														
	ESTABLISH IRRIGATION PUMPS & WELLS	•					N/A														
	LADDERS (50 EA / ACRE)			•			N/A														
	LAND PURCHASE - YEAR 1975	•					N/A														
	ESTABLISH SPRINKLER IRRIGATION SYSTEM - YEAR COMPLETED 2012	•					N/A														
	TOOLS - SHOP / FIELD			•			N/A														
	EQUIPMENT			•			N/A														
	SUB-TOTAL (II)						0.00		0.00		0.00		0.00		0.00		0.00		0.00		0.00
III	RANCH HUSBANDRY																				
A	CULTURAL COSTS																				
	FUEL		•		10,218.18																
	EQUIPMENT RENTAL / REPAIRS		•		15,766.20																
	SMALL FARMING TOOLS / REPAIRS		•		564.47																
	ANNUAL SANITARY FACILITIES - RANCH HUSBANDRY CREW		•		3,102.57																
	RODENT CONTROL - SQUIRRELS / GOPHERS		•		12,834.80																
	PRUNING / TOPPING / HEDGING		•		36,294.85																
	DEAD WOOD / BRUSH REMOVAL		•		80,430.23																
	RE-PLANT TREES - LABOR / PURCHASE / PROTECTIVE FENCING		•		69,838.24																
	SURVEY / TREE IDENTIFICATION (PAINT)		•		13,433.42																
	POLLINATION / GRAFTING		•		19,769.26																
	IRRIGATION SYSTEM REPAIRS		•		22,752.33																
	IRRIGATION - PURCHASE WATER / POWER / LABOR		•		73,362.24																
	HOUSE / YARD UTILITIES		•		4,612.43																
	WEED CONTROL & FERTILIZATION - LABOR / PURCHASE		•		25,865.66																
	GROWTH REGULATORS & PEST CONTROL - LABOR / PURCHASE		•		142,784.66																
	SUB-TOTAL (III-A)				531,629.54																
B	SUPPORT FOR HARVEST																				
	LABOR - MOVE EQUIP./LADDERS/DUST CNTRL./ OPERATORS		•		19,193.30																
	CLEAN-UP LABOR + DUMPSTER FEES		•		9,013.88																
	RENTAL EQUIPMENT		•		28,868.65																
	MISC. TESTING - FOOD / WATER SAFETY		•		702.00																
	SEASONAL PORTABLE SANITARY FACILITIES - HARVEST PICKING CREWS		•		8,473.99																
	SUB-TOTAL (III-B)				66,251.82																
	SUB-TOTAL (III)						597,881.36		579,945.00		562,546.00		545,670.00		529,300.00		513,421.00		498,020.00		483,080.00
IV	HARVEST																				
	CONTRACT HAND-PICK LABOR			•	1,057,760.16																
	SUB-TOTAL (IV)					1,969,631 #	1,057,760.16	1,147,781 #	560,385.75	22,375 #	8,646.95	389,540 #	193,345.54	1,445,092 #	675,185.60	17,851 #	11,060.08	98,125 #	44,806.51	87,541 #	43,056.83
V	PACKING HOUSE CHARGES / COMMISIONS / ASSESSMENTS																				
A	PACKING HOUSE CHARGES																				
	DOMESTIC NO. 1'S			•	796,208.80																
	EXPORT NO.1'S + FUMMIGATION			•	392,080.58																
	OTHER PRODUCTS - DBL+SPRS / CANNERY / JUICE / UNDR SZ / TRASH			•	6,009.10																
	SUB-TOTAL PACKING HOUSE CHARGES (V-A)			•	1,194,298.48	72,304 18#-BOX	1,194,298.48	37,111 18#-BOX	693,602.44	495 18# BOX	10,823.85	13,690 18# BOX	227,892.79	61,535 18# BOX	970,019.62	189 18#-BOX	6,490.82	3,970 18#-BOX	74,970.45	3,990 18#-BOX	51,768.26
B	SALES COMMISSIONS			•			131,245.74		183,127.42		1,189.38		46,593.16		222,993.61		743.07		13,584.66		22,946.15
C	CALIFORNIA CHERRY BOARD ASSESSMENTS			•			4,031.75		2,690.67		22.52		1,249.80		4,370.49		17.23		360.82		363.21
	SUB-TOTAL (V)						1,329,575.97		879,420.53		12,035.75		275,735.75		1,197,383.72		7,251.12		88,915.93		75,077.62
VI	ANNUAL RENT PAID BY LEASE OPERATOR																				
A	GUARANTEED BASE RENT TO M.H.C.O.T.		•				77,350.00		77,350.00		77,350.00		77,350.00		77,350.00		77,350.00		77,350.00		77,350.00
B	RENT TO S.C.CO. PARKS		•				5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00		5,000.00
	SUB-TOTAL (VI)		•				82,350.00		82,350.00		82,350.00		82,350.00		82,350.00		82,350.00		82,350.00		82,350.00
	TOTAL COSTS						-3,317,855.86		-2,279,323.68		-828,712.86		-1,277,218.21		-2,629,652.58		-747,371.32		-838,630.58		-812,462.87
VII	GROSS SALES			•			1,669,950.59		2,227,426.64		15,292.82		592,655.30		2,787,422.60		9,288.43		169,808.32		286,826.88
IIX	NET ANNUAL INCOME			•																	
A	NET SALES			•			-1,647,905.27		-51,897.04		-813,420.04		-684,562.91		157,770.02		-738,082.89		-668,822.26		-525,635.99
B	CROP INSURANCE PROCEEDS			•			?		0.00		560,000.00		408,753.00		0.00		642,901.00		543,589.00		470,737.00
C	MARKET FACILITATION PROCEEDS			•			0.00		250,000.00		61,248.00		0.00		0.00		0.00		0.00		0.00
	SUB-TOTAL (IIX)			•			-1,647,905.27		198,102.96		-192,172.04		-275,809.91		157,770.02		-95,181.89		-125,233.26		-54,898.99

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III B

MORGAN HILL CHERRY ORCHARD TENANCY

LEASE OPERATOR INCOME VS. EXPENSE SUMMARY

M.H.C.O.T. / M.H.F.P. FIVE (5) YEAR LEASE TERM

ITEM. NO.	DESCRIPTION	M.H.C.O.T. PRO-RATA SHARE OF REVENUE / EXPENSES 2009	2010	2011	2012	2013	FIVE (5) YEAR TOTAL	FIVE (5) YEAR AVERAGE
I.	**TOTAL CROP REVENUE**	$ 2,827,155.09	$ -	$ -	$ 1,666,485.63	$ 1,728,378.67	$ 6,222,019.39	$ 1,244,403.88
	TOTAL LBS. DELIVERED	2,093,638	0	0	2,191,584	919,564	5,204,786	1,040,957
1 - $	80% GROSS LESSEE CROP REVENUE	$ 2,261,724.07	$ -	$ -	$ 1,666,485.63	$ 1,382,702.94	$ 5,310,912.64	$ 1,062,182.53
II.	**TOTAL CROP HARVEST / PACKING / MARKETING COSTS**							
A - $	80% CUSTOM LESSEE CROP HARVEST COSTS	$ (663,119.20)	$ -	$ -	$ (423,209.00)	$ (250,247.06)	$ (1,336,575.26)	$ (270,930.41)
B.	TOTAL CROP PACKING AND MARKETING FESS							
1	TOTAL GENERAL PACKING AND MARKETING COSTS							
	BOX / CLAM SHELL / BAG PACKAGE COST	134,742.25	0.00	0.00	107,446.75	42,080.50		
	IN / OUT WEIGHT PROCESSING FEES	595,809.41	0.00	0.00	469,266.68	272,239.12		
	FUMIGATION COST	0.00	0.00	0.00	13,168.00	18,533.75		
	PROCESS DOUBLE / SPURS	50,624.00	0.00	0.00	37,317.00	23,285.50		
	CCAB ASSESSMENTS	12,399.85	0.00	0.00	5,123.72	1,790.69		
	MISC. YOUGURT HANDLING / PROCESSING FEES	0.00	0.00	0.00	12,418.78	0.00		
	SUB-TOTAL (C-1)	793,575.51	0.00	0.00	644,740.93	357,929.56		
2	M&R COMPANY REVENUE GENERATING PACKING AND MARKETING COSTS							
	COMMISSIONS	223,985.40	0.00	0.00	112,595.83	137,398.57		
	PACKING CHARGES	199,500.75	0.00	0.00	158,985.00	105,201.00		
	SUB-TOTAL (C-2)	423,486.15	0.00	0.00	271,580.83	242,599.57		
	TOTAL CROP PACKING AND MARKETING COSTS	$ 1,217,061.66	$ -	$ -	$ 916,321.76	$ 600,529.13	$ 2,733,912.55	$ 546,782.51
C - $	80% LESSEE CROP PACKING AND MARKETING COSTS	$ (973,649.33)	$ -	$ -	$ (916,321.76)	$ (480,423.30)	$ (2,370,394.39)	$ (474,078.88)
2 - $	80% NET LESSEE - GROWER CROP REVENUE	$ 624,955.54	$ -	$ -	$ 750,163.87	$ 652,032.58	$ 2,027,151.99	$ 436,223.18
III.	**TOTAL CROP INSURANCE REVENUE**							
D.	CROP INSURANCE NET VALUE	0.00	721,332.00	532,403.00	96,553.00	0.00		
E	CROP INSURANCE PREMIUM FEE	0.00	-48,035.00	-46,374.00	-53,095.00	-56,925.00		
F.	CROP INSURANCE LOSS PAYMENT	$ -	$ 673,297.00	$ 486,029.00	$ 43,458.00	$ (56,925.00)		
3 - $	80% NET LESSEE - GROWER CROP INSURANCE REVENUE	$ -	$ 538,637.60	$ 388,823.20	$ -	$ (45,540.00)	$ 881,920.80	$ 176,384.16
4 - $	80% TOTAL NET LESSEE - GROWER ANNUAL REVENUE	$ 624,955.54	$ 538,637.60	$ 388,823.20	$ 750,163.87	$ 606,492.58	$ 2,909,072.79	$ 612,607.34
IV.	**TOTAL ANNUAL LESSEE FIXED EXPENSES**							
G.	APPROXIMATE ANNUAL RANCH HUSBANDRY EXPENSES	-600,000.00	-680,871.13	-600,000.00	-600,000.00	-536,200.94	-3,017,072.07	603,414.41
H.	GUARANTEED ANNUAL LAND RENTAL TO M.H.C.O.T.	-77,350.00	-38,675.00	-38,000.00	-38,675.00	-77,350.00		
I.	ANNUAL LAND RENTAL TO S.C.CO. PARKS DEPARTMENT	0.00	0.00	0.00	0.00	0.00		
4 - $	TOTAL ANNUAL LESSEE FIXED EXPENSES	$ (677,350.00)	$ (719,546.13)	$ (638,000.00)	$ (638,675.00)	$ (613,550.94)	$ (3,287,122.07)	$ (657,424.41)
5 - $	TOTAL NET LESSEE ANNUAL REVENUE	$ (52,394.46)	$ (180,908.53)	$ (249,176.80)	$ 111,488.87	$ (7,058.36)	$ (378,049.28)	$ (75,609.86)
	60 % M.H.F.P.	$ (31,436.68)	$ (108,545.12)	$ (149,506.08)	$ 66,893.32	$ (4,235.02)	$ (226,829.58)	$ (45,365.92)
6 - $	40% M & R	$ (20,957.78)	$ (72,363.41)	$ (99,670.72)	$ 44,595.55	$ (2,823.34)	$ (151,219.70)	$ (30,243.94)
7 - $	M & R GENERATED PACKING AND MARKETING REVENUE	$ 423,486.15	$ -	$ -	$ 271,580.83	$ 242,599.57	$ 937,666.55	$ 187,533.31
8 - $	M & R ANNUAL REVENUE VALUE FOR LEASE OPERATION	$ 402,528.37	$ (72,363.41)	$ (99,670.72)	$ 316,176.38	$ 239,776.23	$ 786,446.85	$ 157,289.37

COMMENTS:

1. 2012 CROP WAS NOT COMPLETELY HARVESTED DUE TO A DOWN-TURN IN THE MARKET. APPROX. 500,00# LEFT ON TREES. 76.2 % OF CROP WAS PACKED-OUT, THE BALANCE OF 23.8% WAS SOLD AS YOUGURT FOR MINIMUM SALE. M & R COMPANYINDICATED FOR M.H.C.O.T. TO FILE AN INSURANCE CLAIM FOR DAMAGE. M & R CO. KEPT 100% OF CROP REVENUE, MH.COT. KEPT 100% OF INSURANCE REVENUE.
2. M.H.C.O.T. FORSAKED 50% OF ANNUAL GUARANTEED RENT FOR CROP DAMAGE YEARS 2010, 2011, AND 2012, AS A COURTESY TO THE LEASE OPERATOR.
3. CROP HARVEST, PACKING AND MARKETING COSTS WERE OBTAINED FROM M & R COMPANY ACCOUNT SALES REPORT, CHERRY STATEMENTS, CHERRY INSURANCE SUMMARY WORKSHEETS.
4. LESEE ANNUAL RANCH HUSBANDRY EXPENSES ARE APPROXIMATE. THE HAVE BEEN AVERAGED FROM ACTUAL COSTS REPORTED IN 2010 AND 2013, FOR THOSE YEARS THAT M.H.C.O.T. WAS NOT PROVIDED EXPENSE DOCUMENTATION.
5. TO-DATE, LESSEE HAS NOT PAID THE S.C.CO.ANNUAL LAND RENTAL IN THE AMOUNT OF $5,000.00, FOR A TOTAL EXPENSE OF $25,000.00
6. M.H.C.O.T. ASSUMES THAT M & R COMPANY GENERATES REVENUE FROM TOTAL PACKING PACKING CHARGES, AND MARKETING COMMISSIONS, DURING YEARS WHEN A CROP IS HARVESTED.
7. G. TORLAI CONFIRMED VIA TELECON ON 02/20/15, THAT THE %- SHARE OF PROFIT OR LOSSES WITH M&R COMPANY WAS AS FOLLOWS: M.H.F.P. @ 60% / M & R @ 40%.

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III C

CHERRY ORCHARD TENANCY
COYOTE VALLEY CHERRY ORCHARD GROWER ACCOUNTING HISTORY REPORT
LEASE OPERATOR - EL CAMINO PACKING, INC.

YEAR	2004				2005				2006				2007				2008		
	QUANTITY	UNIT COST	TOTAL COST	ANNUAL % INCREASE	QUANTITY	UNIT COST	TOTAL COST	ANNUAL % INCREASE	QUANTITY	UNIT COST	TOTAL COST	ANNUAL % INCREASE	QUANTITY	UNIT COST	TOTAL COST	ANNUAL % INCREASE	QUANTITY	UNIT COST	TOTAL COST
1. GROSS CHERRY PROCEEDS (ALL TYPES)																			
TOTAL EQUIV. 18# BOX PACK-OUT	62,868	32.22	2,025,916.76	134.92	25,787	43.47	1,121,043.20	-1.04	51,410	43.02	2,211,590.20	-25.76	72,832	31.94	2,326,115.38	-5.07	86,202	30.32	2,613,862.74
2. PACKING HOUSE EXPENSES																			
PACKING, SALES, MATL., FUM., ASS.			?				268,610.31				411,679.36				541,372.83				1,251,468.47
PACKING LABOR			?				89,741.75				335,831.10				599,211.06				0.00
PACKING MISC.			?				21,521.50				18,423.00				0.00				0.00
SUB-TOTAL	62,868	14.00	880,140.14	5.21	25,787	14.73	379,873.56	1.15	51,410	14.90	765,933.46	5.1	72,832	15.66	1,140,583.89	-7.28	86,202	14.52	1,251,468.47
3. ORCHARD HUSBANDRY EXPENSES																			
LABOR	220	483.88	106,454.44	-1.57	220	476.26	104,776.40	9.81	220	523.00	115,060.00	18.19	220	618.15	135,993.00	-8.48	220	565.75	124,466.00
CAN 17 & ACTIVATOR		28.66	6,304.50	8.06		30.97	6,814.25	107.85		64.37	14,162.00	-2.83		62.55	13,762.00	8.71		68.00	14,960.00
OIL SPRAY		34.28	7,542.50	-3.06		33.23	7,310.00	-100.00		0.00	0.00	0.00		0.00	0.00	0.00		0.00	0.00
4-FUNGICIDE SPRAY		72.06	15,853.12	26.06		90.84	19,984.20	1.96		92.62	20,377.00	22.35		113.32	24,930.00	8.18		122.59	26,970.00
GIBB & RALLY		42.25	9,294.20	-6.01		39.71	8,736.40	-19.42		32.00	7,040.00	80.16		57.65	12,684.00	45.7		84.00	18,480.00
HEBICIDES		30.73	6,760.00	-9.05		27.95	6,150.00	24.9		34.91	7,680.00	-22.23		27.15	5,972.00	-6.60		28.94	6,366.00
FERTILIZER (DRY)		30.22	6,648.10	19.87		36.23	7,970.10	85.81		67.32	14,810.00	21.35		81.69	17,972.00	9.97		89.83	19,763.00
OUTSIDE PRUNING		106.08	23,338.00	-100.00		0.00	0.00			126.15	27,754.00	58.43		199.86	43,969.16	-100.00		0.00	0.00
FUEL		42.80	9,415.00	-2.90		41.56	9,144.00	28.61		53.45	11,760.00	18.02		63.08	13,877.00	56.24		98.55	21,682.00
ELECTRICITY		111.49	24,527.58	-6.48		104.27	22,938.67	-8.52		95.39	20,986.00	57.13		148.89	32,755.91	-10.27		133.6	29,392.00
MISC. REPAIRS & SUPPLIES		28.06	6,174.10	-11.51		24.83	5,463.00	-12.36		21.76	4,787.00	28.95		28.06	6,173.00	17.93		33.09	7,280.00
BEES		54.33	11,952.00	57.96		85.82	18,880.00	-4.66		81.82	18,000.00	-8.95		74.50	16,390.00	9.82		81.82	18,000.00
PUMP TAX - WATER		28.06	6,173.24	-2.21		27.44	6,036.80	-22.59		21.24	4,672.00	59.27		33.83	7,442.81	7.42		31.32	6,890.38
WELL REPAIR		0.00	0.00			10.00	2,200.08	-100.00		0.00	0.00			26.96	5,931.00	-43.64		15.19	3,342.48
SPRAYER REPAIR		0.00	0.00	0.00		0.00	0.00			13.88	3,053.00	-100.00		0.00	0.00	0.00		0.00	0.00
REPLANT TREES																100.00	1,470	48.44	10,657.50
SUB-TOTAL	220	1,092.89	240,436.78	-5.84	220	1,029.11	226,403.90	19.32	220	1,227.91	270,141.00	25.07	220	1,535.69	337,851.88	-8.76	220	1,401.13	308,249.36
4. RENT AND MISC. EXPENSES PAID																			
ANNUAL RENT	220	100.00	22,000.00	0.00	220	100.00	22,000.00	45.45	220	145.45	32,000.00	9.38	220	159.09	35,000.00	14.28	220	181.82	40,000.00
S. C. CO. LEASE AGREEMENT			0.00				0.00				0.00				0.00				0.00
MISC. INVOICES PAID TO MF			3,214.16				0.00				0.00				0.00				0.00
SUB-TOTAL			25,214.16				22,000.00				32,000.00				35,000.00				40,000.00
4. HARVEST EXPENSES																			
TOTAL CROP HARVESTED - # PICKED	1,807,852	0.255	461,002.26	50.98	741,546	0.385	285,495.21	-16.88	1,526,477	0.320	488,472.64	-4.69	1,929,428	0.305	588,475.54	-3.28	2,322,430	0.295	685,116.85
SUB-TOTAL			726,653.20				533,899.11				790,613.64				961,327.42				1,033,366.21
5.TOTAL NET CROP PROFIT	62,868	6.67	419.123.42	20.54	25,787	8.04	207,270.53	58.46	51,410	12.74	655,043.10	-75.82	72,832	3.08	224,204.07	46.75	86,202		329,028.06
6.TENANCY OWNERS 25% SHARE			104,780.86	-50.55			51,817.63	216.03			163,760.78	-65.77			56,051.02	46.75			82,257.02
7. EL CAMINO PACKING, INC. 75% SHARE			314,342.56				155,452.90				491,282.32				168,153.05				246,771.04
8. TOTAL ANNUAL LEASE REV. - TEN. OWN.			126,780.86	-41.78			73,817.63	165.20			195,760.78	-53.49			91,051.02	34.27			122,257.02
9. PERCENT NET CAP. RETURN - TEN. OWN.			5.59				3.25				8.63				4.01				5.39

COMMENTS:
1. NO PACK-OUT REPORTS FOR 2004
2. INCOMPLETE PACK-OUT REPORTS FOR 2007.
3.UNIT COST FOR OUTSIDE PRUNING APPEARS EXCESSIVE. R.R.JR. OBTAINED A MACH. TOPPING & ONSITE MULCHING PROPOSAL OF $100.00 PER ACRE.
4. ASTRONOMICAL DECREASE IN PROFIT UNIT PRICE FOR 2007.
5. SIGNIFICANT INCREASES IN ORCHARD HUSBANDRY FOR 2006 &2007 HAVE BEEN NOTED.
6. PACK-OUT REPORTS FOR 2008 HAVE NOT BEEN RECEIVED TO-DATE.
7. GROWER ACCOUNTING REPORT FOR 2008 INDICATED A TOTAL OF 1,470 TREES REPLANTED AT A UNIT COST OF $7.25 PER EACH.
8. LEASE AGRMNT. TERMINATED WITH EL CAMINO PACKING ON 09/30/08.
9. ASSUME CAPITALIZED ASSET VALUE @ $2,268,184.00 TO DETERMINE % NET CAP. RETURN.

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REV. DATE 10/14/08

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MORGAN HILL CHERRY ORCHARD TENANCY

INCOME VS. EXPENSE SUMMARY

M.H.C.O.T. / M.H.F.P. FIVE (5) YEAR LEASE TERM

ITEM. NO.	DESCRIPTION	2009	2010	2011	2012	2013	FIVE (5) YEAR TOTAL	FIVE (5) YEAR AVERAGE
		M.H.C.O.T. PRO-RATA SHARE OF REVENUE / EXPENSES						
A.	20% GROSS LESSOR CROP REVENUE	$ 565,431.02	$ -	$ -	$ 333,297.13	$ 345,675.73		
B.	20% LESSOR CUSTOM CROP HARVEST COSTS	170,299.00	0	0	?	62,681.76		
C.	20% LESSOR CROP PACKING AND MARKETING FESS	243,412.17	0	0	183,264.35	120,105.83		
D.	SUB-TOTAL LESSOR CROP REVENUE	$ 151,719.85	$ -	$ -	$ -	$ 162,888.14	$ 314,607.99	$ 62,921.60
E.	LESSOR LEASE RESPONSIBILITY DEDUCTIONS							
1	TREE RE-PLANTS PURCHASED BY LEASE OPERATOR	0	0	0	0	2,747.20		
2	DEDUCT LAND RENTAL FEE PAID TO LESSOR	77,350.00	0	0	0	77,350.00		
	SUB-TOTAL LESSOR LEASE RESPONSIBILITY DEDUCTIONS	$ (77,350.00)	0	0	0	$ (80,097.20)	$ (157,447.20)	$ (31,489.44)
1 - $	**NET LESSOR - GROWER CROP REVENUE**	$ 74,369.85	$ -	$ -	$ -	$ 82,790.94	$ 157,160.79	$ 31,432.16
F	20% LESSRO CROP INSURANCE PROCEEDS	$ -	$ 144,266.40	$ 106,480.60	$ 96,553.00	$ -	$ 347,300.00	$ 69,460.00
G	20% LESSROR CROP INSURANCE PREMIUM FEE	$ -	$ (9,607.00)	$ (9,274.80)	$ (53,095.00)	$ (11,385.00)	$ 83,361.80	$ 16,672.36
2 - $	**NET LESSOR CROP INSURANCE LOSS PAYMENT**	$ -	$ 134,659.40	$ 96,755.80	$ 43,458.00	$ -	$ 274,873.20	$ 54,974.64
H.	[PORT.] LAND RENTAL PAYMENTS PAID TO-DATE	$ -	$ (38,675.00)	$ (39,350.00)	$ (38,675.00)	$ -	$ (116,700.00)	$ (23,340.00)
3 - $	**NET LESSOR -GROWER CROP INSURANCE LOSS REVENUE**	$ -	$ 95,984.40	$ 57,080.80	$ 4,783.00	$ -	$ 157,848.20	$ 31,569.64
4 - $	**GUARANTEED LESSOR ANNUAL LAND RENTAL FEE**	$ 77,350.00	$ 77,350.00	$ 77,350.00	$ 77,350.00	$ 77,350.00	$ 386,750.00	$ 77,350.00
5 - $	**TOTAL NET LESSOR - GROWER REVENUE**	$ 151,719.85	$ 173,334.40	$ 134,430.80	$ 82,133.00	$ 148,755.94	$ 690,373.99	$ 138,074.79
I.	LESSOR EXPENSE RESPONSIBILIES							
1	LESSOR LEASE EXPENSE OBLIGATIONS							
	PROPERTY TAXES	26,795.52	27,023.77	27,046.53	27,778.94	*28,229.00*	136,873.76	27,374.75
	CAPITAL REPAIRS TO IRRIGATION SYSTEM PUMPS	14,601.53	0	175.73	0	*16,763.12*	31,540.38	6,308.08
	CAPITAL REPAIRS TO DOMESTIC SYSTEM PUMPS	1,740.21	1,709.80	0	0	0	3,450.01	690.00
	CAPITAL REPAIRS / UPGRADES TO DOMESTIC WATER SYSTEM	0	0	0	2,908.26	0	2,908.26	581.65
	CAPITAL REPAIRS / UPGRADES TO YARD ELECTRICAL SYSTEM	0	0	0	16,413.20	0	16,413.20	3,282.64
	CAPITAL REPAIRS / UPGRADES TO DOMESTIC WATER TANK	0	0	0	8,496.21	0	8,496.21	1,699.24
	PURCHASE TREE RE-PLANTS	11,085.76	7,741.25	6,231.70	0	0	25,058.71	5,011.74
	SUB-TOTAL (1)	$ (54,223.02)	$ (36,474.82)	$ (33,453.96)	$ (55,596.61)	$ *(44,992.12)*	$ (224,740.53)	$ (44,948.10)
2	LESSOR OVERHEAD EXPENSES							
	COMMERCIAL UMBRELLA & FARM OWNER'S INSURANCE PREMIUM FEES	7,874.00	6,903.00	6,872.00	6,987.00	8,663.00	37,299.00	7,459.80
	PROPERTY MANAGEMENT FEES	4,800.00	4,800.00	4,800.00	4,800.00	4,800.00	24,000.00	4,800.00
	PROFESSIONAL FEES (CPA)	0	0	720.00	630.00	670.00	2,020.00	404.00
	LEGAL FEES	8,093.75	5,611.00	718.75	0	0	14,423.50	2,884.70
	CONSULTING FEES	0	0	0	0	814.00	814.00	162.80
	MISC. EXPENSES	65.85	61.36	272.34	20.01	*60.00*	479.56	95.91
	SUB-TOTAL (2)	$ (20,833.60)	$ (17,375.36)	$ (13,383.09)	$ (12,437.01)	$ *(15,007.00)*	$ (79,036.06)	$ (15,807.21)
3	LESSOR MISC. EXPENSES							
	MISC. REPAIRS (DRIVEWAY DRAINAGE + FENCE REPAIRS)	0	0	0	0	4,339.00	4,339.00	867.80
	MISC. EQUIPMENT PURCHASES (WEED CONTROL)	0	0	0	0	2,152.00	2,152.00	430.40
	SUB-TOTAL (3)	0	0	0	0	$ (6,491.00)	$ (6,491.00)	$ (1,298.20)
4	LESSOR CAPITAL UPGRADES TO IRRIGATION SYSTEM							
	MAINLINE DISTRIBUTION SYSTEM UPGRADES	114,350.30	0	0	0	0	114,350.30	22,870.06
	PUMP STATION ELECTRICAL + PUMP UPGRADES	51,956.40	52,065.47	0	0	0	104,021.87	20,804.37
	PUMP STATION ROOF SHED/ENCLOSURE UPGRADES	0	12,638.84	0	0	0	12,638.84	2,527.77
	BOLLARD PROTECTION @ IRRIGATION GATE VALVES	0	2,025.46	0	0	0	2,025.46	405.09
	SUB-MAIN DISTRIBUTION SYSTEM UPGRADES	0	0	14,918.31	59,109.54	0	74,027.85	14,805.57
	PERMANENT SPRINKLER SYSTEM UPGRADES	0	0	0	74,800.79	76,450.86	151,251.65	30,250.33
	SUB-TOTAL (4)	$ (166,306.70)	$ (66,729.77)	$ (14,918.31)	$ (133,910.33)	$ (76,450.86)	$ (458,315.97)	$ (91,663.19)
5	LESSOR SALES CREDIT OF EXIST. EXCESS IRRIGATION PIPE/PULL-HOSE SYSTEM	$ -	$ -	$ -	$ 59,622.58	$ 4,018.40	$ 63,640.98	$ 12,728.20
6 - $	**TOTAL ANNUAL LESSOR EXPENSES**	$ (241,363.32)	$ (120,579.95)	$ (61,755.36)	$ (142,321.37)	$ (138,922.58)	$ (704,942.58)	$ (140,988.52)
7 - $	**SUB-TOTAL NET LESSOR REVENUE**	$ (89,643.47)	$ 52,754.45	$ 72,675.44	$ (60,188.37)	$ 9,833.36	$ (14,568.59)	$ (2,913.73)
J.	OTHER LANDLORD INCOME							
1	MEADOW OUTDOOR ADVERTISING - SIGN RENTAL	420.00	420.00	420.00	420.00	420.00	2,100.00	420.00
2	MISC. OTHER INCOME	0	0	0	0	0	0	0
3	S.C.CO. PARKS LAND RENTAL FEE - LESSEE RENTAL PASS-THROUGH	0	0	0	0	0	0	0
8 - $	**TOTAL OTHER LESSOR ANNUAL INCOME**	$ 420.00	$ 420.00	$ 420.00	$ 420.00	$ 420.00	$ 2,100.00	$ 420.00
9 - $	**ANNUAL LESSOR EXPENSE - S.C. CO. PARK LAND RENTAL**	$ -	$ -	$ -	$ -	$ -	$ -	$ -
10 - $	**TOTAL NET LESSOR ANNUAL REVENUE**	$ (89,223.47)	$ 53,174.45	$ 73,095.44	$ (59,768.37)	$ 10,253.36	$ (12,468.59)	$ (2,493.73)

PREV.REV. DATE 09/17/13 / NEW REV. DATE 02/13/14
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COMMENTS:

1. 2010 AND 2011 CHERRY CROP WAS A COMPLETE LOSS DUE TO RAIN DAMAGE. CROP WAS NOT HARVESTED. REVENUE WAS FROM CROP INSURANCE PROCEEDS.
2. 2012 CHERRY CROP WAS HARVESTED. M&R PACKING SOLD CROP AND RETAINED PROCEEDS. MHCOT FILED CROP INSURANCE CLAIM FOR WEATHER DAMAGE, AND WAS DIRECTED BY M&R PACKING TO RETAIN 100% OF SAID PROCEEDS INORDER TO COVER THE FULL CROP INSURANCE PREMIUM AND THE BALANCE OF THE GUARANTEED LAND RENTAL FEE.
3. DATA INDICATED FOR 2013 SHOWN IN ITALICS ARE ESTIMATED, SINCE FINAL INVOICES ARE STILL PENDING.
4. MHFP WAS NOT ABLE TO PROCURE CROP INSURANCE IN 2009. HOWEVER, CROP INSURANCE PROCEEDS SUPPLEMENTED REVENUE 3 OUT OF 5 YEAR TERM.
5. SUMMARY OF CAPITAL REPAIRS:
   - (A) IRR. SYST. PUMP REPAIRS $31,540.38
   - (B) DOMESTIC SYST. PUMP REPAIRS 3,450.01
   - (C) DOMESTIC WATER SYST. REPAIR/UPGRADES 2,908.26
   - (D) YARD ELECT. SYST. REPAIR/UPGRADES 16,413.20
   - (E) DOMESTIC WATER TANK REPAIR/UPGRADES 8,486.21
   - (F) DRIVEWAY DRAINAGE/FENCE REPAIRS 4,339.00
   - TOTAL CAPITAL REPAIRS $67,137.06
6. SUMMARY OF CAPITAL IRRIGATION SYSTEM REPAIRS/UPGRADES:
   - (A) MAINLINE DISTR. SYSTEM REPAIRS/UPGRADES $114,350.30
   - (B) PUMP STATION ELECT. + PUMP REPR./UPGRDS 104,021.87
   - (C) PUMP STATION ROOF SHED/ENCLOSURE UPGRDS 12,638.84
   - (D) BOLLARD PROTECTION @ IRR. GATE VALVES 2,025.46
   - (E) SUB-MAIN DISTR. SYSTEM UPGRADES 74,027.85
   - (F) PERMANENT SPRINKLER SYSTEM UPGRADES 151,251.65
   - TOTAL IRR. SYSTEM REPAIRS/UPGRADES $458,315.97
7. TYPICAL RE-OCCURING LANDLORD ANNUAL EXPENSE SUMMARY:
   - (A) PROPERTY TAXES $28,300.00
   - (B) COMMERCIAL UMBRELLA & FARM OWNER'S INS. 8,700.00
   - (C) PROPERTY MANAGEMENT FEES 4,800.00
   - (D) PROFEESIONAL FEES (CPA) 700.00
   - (E) MISC. EXPENSES 100.00
   - (F) PURCHASE TREE RE-PLANTS 11,250.00
   - (G) LEGAL FEES 0.00
   - (I) CONSULTING FEES 0.00
   - (J) CROP INSURANCE PREMIUMS (20% PORT.) 11,600.00
   - (K)UNFORSEEN EXPENSES 2,000.00
   - TOTAL LANDLORD ANNUAL EXPENSE BUDGET $67,450.00
8. AGRI GENERAL INSURANCE COMPANY - CROP INSURANCE LOSS VALUE:
   - RECAP: TOTAL INSURABLE ACRES = 224.3 AC.
   - LESS RE-PLANT BLOCK 5.0 AC.
   - CURRENT INSURABLE ACRES = 219.3 AC.

   2010 CROP LOSS VALUE:
   - GROSS VALUE: 219.3 AC. @ $4,517.00/ AC. = $990,578.00
   - INSURANCE "TRIGGER" ADJ. .... -269,246.00
   - PARTIAL HARVEST ADJ. 0.00
   - NET CROP INSURANCE LOSS VALUE .... $721,332.00 (MHCOT @ 20% = $144,266.40)

   2011 CROP LOSS VALUE:
   - GROSS VALUE: 219.3 AC. @ $4,117.00/ AC. = $902,858.00
   - INSURANCE "TRIGGER" ADJ. .... -178,580.00
   - PARTIAL HARVEST ADJ. .... -191,875.00
   - NET CROP INSURANCE LOSS VALUE .... $532,403.00 (MHCOT @ 20% = $106,480.60)

   2012 CROP LOSS VALUE:
   - GROSS VALUE: 219.3 AC. @ $3,861.00/ AC. = $846,717.00
   - INSURANCE "TRIGGER" ADJ. 0.00
   - PARTIAL HARVEST ADJ. .... -750,164.00
   - NET CROP INSURANCE LOSS VALUE .... $ 96,553.00 (MHCOT @ 100%)
9. TOTAL CROP HARVESTED WITH NO DAMAGE CLAIM:
   - 2009: .... 2,093,638 # FOR A GROSS VALUE OF $2,827,155.09 = ($12,581.91/ AC.)
   - 2013: .... 919,564 # FOR A GROSS VALUE OF $1,728,378.67 = ($ 7,691.94/ AC.)
10. NO LAND RENTAL FEE WAS COLLECTED OR PAID TO THE S.C. CO. PARK DEPARTMENT FOR LANDS UTILIZED BY THE M.H.C.O.T., SINCE THE FLOOD DAMAGE OF 1997, DUE TO THE "ON-GOING" CLAIM DISPUTE. LEASE AGREEMENT BETWEEN MARCHESE FARMS & THE S.C. CO. PARKS DEPT., DATED 10/08/96, INDICATES AN ANNUAL RENTAL FEE = $5,000.00 (15 ACRES @ $333.00 PER ACRE). C. MARCHESE BILLED M.H.F.P. FOR SAID RENTAL FEE IN THE AMOUNT OF $25,000.00 FOR THE 5-YEAR LEASE ON ?/?/14. NO PAYMENT HAS BEEN RECEIVED TO-DATE.

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MORGAN HILL CHERRY ORCHARD TENANCY

INCOME VS. EXPENSE SUMMARY

M.H.C.O.T. / M & R COMPANY FIVE (5) YEAR LEASE TERM

ITEM. NO.	DESCRIPTION	M.H.C.O.T. PRO-RATA SHARE OF REVENUE / EXPENSES 2014	2015	2016	2017	2018	FIVE (5) YEAR TOTAL	FIVE (5) YEAR AVERAGE
A.	20% GROSS LESSOR CROP REVENUE	$ 57,597.31						
B.	20% LESSOR CUSTOM HARVEST COSTS	$ (8,611.37)						
C.	20% LESSOR CROP PACKING AND MARKETING FESS	$ (15,015.52)						
D.	SUB-TOTAL LESSOR CROP REVENUE	$ 33,970.42						
E.	LESSOR LEASE RESPONSIBILITY DEDUCTIONS							
1	TREE RE-PLANTS PURCHASED BY LEASE OPERATOR	0						
2	DEDUCT ANNUAL LAND RENTAL FEE	$ (77,350.00)						
	SUB-TOTAL LESSOR LEASE RESPONSIBILITY DEDUCTIONS	$ (77,350.00)						
1 - $	NET LESSOR - GROWER CROP REVENUE	$ (43,379.58)						
F.	20% LESSOR CROP INSURANCE PROCEEDS	$ 94,147.40						
G.	20% LESSOR CROP INSURANCE PREMIUM FEE	$ (11,436.80)						
2 - $	NET LESSOR CROP INSURANCE LOSS PAYMENT	$ 82,710.60						
H.	(PORT.) LAND RENTAL PAYMENTS PAID TO-DATE	$ -						
3 - $	NET LESSOR - ANNUAL GROWER CROP REVENUE	$ 39,331.02						
4 - $	GUARANTEED LESSOR ANNUAL LAND RENTAL FEE	$ 77,350.00						
5 - $	TOTAL NET LESSOR - GROWER REVENUE	$ 116,681.02						
I.	LESSOR EXPENSE RESPONSIBILIES							
1	LESSOR LEASE EXPENSE OBLIGATIONS							
	PROPERTY TAXES	49,106.17						
	CAPITAL REPAIRS TO PUMPS	595.00						
	CAPITAL REPAIRS / UPGRADES TO DOMESTIC WATER SYSTEM	0						
	CAPITAL REPAIRS / UPGRADES TO YARD ELECTRICAL SYSTEM	0						
	CAPITAL REPAIRS / UPGRADES TO DOMESTIC WATER TANK	0						
	PURCHASE TREE RE-PLANTS	10,378.18						
	SUB-TOTAL (1)	$ (60,079.35)						
2	LESSOR OVERHEAD EXPENSES							
	COMMERCIAL UMBRELLA & FARM OWNER'S INSURANCE PREMIUM FEES	6,724.00						
	PROPERTY MANAGEMENT FEES	4,800.00						
	PROFESSIONAL FEES (CPA)	670.00						
	LEGAL FEES	29,453.75						
	CONSULTING FEES	0.00						
	MISC. EXPENSES	111.07						
	SUB-TOTAL (2)	$ (41,758.82)						
3	LESSOR MISC. EXPENSES							
	MISC. REPAIRS (DRIVEWAY DRAINAGE + FENCE REPAIRS)	0						
	MISC. EQUIPMENT PURCHASES (WEED CONTROL)	0						
	SUB-TOTAL (3)	$ -						
4	LESSOR CAPITAL UPGRADES TO IRRIGATION SYSTEM							
	MAINLINE DISTRIBUTION SYSTEM UPGRADES	0						
	PUMP STATION ELECTRICAL + PUMP UPGRADES	0						
	PUMP STATION ROOF SHED/ENCLOSURE UPGRADES	0						
	BOLLARD PROTECTION @ IRRIGATION GATE VALVES	0						
	SUB-MAIN DISTRIBUTION SYSTEM UPGRADES	0						
	PERMANENT SPRINKLER SYSTEM UPGRADES	0						
	SUB-TOTAL (4)	$ -						
5	LESSOR SALES CREDIT OF EXIST. EXCESS IRRIGATION PIPE/PULL-HOSE SYSTEM	$ -						
6 - $	TOTAL ANNUAL LESSOR EXPENSES	$ (101,838.17)						
7 - $	SUB-TOTAL NET LESSOR ANNUAL REVENUE	$ 14,842.85						
J.	OTHER LESSOR INCOME							
1	MEADOW OUTDOOR ADVERTISING - SIGN RENTAL	420.00						
2	MISC. OTHER INCOME	0						
3	S. C. CO. PARKS LAND RENTAL FEE - LESSEE RENTAL PASS-THROUGH	5,000.00	5,000.00					
8 - $	TOTAL OTHER LESSOR ANNUAL INCOME	$ 5,420.00						
9 - $	ANNUAL LESSOR EXPENSE - S. C. CO. PARK LAND RENTAL	$ (5,000.00)	$ (5,000.00)					
10 - $	TOTAL NET LESSOR ANNUAL REVENUE	$ 15,262.85						

COMMENTS:

1. 2014 PROPERTY TAX INCREASED $20,877.17, DUE TO RUSSO FAMILY SALE/PURCHASE OF THE 33.3330% INTEREST.
   (A) 2013/14 SUPPLEMENTAL .... $ 6,865.50
   (B) 2014/15 SECURED .... $ 290.81
   (C) 2014/15 UN-SECURED $41,949.86
   TOTAL 2014 PROPERTY TAXES PAID $49,106.17
2. 2014 LEGAL FEES INCREASED $15,030.25, DUE TO FURTHER OPTION AGREEMENT NEGOTIATIONS AND S.C.CO. PARKS CLAIM.
   (A) 2014 OPTION AGREEMENT LEGAL FEE $21,726.00
   (B) 2014 S.C.CO. PARKS CLAIM LEGAL FEE .... $ 7,727.75
   TOTAL 2014 LEGAL FEES PAID $29,453.75
3. 2014 CHERRY CROP WAS PARTIALLY DAMAGED DUE COLD WEATHER THAT AFFECTED THE BLOSSOM SET. M&R COMPANY DECIDED TO PICK THE CROP: GROSS YIELD = 87,541#. M&R COMPANY ALSO FILED A CROP INSURANCE CLAIM: GROSS CLAIM = $470,737.00, LESS THE 2014 GLOBAL AG INSURANCE PREMIUM = $57,184.00.
4. M&R COMPANY PAID THE S.C.CO. LAND RENTAL "PASS THROUGH" FOR 2014 AND 2015 IN THE ANNUAL AMOUNT OF $5,000.00, TOTALING $10,000.00. M.H.C.O.T. BANK ACCOUNT IS CURRENTLY HOLDING DAID FUNDS FOR FUTURE PAYMENT, WHEN THE S.C.CO. CLAIM DISPUTE IS RESOLVED.

REV. DATE 02/12/15
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MARCHESE FARMS DBA MORGAN HILL CHERRY ORCHARD TENANCY

CHERRY ORCHARD IRRIGATION SYSTEM - REPLACEMENT / UPGRADE PROJECT SUMMARY

ITEM	FACILITY DESCRIPTION	MAIN LINE SYSTEM 6 IN. (LF)	8 IN. (LF)	10 IN. (LF)	12 IN (LF)	TOTAL (LF)	SUB-MAIN SYSTEM 6IN. - 2 IN. (LF)	5IN. - 2IN. (LF)	4IN. - 2 IN. (LF)	3IN. -2IN. (LF)	TOTAL (LF)	PERMANENT SPRINKLER SYSTEM 1.06 IN. POLY TUBING (LF)	RISER ASSEMBLY (EA)	R10 TURBO SPRINKLER + NOZZLE (EA)	NUMBER OF TREES (EA)	YEAR INSTALLATION COMPLETED
I	PHASE 1 - PUMP STATION UPGRADES / MAIN LINE INSTALLATION															2010
A	REMOVE EXISTING "DISPUTED" E.P.C. CERT-LOK PVC ABOVE GRADE MAIN LINE					4,537										2009
B	EXISTING PUMP STATION MODIFICATIONS															
1	PUMP REPAIR / REPLACEMENT / BOOSTER UPGRADES															2010
	P.S. #1 - UPGRADE (E) 30 HP TURBINE PUMP / INSTALL (N) 25 HP BOOSTER PUMP															
	INST. (N) FILTER SYSTEM + CHEM. VALVES															
	P.S. #2 - UPGRADE (E) 30 HP TURBINE PUMP / INSTALL (N) 25 HP BOOSTER PUMP															
	INST. (N) FILTER SYSTEM + CHEM. VALVES															
	P.S. #3 - UPGRADE (E) 30 HP TURBINE PUMP / INSTALL (N) 25 HP BOOSTER PUMP															
	INST. (N) FILTER SYSTEM + CHEM. VALVES															
	P.S. #4 - REMOVE (E) 25 HP TURBINE PUMP / INSTALL (N) 20 HP SUBMERSIBLE PUMP															
	INST. (N) FILTER SYSTEM + CHEM. VALVES															
2	EXISTING PUMP STATION ELECTRICAL															2010
	P.S. #1 - REMOVE (E) TURBINE PANEL / INST. (N) TURBINE PUMP PANEL															
	INST. (N) BOOSTER PUMP PANEL															
	INST. (N) GROUND & O.H. PG&E POWER SUPPLY WEATHERHEADS															
	REMOVE (E) PANEL SUPPORT / INST. (N) PANEL SUPPORT															
	INST. (N) ELECTRICAL PANEL PROTECTIVE ROOF ENCLOSURE															
	P.S. #2 - REMOVE (E) TURBINE PANEL / INST. (N) TURBINE PUMP PANEL															
	INST. (N) BOOSTER PUMP PANEL															
	INST. (N) GROUND & O.H. PG&E POWER SUPPLY WEATHERHEADS															
	REMOVE (E) PANEL SUPPORT / INST. (N) PANEL SUPPORT															
	INST. (N) ELECTRICAL PANEL PROTECTIVE ROOF ENCLOSURE															
	P.S. #3 - REMOVE (E) TURBINE PANEL / INST. (N) TURBINE PUMP PANEL															
	INST. (N) BOOSTER PUMP PANEL															
	INST. (N) GROUND & O.H. PG&E POWER SUPPLY WEATHERHEADS															
	REMOVE (E) PANEL SUPPORT / INST. (N) PANEL SUPPORT															
	INST. (N) ELECTRICAL PANEL PROTECTIVE ROOF ENCLOSURE															
	P.S. #4 - REMOVE (E) TURBINE PANEL / INST. (N) TURBINE PUMP PANEL															
	INST. (N) GROUND & O.H. PG&E POWER SUPPLY WEATHERHEADS															
	REMOVE (E) PANEL SUPPORT / INST. (N) PANEL SUPPORT															
	INST. (N) ELECTRICAL PANEL PROTECTIVE ROOF ENCLOSURE															
C	REPLACE (E) ABOVE GRADE MAINLINE / INST. (N) PVC BELOW GRADE MAINLINE															2010
	P.S. #1		460	1,302	1,334	3,096										
	P.S. #2		430		1,520	1,950										
	P.S. #3		730		1,386	2,116										
	P.S. #4															
	NORTH BLOCK VALVES #1 TO #10	400	434	868	240	1,942										
	NORTH BLOCK VALVES #11 TO #15	400	434	931	240	2,005										
	TOTAL MAIN LINE DISTRIBUTION SYSTEM	800	2,488	3,101	4,720	11,109										
II	PHASE 2 -SUB-MAIN INSTALLATION															2011
	BLOCK - #1							670			670					
	BLOCK - #2							670			670					
	BLOCK - #3							670			670					
	BLOCK - #4							670			670					
	BLOCK - #5							670			670					
	BLOCK - #6							690			690					
	BLOCK - #7							690			690					
	BLOCK - #8							690			690					
	BLOCK - #9							690			690					
	BLOCK - #10							690			690					
	BLOCK - #11							650			650					
	BLOCK - #12							630			630					
	BLOCK - #12A							140			140					
	BLOCK - #13						630				630					
	BLOCK - #13A						240				240					
	BLOCK - #14							630			630					
	BLOCK - #14A								380		380					
	BLOCK - #15							630			630					
	BLOCK - #15A								360		360					
	BLOCK - #16							650			650					
	BLOCK - #17							650			650					
	BLOCK - #18							700			700					
	BLOCK - #19							700			700					
	BLOCK - #20							600			600					
	BLOCK - #21							600			600					
	BLOCK - #22							1,500			1,500					
	BLOCK - #23							860			860					
	BLOCK - #24						1,580				1,580					
	BLOCK - #25							640			640					
	BLOCK - #26							640			640					
	BLOCK - #27							640			640					
	BLOCK - #28							640			640					
	BLOCK - #29							640			640					
	BLOCK - #30									950	950					
	BLOCK - #31								850		850					
	BLOCK - #32							730			730					
	BLOCK - #33						850				850					
	BLOCK - #34						880				880					
	TOTAL SUB-MAIN DISTRIBUTION SYSTEM						4,180	19,690	1,590	950	26,410					
III	PHASE - 3 PERMANENT IRRIGATION SPRINKLER SYSTEM															2012
	NORTH OF DRIVEWAY - BLOCK - #1 TO BLOCK - #15											235,140	567	6,600	13,021	
	SOUTH OF DRIVEWAY - BLOCK - #16 TO BLOCK - #23											122,220	385	2,900	5,953	
	SOUTHEAST QUAD - BLOCK - #24 TO BLOCK - #34											140,010	336	4,450	9,167	
	TOTAL PERMANENT IRRIGATION SPRINKLER SYSTEM											497,370	1,288	13,950	28,141	

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REV. DATE 12/15/09

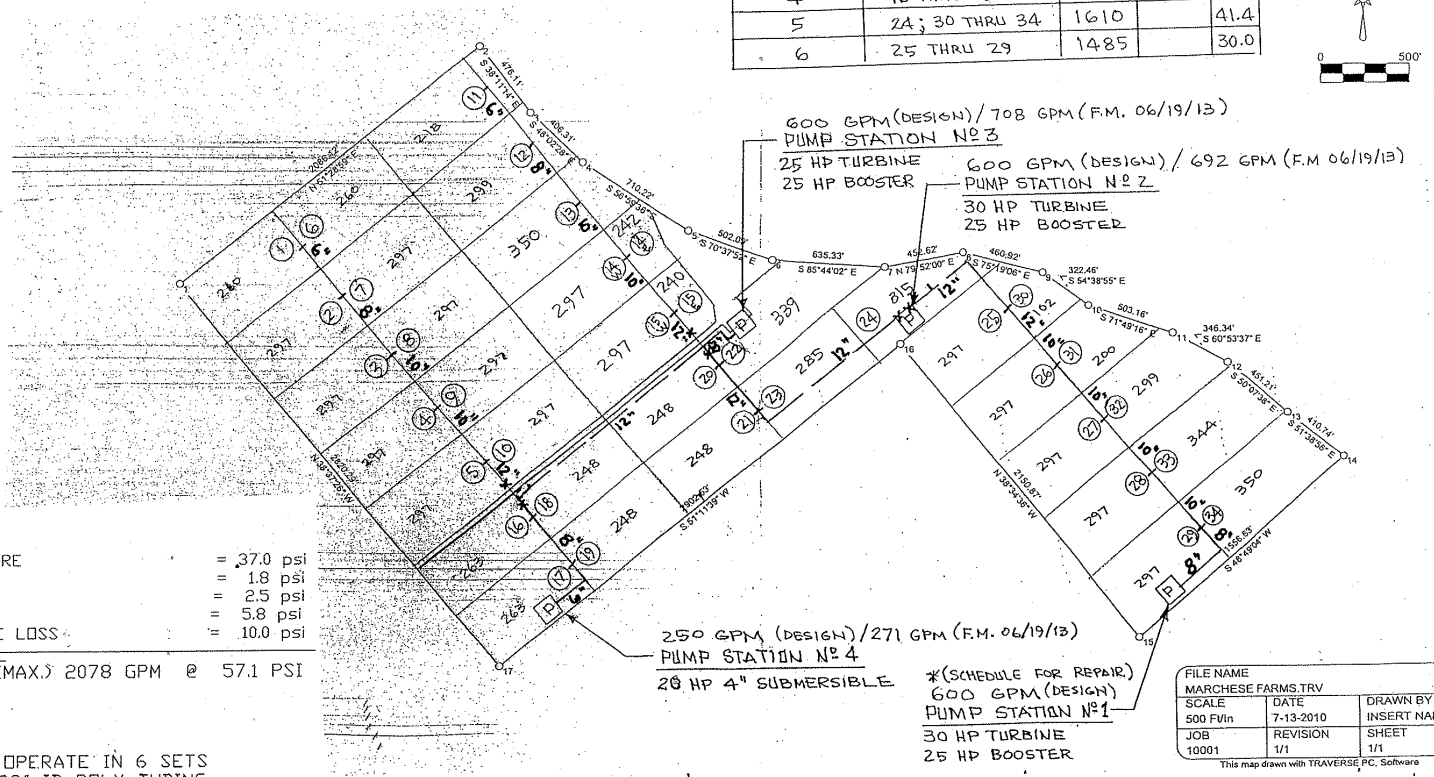
IV
B-1

± 220 ACRES OF CHERRIES ON 18' x 21' SQUARE PLANTING - APPROX 25,300 TREES
R10 TURBO P6 9 DEG. W/#65 GRAY NOZZLE 1 SPRINKLER/2 TREES
@ 37 PSI (min) = 0.75 GPM/SPRINKLER = 43.21 GPM/ACRE = 0.096 IN/HR
1.72 INCHES /18 HOURS

SET Nº	BLOCK #	TOTAL GPM	PUMP CAPACITY	AREA AC
1	1 THRU 5	1448		32.0
2	6 THRU 10	1448		32.0
3	11 THRU 15	1943		42.8
4	16 THRU 23	2142		46.5
5	24; 30 THRU 34	1610		41.4
6	25 THRU 29	1485		30.0

IV B-2

0 500'



PUMP REQUIREMENTS:

MINIMUM SPRINKLER PRESSURE	= 37.0 psi
LATERAL PRESSURE LOSS	= 1.8 psi
SUBMAIN PRESSURE LOSS	= 2.5 psi
MAINLINE PRESSURE LOSS	= 5.8 psi
VALVE & FILTER PRESSURE LOSS	= 10.0 psi
(MAX.) 2078 GPM @	57.1 PSI

* SYSTEM IS SETUP TO OPERATE IN 6 SETS
* ALL LATERALS ARE 0.83" ID POLY TUBING
* ALL SUBMAINS ARE 2" cls125, 3", 4", 5",cls 100 & 6" 100 psi pip
* ALL MAINLINES ARE 8", 10" & 12" 80 PSI PIP PVC PIPE

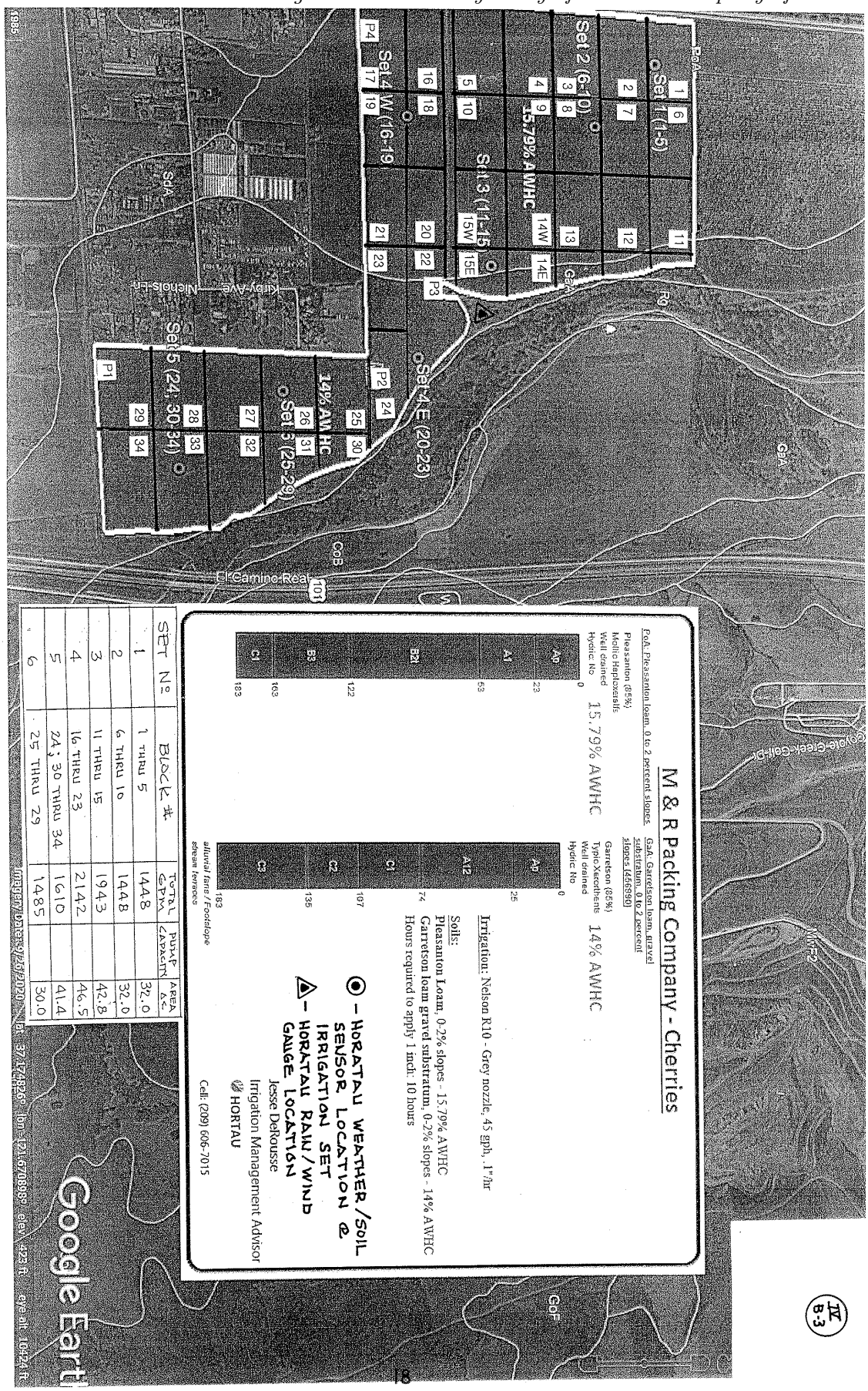
MIN. COVER FOR PVC PIPE	
2" & SMALLER	18"
2" - 5"	24"
6" & LARGER	30"

PVC CEMENT USE:	
705	3" & SMALLER
717	4" & LARGER
719	SADDLES
725	FLEX PVC
PRIMER	SADDLES, 4"+

FILE NAME MARCHESE FARMS.TRV		
SCALE 500 Ft/In	DATE 7-13-2010	DRAWN BY INSERT NAME
JOB 10001	REVISION 1/1	SHEET 1/1

This map drawn with TRAVERSE PC, Software

MARCHESE FARMS IRRIGATION SYSTEM "SCHEMATIC"



SET Nº	BLOCK #	TOTAL GPM	PUMP CAPACITY	AREA AC
1	1 THRU 5	1448		32.0
2	6 THRU 10	1448		32.0
3	11 THRU 15	1943		42.8
4	16 THRU 23	2142		46.5
5	24; 30 THRU 34	1610		41.4
6	25 THRU 29	1485		30.0

MARCHESE FARMS DBA MORGAN HILL CHERRY ORCHARD TENANCY
2008/2009 IRRIGATION UTILITY COST ANALYSIS
TOTAL IRRIGATABLE ACREAGE = 232.81 ACRES

		PUMP STATION NO. 1			PUMP STATION NO. 2	
A. WATER USAGE						
S.C.V.W.D. WELL NO.	09S03E08M006			09S03E07HOO8		
S.C.V.W.D. METER NO.	961870	WATER USAGE (AF)	WATER USAGE COST ($)	961874	WATER USAGE (AF)	WATER USAGE COST ($)
STATEMENT PERIOD						
07/01/08 - 12/31/08		0.00	0.00		190.78	3,147.87
01/01/09 - 06/30/09		21.26	350.79		85.62	1,412.73
SUB-TOTAL WATER		21.26	$ 350.79		276.40	$ 4,560.60
B. IRRIGATION PUMPING ELECTRICAL USAGE						
PRIMARY PUMP	30 HP			30 HP		
BOOSTER PUMP	N/A			N/A		
P.G. & E. METER NO.	T94503	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	5T8042	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)
STATEMENT PERIOD						
07/08/08 - 08/08/08						
08/31/08 - 09/08/08		0	45.66		4,236	776.08
09/09/08 - 10/07/08		1	152.78		11,780	2,217.93
10/08/08 - 11/05/08		6	136.35		4,980	1,048.30
11/06/08 - 12/08/08		0	40.51		0	20.82
12/09/08 - 01/07/09		20	42.50		0	18.93
01/08/09 - 02/06/09		0	40.29		0	18.92
02/07/09 - 03/10/09		1	41.39		0	20.19
03/11/09 - 04/09/09		17	42.94		3,045	482.46
04/10/09 - 05/08/09		5,128	939.38		12,279	1,944.07
05/09/09 - 06/09/09		6,083	1,393.10		14,370	2,827.72
06/10/09 - 07/10/09		3,378	846.98		10,997	2,225.85
SUB-TOTAL IRR. PUMPING ELECTRICAL		14,634	$ 3,721.88		61,687	$ 11,601.27
C. TOTAL IRRIGATION UTILITY COST			$ 4,072.67			$ 16,161.87
WATER USAGE PERCENTAGE		4.14			53.86	
ELECT. USAGE PERCENTAGE		11.80			49.69	
D. RESIDENTIAL/YARD ELECTRICAL USAGE						
P.G. & E. METER NO.	X30255	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	ANNUAL YIELD ($/KWH)		
STATEMENT PERIOD						
07/08/08 - 08/08/08						
08/31/08 - 09/08/08		539	144.46			
09/09/08 - 10/07/08		1,451	372.67			
10/08/08 - 11/05/08		1,413	386.33			
11/06/08 - 12/08/08		2,010	597.3			
12/09/08 - 01/07/09		2,415	784.37			
01/08/09 - 02/06/09		1,920	580.86			
02/07/09 - 03/10/09		2,036	626.72			
03/11/09 - 04/09/09		1,539	449.26			
04/10/09 - 05/08/09		1,438	414.78			
05/09/09 - 06/09/09		1,779	549.55			
06/10/09 - 07/10/09		1,870	597.05			
SUB-TOTAL RESDNTL./YARD ELECTRICAL		18410	$ 5,503.35	$ 0.299		

		PUMP STATION NO. 3			PUMP STATION NO. 4			PUMP STATION NO. 5 (NOT IN USE)	
A. WATER USAGE									
S.C.V.W.D. WELL NO.	09S03E07A006			09S03E07K006			COYOTE CREEK		
S.C.V.W.D. METER NO.	961871	WATER USAGE (AF)	WATER USAGE COST ($)	931756	WATER USAGE (AF)	WATER USAGE COST ($)	N/A	WATER USAGE (AF)	WATER USAGE COST ($)
STATEMENT PERIOD									
07/01/08 - 12/31/08		127.18	2,098.47		0.00	0.00		0.00	0.00
01/01/09 - 06/30/09		88.31	1,457.12		0.00	0.00		0.00	0.00
SUB-TOTAL WATER		215.49	$ 3,555.59		0.00	$ -		0.00	$ -
B. IRRIGATION PUMPING ELECTRICAL USAGE									
PRIMARY PUMP	30 HP			N/A			N/A		
BOOSTER PUMP	25 HP			N/A			N/A		
P.G. & E. METER NO.	032R13	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	12R728	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	4T6128	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)
STATEMENT PERIOD									
07/08/08 - 08/08/08									
08/31/08 - 09/08/08		750	188.71		0	31.86		0	5.68
09/09/08 - 10/07/08		6,396	1,387.03		4	107.07		0	18.3
10/08/08 - 11/05/08		3,304	772.46		7	96.05		0	18.29
11/06/08 - 12/08/08		6	41.46		1	32.37		0	20.82
12/09/08 - 01/07/09		516	120.53		0	30.98		0	18.93
01/08/09 - 02/06/09		163	65.12		0	31.59		0	18.92
02/07/09 - 03/10/09		6	42.16		0	32.54		0	20.19
03/11/09 - 04/09/09		2,754	470.28		0	31.59		0	18.92
04/10/09 - 05/08/09		10,888	1,911.12		0	54.07		0	18.3
05/09/09 - 06/09/09		14,779	3,147.26		1	115.94		0	20.19
06/10/09 - 07/10/09		8,251	1,829.97		0	115.27		0	19.55
SUB-TOTAL IRR. PUMPING ELECTRICAL		47,815	$ 9,976.10		13	$ 679.33		0	$ 198.09
C. TOTAL IRRIGATION UTILITY COST			$ 13,531.69			$ 679.33			$ 198.09
WATER USAGE PERCENTAGE		42.00			0.00			0.00	
ELECT. USAGE PERCENTAGE		38.51			0.00			0.00	

			TOTAL ORCHARD		
A. WATER USAGE	ANNUAL WATER USAGE (AF)	ANNUAL YIELD WATER USAGE (AF/AC)	ANNUAL WATER USAGE COST ($)	ANNUAL YIELD WATER USAGE COST ($/AF)	ANNUAL YIELD WATER USAGE COST ($/AC)
SUB-TOTAL WATER	513.15	2.204	$ 8,466.98	$ 16.50	$ 36.37
B. IRRIGATION PUMPING ELECTRICAL USAGE	ELECT. USAGE (KWH)	ELECT. USAGE (KWH/AC)	ELECT. USAGE COST ($)	ELECT. USAGE COST ($/KWH)	ELECT. USAGE COST ($/AC)
08/31/08 - 09/08/08	4,986				
09/09/08 - 10/07/08	18,181				
10/08/08 - 11/05/08	8,297				
11/06/08 - 12/08/08	7				
12/09/08 - 01/07/09	538				
01/08/09 - 02/06/09	163				
02/07/09 - 03/10/09	7				
03/11/09 - 04/09/09	5,816				
04/10/09 - 05/08/09	28295				
05/09/09 - 06/09/09	35,233				
06/10/09 - 07/10/09	22,626				
SUB-TOTAL IRR. PUMPING ELECTRICAL	124,149		$ 26,176.67	$ 0.211	$ 112.44
C. TOTAL IRRIGATION UTILITY COST			$ 34,643.65		$ 148.81
WATER USAGE PERCENTAGE	100.00				
ELECT. USAGE PERCENTAGE	100.00				

COMMENTS:
1.TOTAL ANNUAL P.G. & E. COST FOR AGRICULTURAL AND RESIDENTIAL USAGE IS $31,680.02. (SHORT APPROX. 1.75 MONTHS DUE TO NEW LEASE WITH MHFP)

REV. DATE 12/12/10
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IV C

MARCHESE FARMS DBA MORGAN HILL CHERRY ORCHARD TENANCY
2020 / 2021 IRRIGATION UTILITY COST ANALYSIS
TOTAL IRRIGATABLE ACREAGE = 224.7 ACRES
LEASE OPERATOR: M&R PACKING COMPANY

ITEM		PUMP STATION LOCATIONS								
A	WATER USAGE PURCHASE	PUMP STATION NO.1			PUMP STATION NO.2			PUMP STATION NO.3		
	S.C.V.W.D. WELL NO.	09S03E08M006			09S03E07H008			09S03E07A006		
	S.C.V.W.D METER NO.	961870	WATER USAGE (AF)	WATER USAGE COST ($)	961874	WATER USAGE (AF)	WATER USAGE COST ($)	961871	WATER USAGE (AF)	WATER USAGE COST ($)
	STATEMENT PERIOD									
	07/20/20 - 12/31/20		141.88	4,094.66		116.02	3,348.34		126.91	3,662.62
	01/01/21 - 07/21/21			1,947.47			1,159.60			1,285.14
	SUB-TOTAL WATER (A)									
	WATER USAGE		141.88			116.02			126.91	
	WATER COST			$ 6,042.13			$ 4,507.94			$ 4,947.76
B	IRRIGATION PUMPING									
	ELECTRICAL USAGE									
	PRIMARY PUMP	30 HP			30 HP			30 HP		
	BOOSTER PUMP	25 HP			25 HP			25 HP		
	"OLD" P.G. & E. METER NO.	T94503	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	5T8042	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)	032RT3	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)
	"NEW" P.G. & E. METER NO.	1009468973			1004491050			1006789979		
	STATEMENT PERIOD									
	1		82.44	49.59		82.81	47.03		82.56	116.91
	2		1,930.86	634.61		1,708.05	606.30		1,617.98	571.84
	3		92.77	99.67		90.24	128.03		158.58	153.11
	4		440.98	277.45		344.99	215.33		333.51	220.87
	5		6,475.00	1,459.09		5,040.10	1,203.83		6,143.35	1,432.64
	6		12,998.87	2,620.37		6,907.84	1,776.09		12,275.40	2,529.38
	7		8,741.01	2,848.14					11,850.38	3,377.81
	8		6,950.86	2,330.16					6,772.64	2,360.79
	9		12,763.95	3,473.40					10,141.83	3,069.94
	10									
	11									
	12									
	SUB-TOTAL IRRIGATION PUMPING(B)									
	ELECTRICAL USAGE		50,476.74			16,174.03			30,957.48	
	ELECTRICAL COST			$ 13,792.48			$ 3,978.61			$ 13,835.29
C	TOTAL (C)									
	IRRIGATION UTILITY COST			$ 19,834.61			$ 8,486.55			$ 18,783.05
	WATER USAGE PERCENTAGE			30.46%			53.12%			26.34%
	ELECT. USAGE PERCENTAGE			69.54%			46.88%			73.66%
D	RESIDENTIAL / YARD									
	ELECTRICAL USAGE									
	"OLD" P.G.& E. METER NO.	X30255	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)						
	"NEW" P.G.& E. METER NO.	1003917165								
	STATEMENT PERIOD									
	1		2,126.41	740.20						
	2		1,915.66	670.82						
	3		1,861.80	642.16						
	4		1,615.42	544.29						
	5		1,291.31	427.75						
	6		1,249.76	510.79						
	7		1,720..30	543.76						
	8		?	689.17						
	9		2,012.77	643.47						
	10									
	11									
	12									
	SUB-TOTAL (D)									
	RESIDENTIAL / YARD ELECTRICAL		12,073.13	$ 5,412.43						

ITEM		PUMP STATION LOCATIONS						UNIT COST ANALYSIS				
A	WATER USAGE PURCHASE	PUMP STATION NO.4			PUMP STATION NO. 5 (NOT IN USE)			TOTAL ORCHARD				
	S.C.V.W.D. WELL NO.	09S03E07K006			COYOTE CREEK			ANNUAL	ANNUAL YIELD	ANNUAL	ANNUAL YIELD	
	S.C.V.W.D METER NO.	931756	WATER USAGE (AF)	WATER USAGE COST ($)	N/A	WATER USAGE (AF)	WATER USAGE COST ($)	WATER USAGE (AF)	WATER USAGE (AF/AC)	WATER USAGE COST ($)	WATER USAGE COST ($/AF)	($/AC)
	STATEMENT PERIOD											
	07/20/20 - 12/31/20		69.49	2005.48								
	01/01/21 - 07/21/21			961.04								
	SUB-TOTAL WATER (A)											
	WATER USAGE		69.49					454.30	2.02			
	WATER COST			$ 2,966.52						$ 18,464.35	$ 40.64	$ 82.17
B	IRRIGATION PUMPING											
	ELECTRICAL USAGE											
	PRIMARY PUMP	20 HP										
	BOOSTER PUMP	N/A										
	"OLD" P.G. & E. METER NO.	12R728	ELECT. USAGE (KWH)	ELECT. USAGE COST ($)				ELECT. USAGE (KWH)	ELECT. USAGE (KWH/AC)	ELECT. USAGE COST ($)	ELECT. USAGE COST ($/KWH)	($/AC)
	"NEW" P.G. & E. METER NO.	1010072918										
	STATEMENT PERIOD											
	1		66.60	64.70								
	2		853.21	248.50								
	3		68.52	86.66								
	4		223.26	196.08								
	5		3,388.18	880.87								
	6		6,074.46	1,538.26								
	7		6,828.05	2,166.83								
	8		3,520.34	1,143.39								
	9		5,892.09	1,873.71								
	10											
	11											
	12											
	SUB-TOTAL IRRIGATION PUMPING(B)											
	ELECTRICAL USAGE		27,014.73					124,622.98	554.62			
	ELECTRICAL COST			$ 8,199.00						$ 39,805.38	$ 0.32	$ 177.15
C	TOTAL (C)											
	IRRIGATION UTILITY COST			$ 11,165.52								
	WATER USAGE PERCENTAGE			26.57%								
	ELECT. USAGE PERCENTAGE			73.43%								

COMMENTS:
1. PUMP STATIONS #1 AND #2 WERE DOWN FOR REPAIRS MARCH / APRIL.
2. M&R PACKING 2021 FARMING COST ACCOUNTING DID NOT INCLUDE PG&E INVOICES FOR OCTOBER, NOVEMBER, AND DECEMBER.

PAGE 1 OF 1
REV. DATE 10/14/21

20

7.2 Data for analysis III: Oat-hay budget.

Item	Unit	No. Units	Machinery cost/unit*	Labor cost/unit**	Material cost	Price	Total $/ac
Acres	1						
Revenue							
sell oat hay FOB ranch	tons	2.5				$175.00	$437.50
Variable costs							
Land prep: stubble disc machinery	hour	0.13	$8.40				$1.09
Land prep: stubble disc labor	hour	0.13		$24.95			$3.24
Land prep: finish disc machinery	hour	0.12	$7.35				$0.88
Land prep: finish disc labor	hour	0.12		$24.95			$2.99
Fertilize preplant machinery	acre	1	$4.20				$4.20
Fertilize preplant labor	hour	0.12		$24.95			$2.99
Fertilize preplant material aqueous N		75					$48.30
Drill plant machinery	hour	0.12	$3.15				$0.38
Drill plant labor	hour	0.12		$24.95			$2.99
Drill plant seed w/ starter fertilizer					$58.80		$58.80
Weed control: ground spray machinery	hour	0.07	$3.15				$0.22
Weed control: ground spray labor	hour	0.07		$24.95			$1.75
Weed control: ground spray material	acre	1			$10.50		$10.50
Pickup truck and ATV	acre	1			$5.25		$5.25
Harvest: custom swath, turn, bale & stack	acre	1			$118.65		$118.65
subtotal variable costs							**$262.24**
Fixed costs							
Liability insurance							$12.50
Office expense							$25.00
Field sanitation							$1.00
Field supervisor							$12.60
Property taxes							$100.00
Property insurance							$12.50
Repairs and maintenance							$1.05
Capital recovery	acre	1					$12.60
Total fixed costs							**$177.25**
Total all costs							**$439.49**
Estimated profit (return to management)							
Profit/Loss							**-$1.99**

* Machinery cost includes fuel, lubricants, taxes, housing, insurance, and capital recovery.
** Labor cost is hourly labor at San Jose minimum wage times 110%, plus payroll overhead (taxes, insurance and benefits) at +40% (= $24.95 per hour)

7.3 City of San José's ordinance setting minimum wage.

CITY OF SAN JOSÉ, CALIFORNIA

Office of the City Clerk
200 East Santa Clara Street
San José, California 95113
Telephone (408) 535-1260
FAX (408) 292-6207

City Clerk

STATE OF CALIFORNIA)
COUNTY OF SANTA CLARA)
CITY OF SAN JOSE)

I, Toni J. Taber, City Clerk & Ex-Officio Clerk of the Council of and for the City of San Jose, in said County of Santa Clara, and State of California, do hereby certify that **"Ordinance No. 29829",** the original copy of which is attached hereto, was passed for publication of title on the **29th day of November, 2016,** was published in accordance with the provisions of the Charter of the City of San Jose, and was given final reading and adopted on the **6th day of December, 2016,** by the following vote:

AYES: CARRASCO, HERRERA, JONES, KALRA, KHAMIS, M. NGUYEN, T. NGUYEN, OLIVERIO, PERALEZ, ROCHA; LICCARDO.

NOES: NONE.

ABSENT: NONE.

DISQUALIFIED: NONE.

VACANT: NONE.

Said Ordinance is effective as of **6th day of January, 2017.**

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the City of San Jose, this **8th day of December, 2016.**

(SEAL)_____
TONI J. TABER, CMC
CITY CLERK & EX-OFFICIO
CLERK OF THE CITY COUNCIL

/rmk

RD:JAC:LCP
9/6/2016

ORD. NO. 29829

ORDINANCE NO. 29829

AN ORDINANCE OF THE CITY OF SAN JOSE AMENDING SECTIONS 4.100.030 AND 4.100.040 AND ADDING SECTION 4.100.045 TO CHAPTER 4.100 OF TITLE 4 OF THE SAN JOSE MUNICIPAL CODE RELATING TO MINIMUM WAGE

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF SAN JOSE:

SECTION 1. Section 4.100.030 of Chapter 4.100 of Title 4 of the San José Municipal Code is amended to read as follows:

4.100.030 Definitions

The following terms shall have the following meanings:

A. "City" shall mean City of San José.

B. "Employee" shall mean any person who:

1. In a calendar week performs at least two (2) hours of work for an Employer as defined below.

2. Qualifies as an employee entitled to payment of a minimum wage from any employer under the California minimum wage law, as provided under Section 1197 of the California Labor Code and wage orders published by the California Industrial Welfare Commission, or is a participant in a Welfare-to-Work Program.

C. "Employer" shall mean any person, including corporate officers or executives, as defined in Section 18 of the California Labor Code, who directly or indirectly

through any other person, including through the services of a temporary employment agency, staffing agency or similar entity, employs or exercises control over the wages, hours or working conditions of any Employee and who is either subject to the Business License Tax Chapter 4.76 of the Municipal Code or maintains a facility in the City.

D. "Minimum Wage" shall have the meaning set forth in Section 4.100.040 of this Chapter.

E. "Office" shall mean the Office of Equality Assurance or such other City department or office as the Council shall by resolution designate.

F. "Youth Training Program" means any temporary youth employment program serving disadvantaged youth through which persons aged seventeen (17) years or younger are employed by or engaged in employment and trained for future employment that is coordinated by a nonprofit or governmental entity.

G. "Youth Training Program Employee" means a participant who is aged seventeen (17) years or younger who is employed by a Youth Training Program Employer for 120 days or less during a calendar year.

H. "Welfare-to-Work Program" shall mean the CalWORKS Program, County Adult Assistance Program (CAAP) which includes the Personal Assisted Employment Services (PAES) Program, and General Assistance Program, and any successor programs that are substantially similar to them

SECTION 2. Section 4.100.040 of Chapter 4.100 of Title 4 of the San José Municipal Code is amended to read as follows:

4.100.040 Minimum Wage

A. Employers shall pay Employees no less than the Minimum Wage set forth in this Section for each hour worked within the geographic boundaries of the City.

B. The Minimum Wage for Youth Training Program Employees shall be an hourly rate of ten dollars ($10). To prevent inflation from eroding its value, beginning on January 1, 2014, and each year thereafter, the Minimum Wage shall increase by an amount corresponding to the prior year's increase, if any, in the cost of living. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year over the level as of August of the previous year of the Consumer Price Index (Urban Wage Earners and Clerical Workers, U.S. City Average for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents. The adjusted minimum wage shall be announced by October 1 of each year, and shall become effective as the new minimum wage on January 1.

C. As of the date the ordinance enacting this Section becomes effective, the Minimum Wage shall be an hourly rate of ten dollars and fifty cents ($10.50). Effective July 1, 2017, the Minimum Wage shall be an hourly rate of twelve dollars ($12.00).

D. Subject to the provisions of Subsection F, effective January 1, 2018, the Minimum Wage shall be an hourly rate of thirteen dollars and fifty cents ($13.50) and effective January 1, 2019, the Minimum Wage shall be an hourly rate of fifteen dollars ($15.00).

E. To prevent inflation from eroding its value, beginning on January 1, 2020, and each January 1st thereafter, the Minimum Wage shall increase by an amount corresponding to the increase, if any, in the cost of living, not to exceed 5%. The prior year's increase in the cost of living shall be measured by the percentage increase, if any, as of August of the immediately preceding year of the Bay Area Consumer Price Index (Urban Wage Earners and Clerical Workers, San Francisco-Oakland-San Jose, CA for All Items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the Minimum Wage increase rounded to the nearest multiple of five (5) cents. If there is no net increase in the cost of living, the minimum wage shall remain unchanged for that year. The adjusted Minimum Wage shall be announced by October 1st of each year, and shall become effective as the new Minimum Wage on January 1st of the following year.

F. On or before September 1, 2017, and on or before every September 1 thereafter until the minimum wage is fifteen dollars ($15.00) per hour, to ensure that economic conditions can support a minimum wage increase, the Office of Equality Assurance shall annually make a determination and certify to the City Manager whether each of the conditions specified in this Subsection is met. The calculation for the condition specified in this Subsection F shall be made by the Office using data posted by the State Board of Equalization online in accordance with the procedure and requirements specified in California Labor Code Section 1182.12, as described below:

1. Total nonfarm employment for California, seasonally adjusted, decreased over the three-month period from April to June, inclusive, prior to the September 1 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in March, as reported by the State Employment Development Department.

2. Total nonfarm employment for California, seasonally adjusted, decreased over the six-month period from January to June, inclusive, prior to the September 1 determination. This calculation shall compare seasonally adjusted total nonfarm employment in June to seasonally adjusted total nonfarm employment in December, as reported by the State Employment Development Department.

3. California state retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending one month prior to the September 1 determination date is less than retail sales and use tax cash receipts from a 3.9375-percent tax rate for the July 1 to June 30, inclusive, period ending 14 months prior to the September 1 determination date.

   (i) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the total retail sales (sales before adjustments) for the prior month derived from their daily retail sales and use tax reports.

   (ii) The State Board of Equalization shall publish by the 10th of each month on its Internet Web site the monthly factor required to convert the prior month's retail sales and use tax total from all tax rates to a retail sales and use tax total from a 3.9375-percent tax rate.

   (iii) The Department of Finance shall multiply the monthly total from clause (i) by the monthly factor from clause (ii) for each month.

   (iv) The Department of Finance shall sum the monthly totals calculated in clause (iii) to calculate the 12-month July 1 to June 30, inclusive, totals needed for the comparison in this subparagraph.

G. If, for any year, the condition in either subparagraph (a) or (b) of paragraph (D) is met, and if the condition in subparagraph (c) of paragraph (D) is met, the City Manager may, on or before September 1 of that year, make a determination to temporarily suspend the minimum wage increase scheduled for the following year.

H. If the City Manager makes a determination to temporarily suspend the scheduled minimum wage increases for the following year, all dates specified in paragraph (B) that are subsequent to the September 1 determination date shall be postponed by an additional year.

I. A violation for unlawfully failing to pay the Minimum Wage shall be deemed to continue from the date immediately following the date that the wages were due and payable as provided in Part 1 (commencing with Section 200) of Division 2 of the California Labor Code, to the date immediately preceding the date the wages are paid in full.

SECTION 3. Chapter 4.100 of Title 4 of the San José Municipal Code is hereby amended by adding a Section to be numbered and entitled and to read as follows:

4.100.045 Exemption for Youth Training Programs

A. Youth Training Program Employers may pay each Youth Training Program Employee an hourly wage that is the greater of the wage set forth in section 4.100.040 (B) or the rate set forth in state or federal law

B. The Office shall establish a procedure to certify whether an Employer is a Youth Training Program Employer serving disadvantaged youth, including but not limited to consideration of the following criteria:

1. The Employer's nonprofit corporate status or government status or whether the program designated by the Employer as a Youth Training Program is coordinated with a nonprofit organization or governmental entity;

2. The components of the Employer's Youth Training program, including employment training designed to help program participants transition towards unsubsidized competitive employment; and

3. Any other criteria as may be developed by the Office as specified in the administrative regulations adopted consistent with this Chapter.

PASSED FOR PUBLICATION of title this 29th day of November, 2016, by the following vote:

AYES:	CARRASCO, HERRERA, JONES, KALRA, KHAMIS, M. NGUYEN, T. NGUYEN, OLIVERIO, PERALEZ, ROCHA; LICCARDO.
NOES:	NONE.
ABSENT:	NONE.
DISQUALIFIED:	NONE.

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk

7.4 Qualifications of consultants.

Gregory A. House

Agricultural Consultant
Agronomist
Professional Farm Manager
Rural Appraiser
Farmer

Experience

Agricultural Consultant, House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services, 1983–present

Farmer, 1987–present. Organic apples, peaches, cherries, apricots, field and seed crops

Corporation Secretary & Consulting Agronomist, Hannesson, Riddle & Associates, Inc., 1977–1983.

Professional Affiliations

- American Society of Farm Managers & Rural Appraisers
- American Society of Agronomy
- Crop Science Society of America
- Soil Science Society of America
- California Certified Organic Farmers
- California Farm Bureau

Accreditations

- Accredited Farm Manager (AFM), American Society of Farm Managers & Rural Appraisers, Certificate #501
- Certified Professional Agronomist (CPAg), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd. Certificate # 2319
- Certified Crop Advisor CCA), American Registry of Certified Professionals in Agronomy, Crops. & Soils, Ltd.
- Accredited Rural Appraiser (ARA), American Society of Farm Managers & Rural Appraisers, Certificate #749
- Certified General Appraiser, State of California License # AG 001999

  These credentials have continuing education requirements with which I am in compliance.

Education

- B.S., Crop Ecology, University of California, Davis, 1975, with Honors
- Numerous courses from the University of California Extension in agricultural economics, crop management, real estate, & hazardous waste management
- Cornell University Certificate Program, Implementing Good Agricultural Practices: A Key to Produce Safety
- Courses of the American Society of Farm Managers and Rural Appraisers:

Principles of Rural Appraisal
Advanced Rural Appraisal
Eminent Domain
Report Writing School
Economics of Farm Management
Principles of Farm Management
Standards and Ethics
Permanent Plantings Seminar
Standards and Ethics for Farm Managers
ASFMRA Code of Ethics
National Uniform Standards of Professional Appraisal Practice

Courses of the Appraisal Institute:

Basic Valuation Procedures
Real Estate Statistics and Valuation Modeling
Advanced Income Capitalization
Valuation of Conservation Easements Certificate Program
Condemnation Appraising: Principles and Applications
Appraising the Appraisal
How Tenants Create or Destroy Value: Leasehold Valuation and Its Impact on Value

Expert Witness Court Testimony

- Superior Court Qualified Expert Witness in the following California counties: Alameda, Colusa, Kern, Fresno, Madera, Merced, Monterey, Orange, Riverside, San Joaquin, San Luis Obispo, Santa Barbara, Santa Cruz, Solano, Sonoma, Sutter, Ventura, Yolo
- United States Tax Court Qualified Expert Witness
- United States Bankruptcy Court Qualified Expert Witness

A list of depositions and trial appearances is available upon request

Awards

- CCOF Presidential Award, California Certified Organic Farmers, February, 2001
- Meritorious Service in Communications, American Society of Farm Managers and Rural Appraisers, November 2004
- H E. Buck Stalcup Excellence in Education Award, American Society of Farm Managers and Rural Appraisers, October, 2011

Appointments & Activities

- Adjunct Lecturer, University of California, Davis, Department of Agricultural & Resource Economics, current; Courses ARE 140 Farm Management; ARE 145 Appraisal of Farms and Rural Resources, current
- Instructor, "Principles of Farm Management", an Internet course of the American Society of Farm Managers and Rural Appraisers, 1996 to 2007
- President, California Chapter American Society of Farm Managers & Rural Appraisers 1994–1995; Secretary-Treasurer, 1984 to 1990
- Board of Directors, Yolo Land Trust, 1993–2001

- Board of Directors, American Red Cross, Yolo County Chapter 1987–1989
- Member, Yolo County Right to Farm Grievance Committee 1992–1995
- Vice Chairman, Management Education Committee, American Society of Farm Managers and Rural Appraisers, 1998–2000 (committee member since 1986)
- Yolo County LAFCo Agricultural Forum LESA subcommittee, 1999
- California Certified Organic Farmers: Treasurer of the Board of Directors, 1998–2003; Executive Director, 1999-2000; Member of the Finance Committee, 1998-current
- CCOF Foundation Going Organic Program, Management Team member 2006-2012
- USDA Organic Grant Panel member, Washington, DC, 2002
- City of Davis Open Space and Habitat Commission, 2006–2016, Chairman, 2007-2009
- Member, Fruit Orchard Technical Advisory Group, Filoli Gardens, Woodside, California
- Member, Organic and Sustainable Agriculture Program Steering Committee, University of California Cooperative Extension, Yolo and Solano Counties, California, 2008-2013

Speaking Engagements

- Guest Lecturer, University of Florida at Gainesville, Vegetable Crops Department, seminar on transition to organic agriculture, (November, 1994)
- Featured Program Speaker, 1995 Eco-Farm Conference, Asilomar, California , on economics of organic apple production
- Guest Speaker, Community Alliance with Family Farmers, on farm management and agricultural economics, 1996 and 1997
- Instructor, American Society of Farm Managers and Rural Appraisers, Course M-12, "Standards and Ethics for Professional Farm Managers", March, 1997
- Guest Speaker, American Horticultural Society, "Challenges of Organic Stone Fruit Production", Sacramento, California, July 2001
- Organizer and Presenter, Going Organic Kickoff Meetings, November 2005 and December 2006
- Master of Ceremonies, California Certified Organic Farmers, Annual Meeting, February, 2006, Sacramento, California
- Featured Program Speaker, 2012 Eco-Farm Conference, Asilomar, California, "Imitating Natural Systems: Towards an Indigenous Agro-forestry"
- Seminar presentation: "What Makes for Comparable Sales in Condemnation Appraisal" Rapid Fire Seminar, American Society of Farm Managers and Rural Appraisers, Reno , NV, October 2013.
- Featured Program Speaker, 2014 Eco-Farm Conference, Asilomar, California, "Food Safety Regulatory Compliance in Fruit Orchards."

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "Conservation Issues in Agriculture", a unit of Course M-25, a 15-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers
- "A Primer on Organic Agriculture," an article in *2006 Trends in Agricultural Land and Lease Values*, a publication of the California Chapter of the American Society of Farm Managers &

Rural Appraisers

- "Case Study: Using Indigenous Agroforestry Management Techniques to Support Sustainability in Production Agriculture", a paper-poster presented at Harlan II, An International Symposium on Biodiversity in Agriculture: Domestication, Evolution and Sustainability, September 14-18, 2008, University of California, Davis

Qualifications of Henry House

Agricultural Consultant
Rural Appraiser
Consulting Agricultural Economist
Farmer

Experience

Agricultural Consultant, ***Appraiser***, ***Consulting Agricultural Economist***. House Agricultural Consultants, providing agricultural science, economics, management, and appraisal services. 2000–present.

Farmer. Coco Ranch, a family farm growing organic apples, peaches, cherries, and field crops and raising sheep, poultry, and goats. 2000–present.

Software Engineer. Smashwords, Inc. 2011–2020.

Topics of Professional Expertise

- Livestock management: carrying capacity of land, range management, standard of care for grazing animals.
- Management evaluation of commercial equestrian facilities.
- Valuation of rural land.
- Valuation of livestock.
- Valuation of freshwater aquaculture facilities (fish farms).
- Agricultural economics.
- Statistical analysis.
- Software engineering.

Qualifications of Henry House, continued

Education

- B.S., "Natural History", University of California, Davis, 1999, with Honors. Coursework in agronomy, botany, ecology, entomology, geology, hydrology, nematology, plant pathology, soil biology, sustainable agriculture, statistics, and wildlife biology.
- Numerous courses of the American Society of Farm Managers and Rural Appraisers regarding farm management and agricultural consulting.
- Numerous courses of the Appraisal Institute regarding real-estate appraisal
- Courses from Savory Institute regarding livestock management.

Partial List of Litigation Consulting Assignments

- Consulted for United States Department of Justice, 2015 through present in litigation regarding agricultural land in in Tehama County.
- Consulted for EMC Insurance Companies regarding fire-damaged rangeland.
- Consulted for numerous additional law firms and agricultural companies regarding crops and livestock. A list of additional litigation clients served is available upon request.

Partial List of Management Consulting Assignments

- Numerous consulting assignments for Leland Stanford Junior University on the management of its agricultural lands, which feature cattle, horses, and vegetable crops. Topics addressed have included livestock standard of care, carrying capacity of lands, safety of animals, safety of structures, and management of drainage and water quality.
- Consulting farm management for John and Marie Cronin Trust B, a landowner near Rio Vista, California. Lands were utilized for cattle grazing.
- Numerous appraisal assignments of farmland and rangeland properties utilized for crops and livestock (cattle, sheep, and aquaculture).
- A list of additional management-consulting clients served available on request.

Appointments & Activities

- Member, American Society of Farm Managers and Rural Appraisers
- Board Member (Central Committee), Nevada County Republican Party, 2019–present.
- Board of Directors, Davis Media Access, Davis, California, 2014–2017.
- Board of Directors, Davis Farmers Market Association, 2001–2003.
- Assistant instructor, "Principles of Farm Management", course M-10, an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.
- Course proctor, "M-25: Enhanced Client Services", an Internet course of the American Society of Farm Managers & Rural Appraisers, 1999 to 2003.

Speaking Engagements

- Assistant lecturer/instructor, "Farm Management", course ARE 140, and "Rural Appraisal", course ARE 145, University of California–Davis, 2015 to present.

Publications

- "Principles of Farm Management", Course M-10, a 40-hour professional credit Internet educational offering of the American Society of Farm Managers & Rural Appraisers

11/16/21: Late Submittal - Item 10.3 - PBCE

Mitre, Betty <Betty.Mitre@sanjoseca.gov>

Fri 11/12/2021 8:54 AM

To: Agendadesk <Agendadesk@sanjoseca.gov>
Cc: Brilliot, Michael <Michael.Brilliot@sanjoseca.gov>; Rivera, Robert <robert.rivera@sanjoseca.gov>; Provedor, Jennifer <jennifer.provedor@sanjoseca.gov>

Hi,

Please post the attached correspondence for Item 10.3.

Thank you,

Betty Mitre
Staff Specialist | Planning, Building & Code Enforcement
City of San José | 200 East Santa Clara Street
Email: betty.mitre@sanjoseca.gov

From: Provedor, Jennifer
To: Rivera, Robert; Brilliot, Michael; Piozet, Jennifer; Mitre, Betty
Subject: FW: Coyote Valley Planning Commission Meeting Public Comment
Date: Tuesday, November 9, 2021 11:53:19 AM

FYI – Correspondence for CC online posting.

From: Planning Commission 10 <PlanningCom10@sanjoseca.gov>
Sent: Tuesday, November 9, 2021 11:50 AM
To: Provedor, Jennifer <jennifer.provedor@sanjoseca.gov>
Subject: Fw: Coyote Valley Planning Commission Meeting Public Comment

Good morning Jennifer,

Hope you are having a good week so far. This is correspondence that we received on the Coyote Valley issue.

Michael

From: Lisa Voss <[redacted]>
Sent: Friday, November 5, 2021 2:05 PM
To: Planning Commission 1 <PlanningCom1@sanjoseca.gov>; Planning Commission 2 <PlanningCom2@sanjoseca.gov>; Planning Commission 3 <PlanningCom3@sanjoseca.gov>; Planning Commission 4 <PlanningCom4@sanjoseca.gov>; Planning Commission 5 <PlanningCom5@sanjoseca.gov>; Planning Commission 6 <PlanningCom6@sanjoseca.gov>; Planning Commission 7 <PlanningCom7@sanjoseca.gov>; Planning Commission 8 <PlanningCom8@sanjoseca.gov>; Planning Commission 9 <PlanningCom9@sanjoseca.gov>; Planning Commission 10 <PlanningCom10@sanjoseca.gov>; Planning Commission CW <PlanningComCW@sanjoseca.gov>
Subject: Coyote Valley Planning Commission Meeting Public Comment

> Some people who received this message don't often get email from [redacted] Learn why this is important

> [External Email]

Hi,
I just watched the October 27th Planning Commision meeting regarding the future of Coyote Valley, and am shocked and dismayed by what I saw.
To the five commissioners who voted to reject the adoption of the staff recommendation for ordinance change--Commissioners Young, Bonilla, Casey, Garcia and Oliviera--to do so was to put your personal opinions and interests above the democratic process, which had resulted in a staff recommendation based on facts, research and discussion involving multiple stakeholders.
You think it's your job to protect the business interests of the Lester-Foster-Benson families? It's not. It's to represent all the people and the interests of SJ. And to support those ag. family's efforts to take a multi-generational farm and turn it into a distribution warehouse for mega-millions? I have never witnessed such a betrayal of smart city planning, one's constituents and the future itself. The City has the right to change the zone to whatever it sees fit for national security, the environment or whatever reason it sees fit, and if those families hadn't sold by then under the current R1-Residential designation, then that is their problem. Indeed, the current zoning ordinance lists the Spina Farms property as R1-Residential. Why would nobody admit to this in the PC meeting, and instead focus on

the "teal map" and its general plan possibilities? On what grounds can the Lester-Foster-Benson families "contract" with CHI/Trammel Crow Warehouse Developers, as the lawyers threatened they have done? That would first require a zoning change, approved by the City. The industrial potential in the current General Plan is not above ordinance law and is just that, a general possibility. Those families are not entitled to that and the mega-millions they speculated they might get. Are you representing them to ensure they earn the highest amount possible? That is not your place. The most recent staff recommendation was to not go industrial. Are you personally above all these laws and studies? Whose side are you on? Trammel Crows' or the people of San Jose and the staff recommendation to protect agriculture and the greenbelt based on contemporary facts and values? Thank you to Caballero, Torrens, Cantrell and Lardinois for protecting your constituents and the future.
Lisa Voss