

**CHRIS CARNEGHI, MAI**  
**COMMERCIAL REAL ESTATE APPRAISAL AND CONSULTING**

June 1, 2020

Mr. David C. Laredo  
Delay & Laredo  
606 Forest Avenue  
Pacific Grove, CA 93950

dave@laredolaw.net  
831-646-1502

Dear Mr. Laredo:

This letter is a proposal for Chris Carneghi, MAI to provide you and your client, Monterey Peninsula Water Management District, with consulting, appraisal and possible expert witness testimony concerning the possible acquisition/condemnation of 110 parcels of land associated with the California American Water Monterey District (Cal-Am Water System). The specific parcels to be appraised are shown on the attached 3-page table and associated map which I was provided. The Monterey Peninsula Water Management District (MPWMD) is reportedly considering the acquisition by condemnation of this land from the privately owned Cal-Am Water Company.

We would appraise the fair market value of the land/real estate only, at its highest and best use, consistent with the rules of real estate valuation applicable to eminent domain proceedings in California. We would not value timber, equipment (tanks, pumps, pipes etc.) associated with the water system, business or goodwill. Our appraisal would address the as is fee simple fair market value of the real estate interest in the property to be acquired as of the date of inspection or condemnation (typically the date of deposit), whichever occurs first.

It is agreed that our consulting and/or appraisal work would be used for assisting MPWMD in making an offer to purchase the property and in possible litigation relating to the condemnation of the property. The format of our appraisal report will be a valuation statement as required by the California CCP. The report will be prepared for Delay & Laredo and MPWMD in connection with this proposed condemnation and the report should not be used or relied upon by any other parties for any reason.

In order to expedite our appraisal assignment, we will need a preliminary title report for each of the properties. To the extent a title report is not available at the time of the appraisal we will value the fee simple interest with a limiting condition assuming there are no easements or encumbrances that would affect the market value. However, you indicated there may be a conservation easement on the watershed land and to the extent such an easement exists we will need to be provided this information. We will also require any other material you have that would assist us in analyzing the property. Your cooperation in providing us this information is required in order for us to complete our work in a timely manner.

For inspection of the subject properties it is typically a requirement that the property owner be offered the opportunity to accompany the appraisers on an inspection. To the extent that access to the property is not made available we will inspect from the public street and note this as a limitation of the appraisal in the report. Given social distancing requirements we will not be doing interior inspections of any buildings at the current time.

It will take approximately 90 days from receipt of notice to proceed in order to complete the appraisal report. You will receive our complete appraisal in a valuation statement format as a PDF document via email. It is your responsibility to read the report and to inform the appraiser of any errors or omissions of which you are aware, prior to utilizing the report or making it available to any third party. The assignment will be done in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

The fee for this work will be billed and payable on a time and expense basis including any travel; my billing rate is \$450 per hour. I will be working with Bradley Carneghi, MAI from Carneghi-Nakasako and Associates whose rate is \$375 per hour. Should the assignment extend beyond the end of the 2021 calendar year the fee structure shall be in accordance with our then reasonably prevailing hourly rates. Although this is not intended as a floor or ceiling and we will only bill for the time spent, I would expect our fees could be in the range of \$100,000 to \$120,000 before the start of trial preparation/testimony. A retainer and a signed letter of authorization is required in order to begin work on an assignment.

For further information on my qualifications to do this work please visit [www.carneghi.com](http://www.carneghi.com). If this proposal is acceptable to you, please sign one copy of this letter and return it to me with a check in the amount of \$30,000. Alternatively, you can do an electronic ACH funds transfer per the attached instructions. Your signature serves as the authorization to proceed and guarantees payment of the fees billed and payable on a monthly basis. Accounts are due in full Net 30 days. If payment is not received within 30 days, the unpaid balance will be subject to a finance charge of 1.0% per month. If there should be a dispute concerning payment of our fees in this matter, this contract will be interpreted according to the Laws of the State of California and the prevailing party will also be entitled to attorney fees and collection costs. The parties agree that the limitation of liability for Chris Carneghi, MAI shall be the total amount Client has paid or owes to Chris Carneghi, MAI for any claim arising from the performance of services under this Engagement Letter. If you have any questions concerning this proposal, please contact me. We look forward to working with you on this assignment.

Sincerely,



Chris Carneghi, MAI  
Certified General Real Estate Appraiser  
State of California No. AG001685

**EXHIBIT 4-A**

Mr. David C. Laredo

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June 1, 2020

c Mr. David J. Stoldt  
General Manager  
Monterey Peninsula Water Management District  
5 Harris Court – Bldg. G  
Monterey, CA 93940  
Office: 831.658.5651  
Cell: 508-954-8414  
[dstoldt@mpwmd.net](mailto:dstoldt@mpwmd.net)

Enclosures

Accepted By: \_\_\_\_\_ Date: \_\_\_\_\_

Print Name: \_\_\_\_\_ Title: \_\_\_\_\_

Company: \_\_\_\_\_

E-mail/Phone: \_\_\_\_\_

**CHRIS CARNEGHI, MAI  
COMMERCIAL REAL ESTATE APPRAISAL**

**ACH TRANSFER INSTRUCTIONS  
(AUTOMATIC CLEARING HOUSE)**

**Clients may electronically transfer money to:**

**Redacted 6/10/20**

**To help properly apply the funds, the following information should be referenced on the ACH transfer:**

**Invoice Number or Name or Address of the Real Estate**

**1602 The Alameda, Suite 103, San Jose, CA 95126 408-535-0900 Ext. 113:  
[chris@carneghi.com](mailto:chris@carneghi.com)**

**QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI**  
**California Certified General Real Estate Appraiser No. AG001685**

Chris Carneghi is a commercial real estate appraiser with more than 30-years' experience in the San Francisco Bay Area and Silicon Valley. He is a Member of the Appraisal Institute (MAI), is licensed as a California Certified General Real Estate appraiser and sits on the County of Santa Clara Assessment Appeals Board I.

His areas of expertise include:

- Ground leases
- Assessment appeals
- Condemnations
- Arbitrations
- Expert witness valuation testimony

Mr. Carneghi frequently provides litigation support and has provided testimony as an expert witness in court and in private arbitration proceedings. He has often acted as either a neutral or party arbitrator in resolving matters of real estate values, rents and related issues. He has been qualified as a real estate appraisal expert and provided testimony in all Bay Area California Superior Courts and in Federal United States Bankruptcy Court. He has been qualified as a real estate expert and testified in Federal Tax Court, in California Public Utilities Commission (PUC) hearings and in hearings conducted at the American Arbitration Association (AAA) and Judicial Arbitration and Mediation Service (JAMS) in various locations. He has also testified in Hawaii concerning ground lease issues.

**EXPERIENCE**

Mr. Carneghi is an expert commercial real estate appraiser, arbitrator and consultant in the fields of real estate and urban economics. He has conducted numerous real estate appraisals of commercial properties including office buildings, research and development (R&D) buildings, industrial facilities, retail stores and shopping centers, hotels, apartments, condominiums and vacant land. Mr. Carneghi's real estate appraisal expertise is focused on urban/suburban buildings, development projects and land. He has extensive experience in appraising real estate for condemnations, rental and other appraisal arbitration matters, property tax assessment appeals, real estate loans, assessment districts, community facilities districts and similar public finance bond financing. Analysis and valuation of leasehold, leased fee and other real estate interests are standard areas of practice. Mr. Carneghi holds the MAI designation from the Appraisal Institute and is licensed as a California Certified General Real Estate appraiser.

After graduating with academic distinction from the University of California at Berkeley, he worked for several years with Paul Fullerton, MAI, on real estate market research with emphasis on downtown rejuvenation studies. He then spent two years with Kaiser-Aetna, a national real estate development partnership, managing market research and financial analysis for their special projects office. Following that he was the project economist for the City of San Jose Economic Development and Redevelopment Program. In 1977, Mr. Carneghi established the firm of Urban Economics Corporation, a real estate consulting firm. In 1979, he merged Urban Economics with the firm of Fullerton-Mills, a real estate appraisal firm established in 1972. The merger resulted in Mills-Carneghi, Inc., later renamed Carneghi and Partners, Inc.

**QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI**  
**California Certified General Real Estate Appraiser No. AG001685**

Other related experience includes teaching, speaking and publications on various facets of real estate appraisal, arbitration and market research which are listed below.

**PROFESSIONAL AFFILIATIONS & STATE CERTIFICATION**

MAI Designation: (No. 6566) Appraisal Institute  
Chairman Admissions Committee: AIREA Chapter 11, 1987  
State of California Certified General Real Estate Appraiser No. AG001685

**EDUCATION**

Bachelor's Degree: Urban Studies, University of California at Berkeley  
Master's Degree: Business Administration, San Jose State University

**SPEAKING**

Topic: Different Rules for Different Courts: Appraisers in a Legal Setting  
Location: 2018 Annual Fall Conference No. CA Chapter Appraisal Institute

Topic: Legal Pitfalls in Arbitration; Lambert v. Carneghi  
Location: No. CA Chapter Appraisal Institute, Spring Litigation Conference, Woodside, 2011

Topic: Real Estate Appraisal Principals and Concepts  
Location: City of San Jose, Office of Economic Development, 2011

Topic: Real Estate Appraisal Principals and Concepts  
Location: City of San Jose, Real Estate Services and Asset Management Division, 2010

Topic: The Bankruptcy Process: Appraiser / Attorney Interaction  
Location: No. CA Chapter Appraisal Institute, Spring Litigation Conference, Woodside, 2010

Topic: Property Tax Assessment Appeal & Procedures  
Location: No. CA Chapter Appraisal Institute, Spring Litigation Conference, Woodside, 2009

Topic: Appraisal Arbitration Workshop  
Location: No. CA Chapter Appraisal Institute, CE Workshop, Pleasanton, 2005

Topic: Qualifying Appraisal Clients, Engaging Assignments, and Product Pricing  
Location: No. CA Chapter Appraisal Institute, Fall Conference, San Francisco, 2004

Topic: Exchange and Deposition - Litigation Process Involving a RE Appraiser Expert  
Location: No. CA Chapter Appraisal Institute, Fall Conference, San Francisco, 2003

Topic: Issue of Specific Defendant Compensation for an Unrecorded Public Interest in a  
Condemned Parcel of Land

**EXHIBIT 4-A**  
**QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI**  
**California Certified General Real Estate Appraiser No. AG001685**

Location: Case Studies in Eminent Domain Seminar; Northern California Chapter of Appraisal Institute, Oakland, 2003

Topic: Rent Arbitration in Volatile Market Conditions  
Location: San Francisco Real Estate Roundtable, 2002

Topic: Demolition and Toxic Contamination Problems in Real Estate Appraising  
Location: Santa Clara County Assessor's Training Conference, 2002

Topic: Appraisal Crossfire: Controversies in the Profession  
Location: Appraisal Institute San Francisco Bay Area Fall Conference, 1997

Topic: Reviewing the Reviewer in Real Estate Appraisal  
Location: Appraisal Institute San Francisco Bay Area Fall Conference, 1993

Topic: Property Acquisition Workshop - Nonprofit Housing  
Location: San Francisco Redevelopment Agency, 1993

Topic: Americans with Disabilities Act (ADA) & Unreinforced Masonry Buildings (UMB)  
Location: Appraisal Institute San Francisco Bay Area Fall Conference, 1992

Topic: Private Real Estate and Public Planning  
Location: San Jose State University, Urban Planning 143 & 275F, 1992

Topic: Real Estate Appraising in a Changing Market  
Location: Peat Marwick Real Estate Study Group, April 1989, 1984 and 1985

Topic: Capitalization of 1st Yr. Income in a Market Involving Rent Concessions  
Location: AIREA Chapter 11 Meeting, 1989

Topic: Appraised Values - Downtown Area  
Location: City of San Jose Real Estate/Relocation/Appraisal Division, 1988

Topic: Rent Concessions in the Appraisal Process  
Location: AIREA Chapter 11 Meeting, 1987

Topic: Appraising: Where Are We?  
Location: AIREA Chapter 11 Meeting, 1985

Topic: Development Approach to Industrial Land Valuation in an Inflationary Period  
Location: Society of Industrial Realtors Appraisal Committee, San Francisco, 1982

Topic: Market-Feasibility Studies for Mortgage Revenue Bond Programs  
Location: Dean Witter Reynolds Seminar, St. Francis Hotel, San Francisco, 1981

Topic: Feasibility Studies in Real Estate Valuation

**QUALIFICATIONS OF CHRIS L. CARNEGHI, MAI**  
**California Certified General Real Estate Appraiser No. AG001685**

Location: Valley Seminar sponsored by Sierra Chapter SREA, Modesto Jr College, 1981

Topic: Economic Feasibility of Downtown Office Buildings

Location: Building Owners and Managers Association Northwest Regional Conference,  
Spokane, Washington, 1979

**TEACHING**

Course: Real Estate Appraisal (RE 302), Instructor

Location: Golden Gate University, San Francisco, Spring 1989

Course: Topics in Real Estate (BA 296), Guest Lecturer

Location: University of California at Berkeley, Spring 1988

Course: Real Estate and Urban Planning (URB P 196H), Instructor

Location: San Jose State University, Spring 1981

Course: Real Estate Appraisal Problems (BUS 104), Instructor

Location: San Jose State University, Fall 1980, Spring 1981

**PUBLICATIONS**

Article: Appraisal Arbitration: The Role of the Real Estate Appraiser in Resolving Value  
Disputes

**Publication: The Appraisal Journal, April 1999**

Article: Determining Ground-Lease Rental Rates

**Publication: The Appraisal Journal, April 1994**

Article: Real Estate Appraising Under R41c

**Publication: San Jose Business Journal, March 1987**

Article: Specialty Shopping Centers: Factors of Success and Failure

**Publication: The Appraisal Journal, October 1981**

Article: San Jose Office Market

**Publication: Western Real Estate News, 1976**



**QUALIFICATIONS OF BRAD CARNEGHI, MAI**  
California Certified General Real Estate Appraiser No. AG044571

Brad Carneghi is a commercial real estate appraiser and principal of Carneghi-Nakasako & Associates. For the past decade, Mr. Carneghi has been providing real estate appraisal and consulting services in the broader San Francisco Bay Area including Santa Clara County/Silicon Valley, San Mateo, Alameda, Santa Cruz, Monterey, and San Benito Counties.

Mr. Carneghi has a range of experience in the analysis and appraisal of both commercial and residential real estate. He has appraised a wide range of property types including: industrial and warehouse facilities; retail strip and shopping centers; multi-family and single family developments; hotels/motels; office buildings of all classes and size; apartment complexes; vacant land; ground leased properties; and a diverse selection of special use properties.

Mr. Carneghi holds the prestigious MAI designation awarded by the Appraisal Institute which has long been recognized by courts of law, government agencies, financial institutions, and investors as a mark of excellence in the field of real estate valuation and analysis.

**EXPERIENCE**

- |                              |   |
|------------------------------|---|
| May 2016 to Present          | Principal, Carneghi-Nakasako & Associates, a successor firm to Carneghi and Partners, Inc. Provides appraisal and consulting services in real estate and urban economics throughout the Bay Area, with an emphasis on Silicon Valley and surrounding markets. |
| September 2007 to April 2016 | Project Manager, Carneghi and Partners, Inc. Clients included financial institutions, government agencies, law firms, development companies and individuals.  |

**PROFESSIONAL AFFILIATION**

California Certified General Real Estate Appraiser No. AG044571  
Appraisal Institute – MAI Designation: No. 513302

**EDUCATION**

University of California, Santa Cruz – Bachelor of Arts – Degree in Anthropology – 2006

Mr. Carneghi has successfully completed all general and advanced appraisal courses offered by the Appraisal Institute as a requirement of designated membership. Appraisal courses completed by Mr. Carneghi covered a wide range of topics in the appraisal of both residential and commercial real estate including: ethical and legal real estate appraisal compliance standards (USPAP); effective market research procedures; land valuation; accurate construction cost estimation; income analysis and valuation; real estate sales comparison methods; and detailed report writing.

Mr. Carneghi most recently completed the 7-Hour 2018/2019 USPAP update in early-2018.