

County of Tulare Economic Development Study and Implementation Plan

March 2019

Prepared By:
Kosmont Companies

Project Background & Status

- Kosmont was retained by Tulare County for the preparation of a Countywide Economic Development Study and Implementation Strategy
- In order to promote the County's economic development goals and objectives, Kosmont has prepared an Economic and Demographic Profile, a Market Supply and Demand Analysis, and an Implementation Plan, highlighting key opportunity site areas within the County that would be suitable for future development / redevelopment
- A summary of the study and strategy is presented herein

1. Analysis

- a) **Economic & Demographic Profile**
 - i. *Population & Household Demographics*
 - ii. *Business & Employment by Industry*
- b) **Market Supply & Demand Analysis**
 - i. *Supply, Vacancy, & Lease Rates (Industrial, Retail, Office, & Multifamily)*
 - ii. *Retail Sales Performance*
 - iii. *Retail Sales Surplus / Leakage*

2. Strategy

- a) **Opportunity Site Areas & Prioritization**

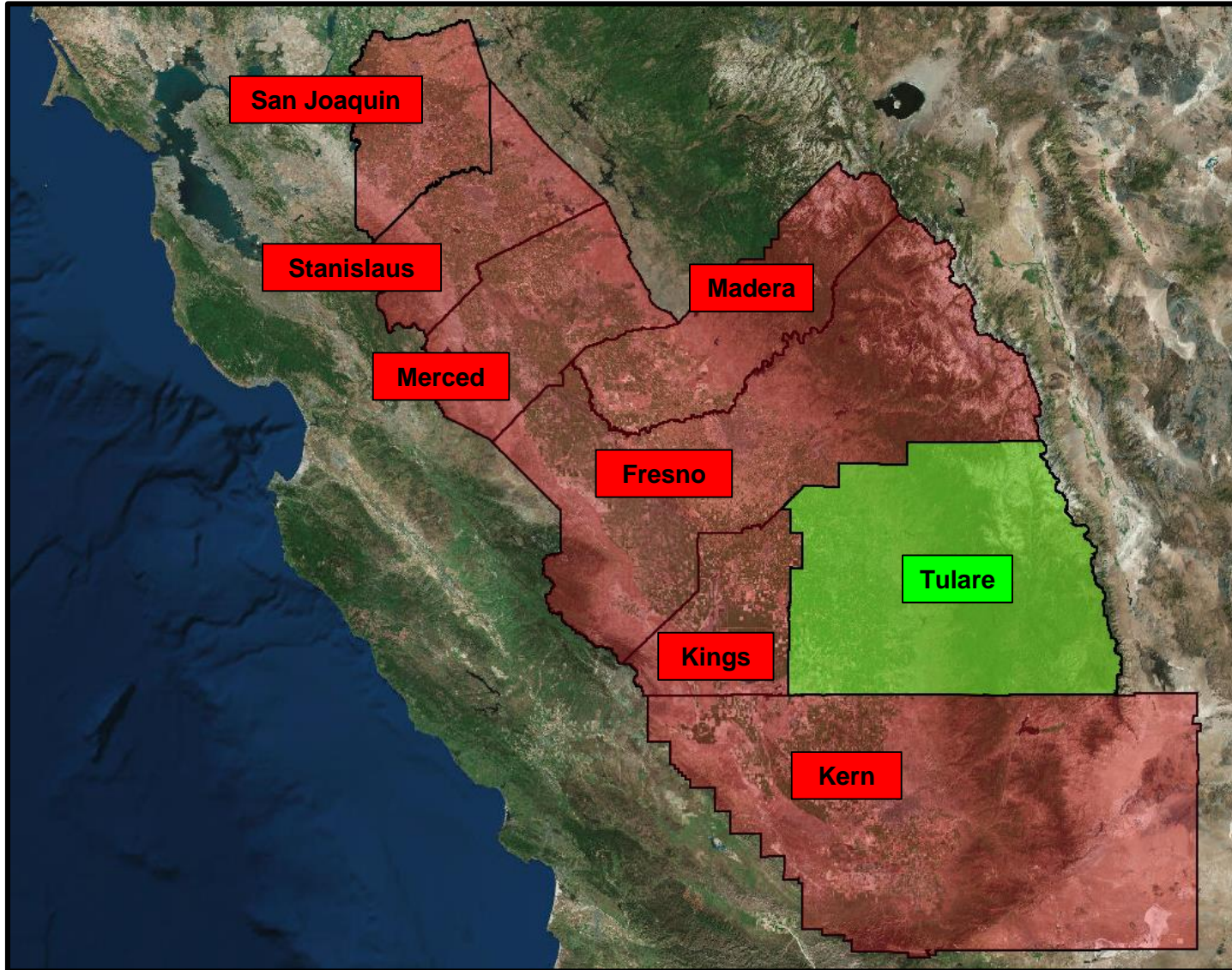
3. Implementation

- a) **Summary of Findings**
- b) **Funding and Financing Tools**
- c) **Roadmap for Implementation**

Economic & Demographic Profile

Population & Household Demographics

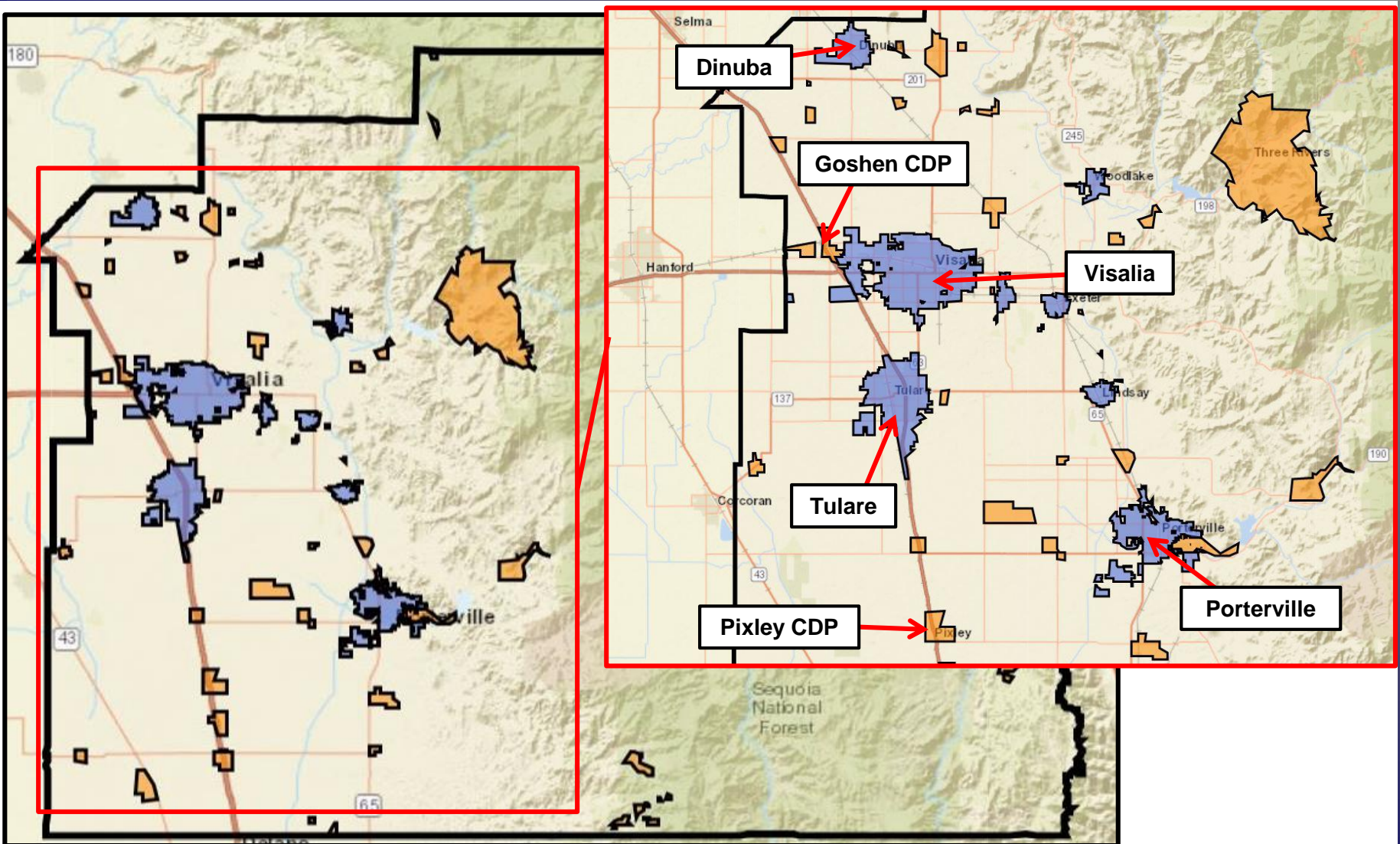
San Joaquin Valley Counties



Source: ESRI (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

County Limits & Selected Communities*



Source: ESRI (2018); ***Note:** Incorporated cities are shown in blue. Unincorporated areas, including Census Designated Places (CDPs) are shown in orange.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

2018 County Demographic Highlights

Population & Households

- Population of ~469,100 and ~137,600 households (“HH”) within the County
- Population of ~252,900 and ~78,900 households within the three most populous cities in Tulare County (Porterville, Tulare, and Visalia)
- Population of ~75,800 and ~18,800 households primary unincorporated communities*

Income

- Avg. HH income: ~\$69,000 in County (lower than State - \$100,600)
- 3.00% annual growth projected for HH income over next 5 years in County

Other Demographic Characteristics

- Average household size of **3.38** in County (higher than State average **2.92**)
- Median age of **30.5** in County (lower than State median **36.2**)
- ~15% Bachelor’s degree or higher (lower than State total ~34%)
- Race: ~58% White, ~31% Some Other Race
- Ethnicity: ~65% Hispanic Origin
- Demographic characteristics are common among agricultural areas, such as Tulare County

Source: ESRI (2018); **Note:** *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Population and Income

Cities, Unincorporated Communities, County, and State

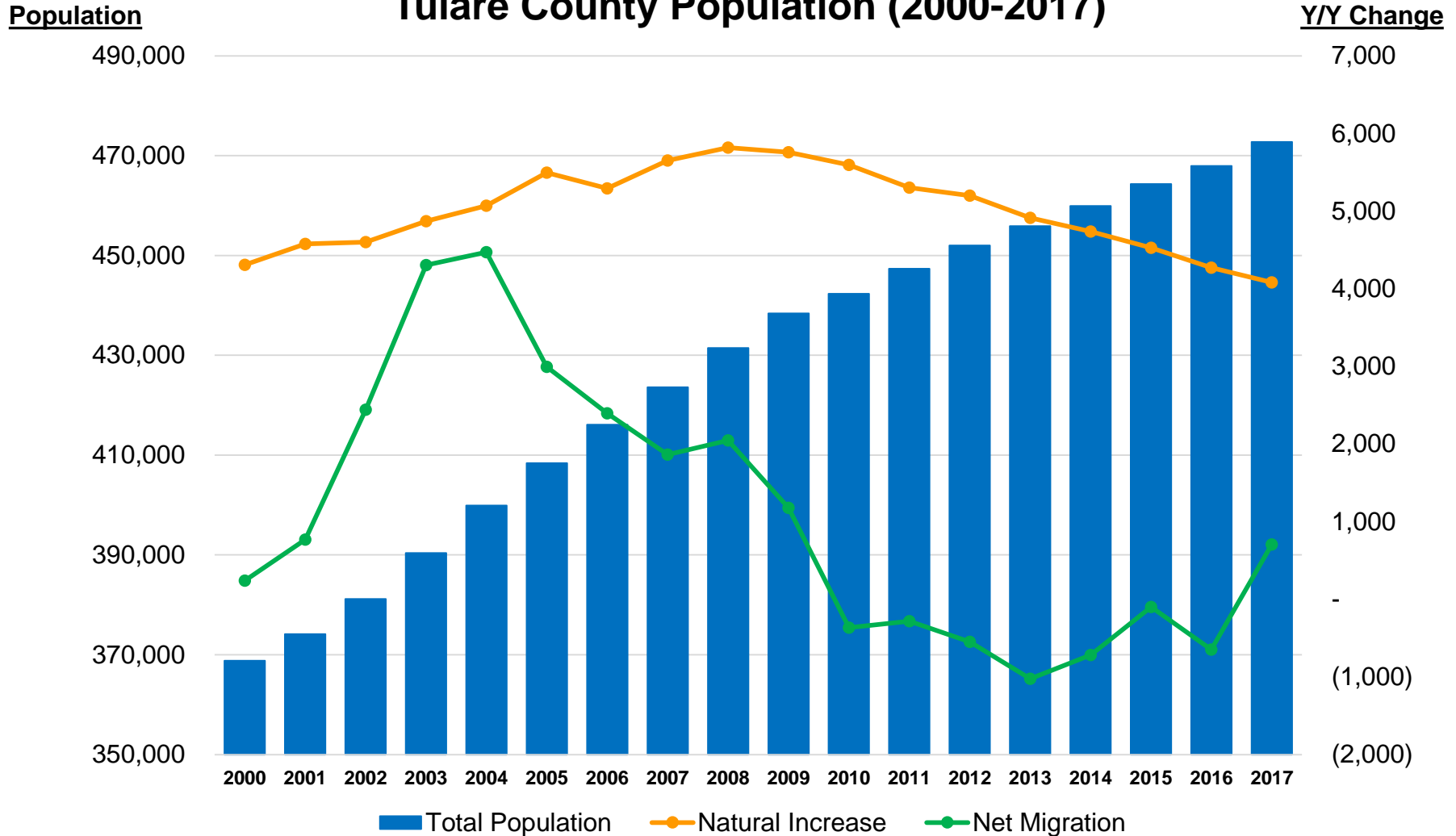
2018	City of Porterville	City of Tulare	City of Visalia	Uninc. Communities*	County of Tulare	State of California
Population	56,568	63,308	133,038	75,790	469,086	39,806,791
Households	16,218	18,785	43,848	18,773	137,550	13,336,104
Average HH Size	3.42	3.35	3.00	4.03	3.38	2.92
Median Age	29.5	29.1	32.8	27.5	30.5	36.2
% Hispanic Origin	61.9%	57.5%	51.4%	82.3%	65.3%	39.6%
Per Capita Income	\$17,369	\$20,357	\$27,484	\$13,877	\$20,565	\$34,254
Median HH Income	\$43,909	\$50,827	\$59,183	\$37,087	\$49,347	\$69,051
Average HH Income	\$59,132	\$67,901	\$81,986	\$55,181	\$68,996	\$100,620
<u>2018-2023 Annual Growth Rate</u>						
Population	0.61%	0.58%	0.81%	0.61%	0.73%	0.82%
Median HH Income	3.05%	2.67%	4.03%	2.82%	3.00%	3.47%

Source: ESRI (2018); **Note:** *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County. Forecasts for population and median HH income are conducted by ESRI using U.S. Census data. For more information on methodology, please visit: <https://doc.arcgis.com/en/esri-demographics/data/updated-demographics.htm>

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Population Growth

Tulare County Population (2000-2017)

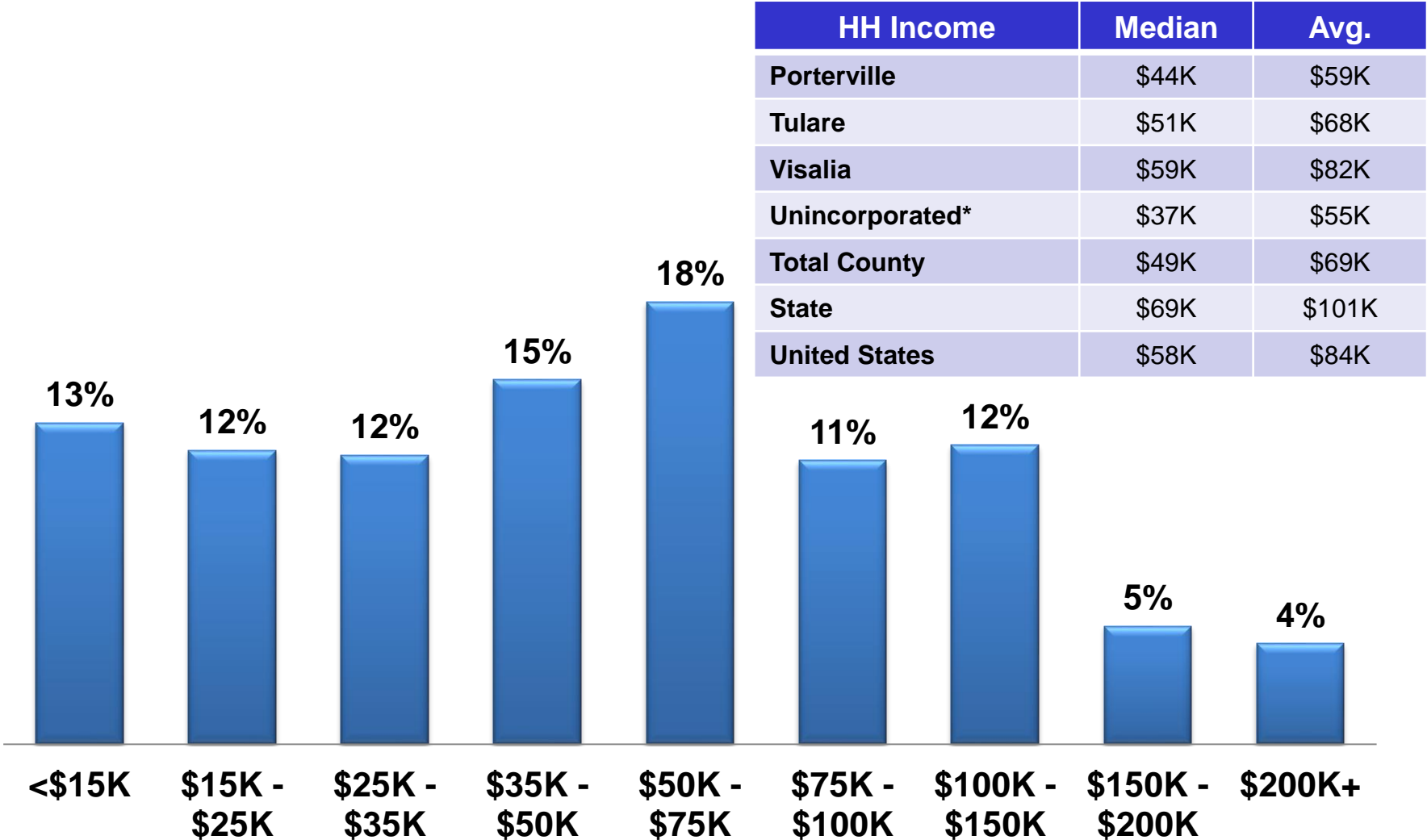


Source: Department of Finance (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Income Profile

County of Tulare – 2018 Households by Income Bracket



HH Income	Median	Avg.
Porterville	\$44K	\$59K
Tulare	\$51K	\$68K
Visalia	\$59K	\$82K
Unincorporated*	\$37K	\$55K
Total County	\$49K	\$69K
State	\$69K	\$101K
United States	\$58K	\$84K

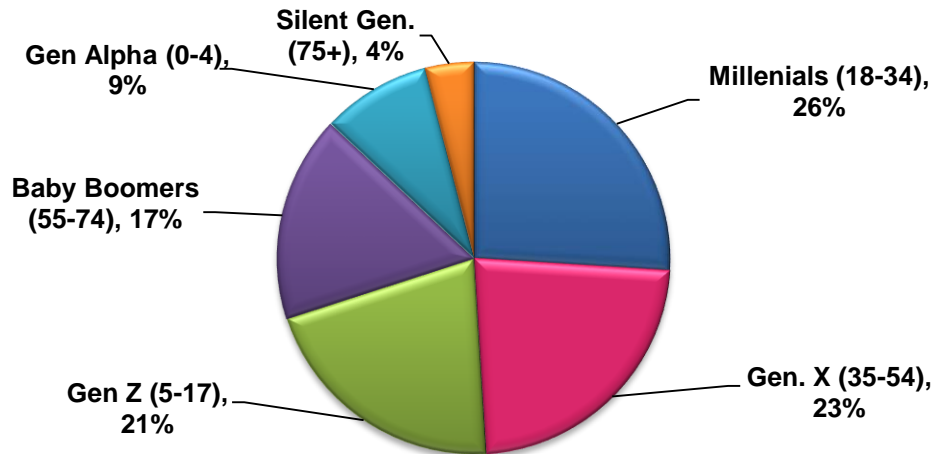
Source: ESRI (2018); Note: *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

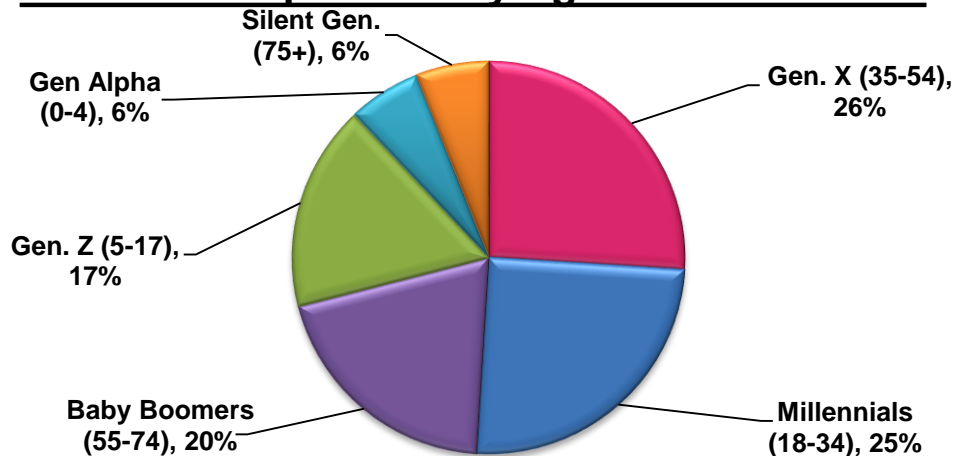


Age Profile

Tulare County Population by Age Bracket in 2018



California Population by Age Bracket in 2018



Generation	Population (2018)
Millennials (18-34 years old)	122,431
Gen. X (35-54 years old)	106,013
Gen. Z (5-17 years old)	100,384
Baby Boomers (55-74 years old)	77,399
Gen. Alpha (0-4 years old)	42,218
Silent Gen. (75+ years old)	20,640
TOTAL POPULATION	469,086

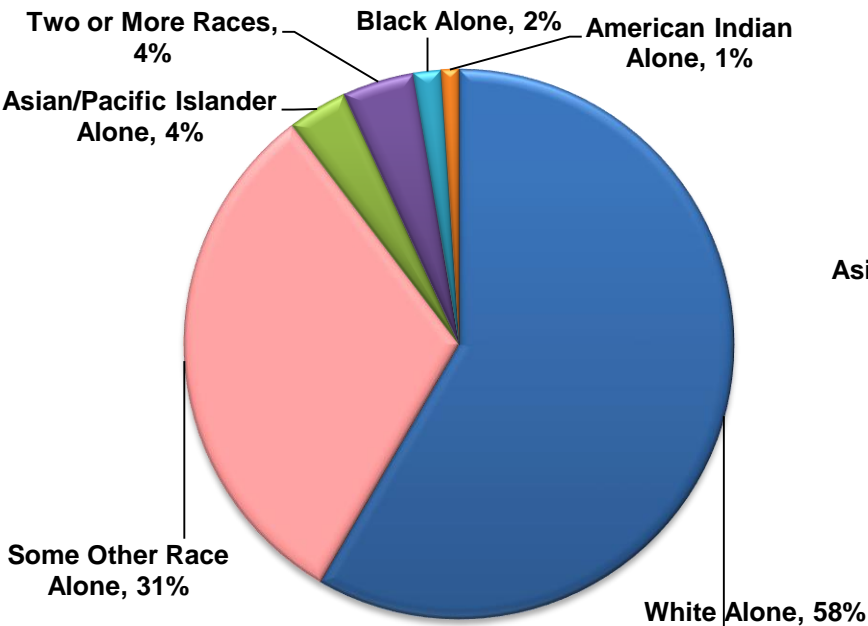
Region	Median Age
Porterville	29.5
Tulare	29.1
Visalia	32.8
Unincorporated*	27.5
Total County	30.5
State	36.2

Source: ESRI (2018); **Note:** *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

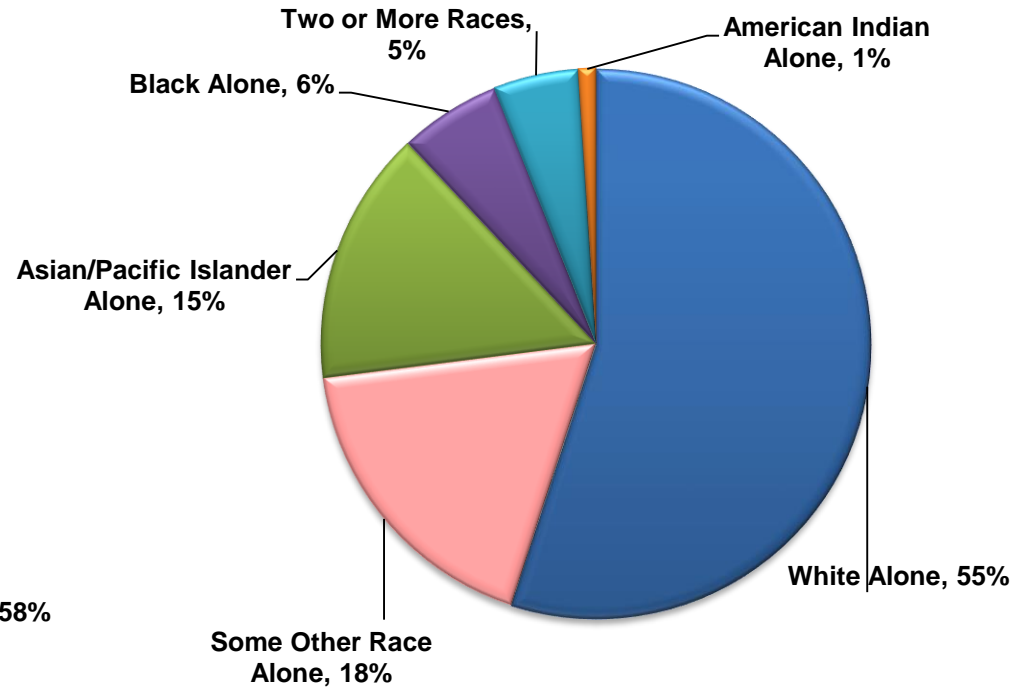
Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Race & Ethnicity

County Population by Race & Ethnicity in 2018



California Population by Race & Ethnicity in 2018



Hispanic Origin of Any Race: 65%

Hispanic Origin of Any Race: 40%

Note: U.S. Census Bureau defines race and ethnicity as two separate and distinct identities. One Census question asks respondents which socio-political race (of categories in pie chart above) they associate most closely with, and a separate question asks whether they associate with “Hispanic, Latino, or Spanish origin” or not (defined as ethnicity). Most respondents of Hispanic Origin additionally indicate “White” or “Some Other Race”

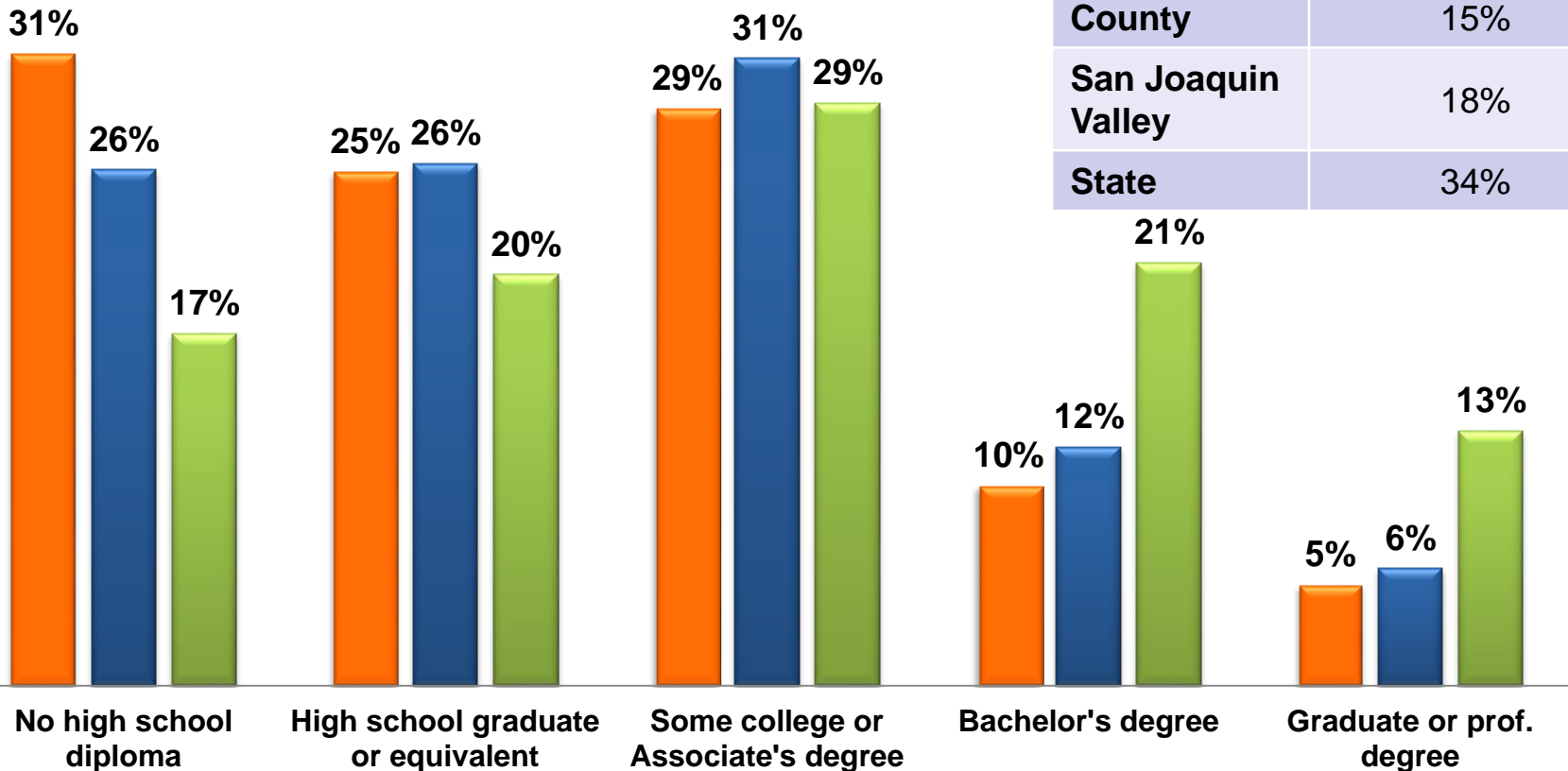
Source: ESRI (2018)

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Educational Attainment

Population Aged 25+ by Educational Attainment in 2018

■ County
 ■ San Joaquin Valley*
 ■ State



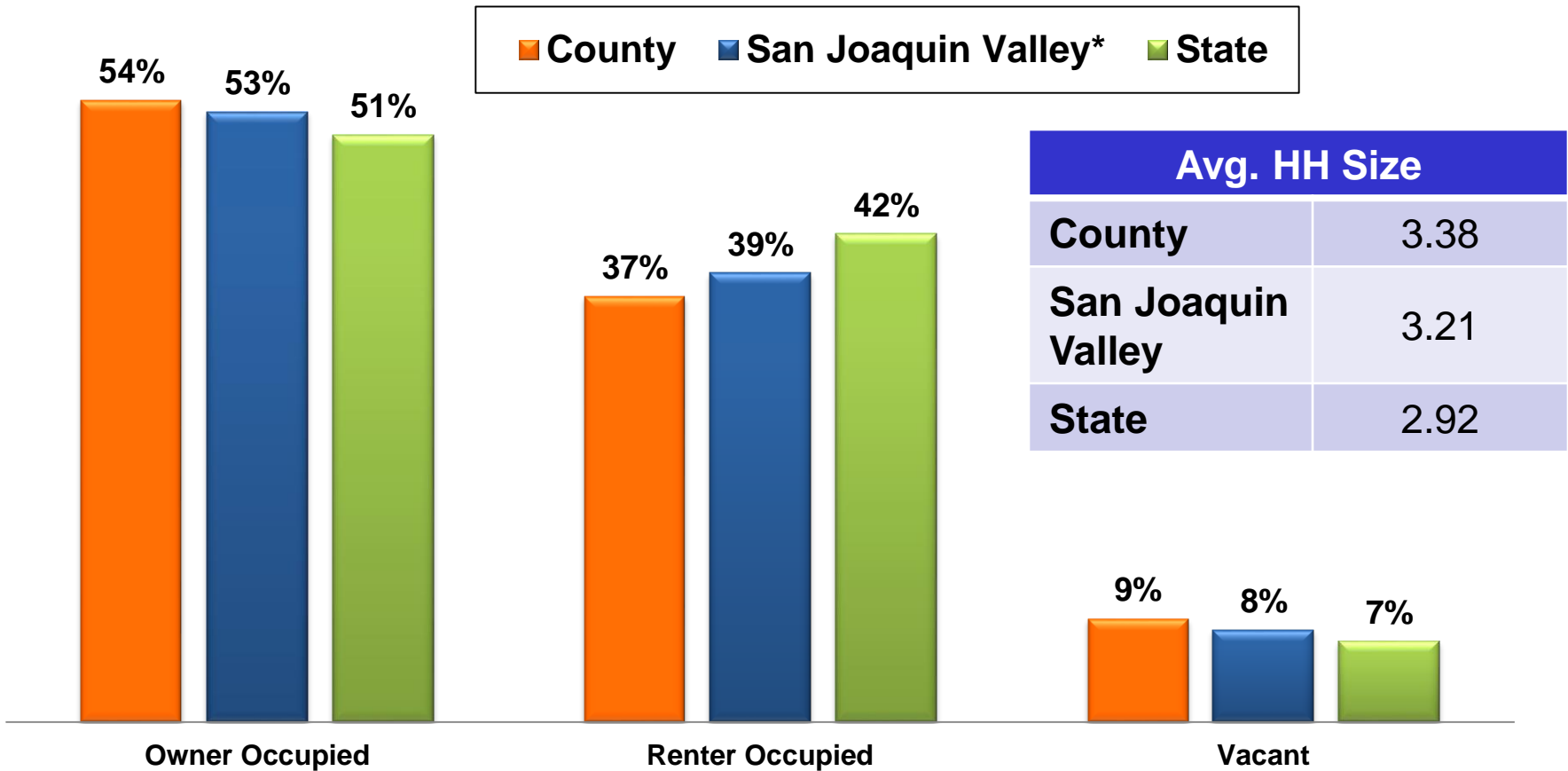
	% Bachelor's Degree or Higher
County	15%
San Joaquin Valley	18%
State	34%

Source: ESRI (2018); ***Note:** San Joaquin Valley refers to the eight-county region of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, as shown on Slide 5.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Housing & Household Size

Housing Breakdown (2018)



Source: ESRI (2018); ***Note:** San Joaquin Valley refers to the eight-county region of Fresno, Kern, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare Counties, as shown on Slide 5.

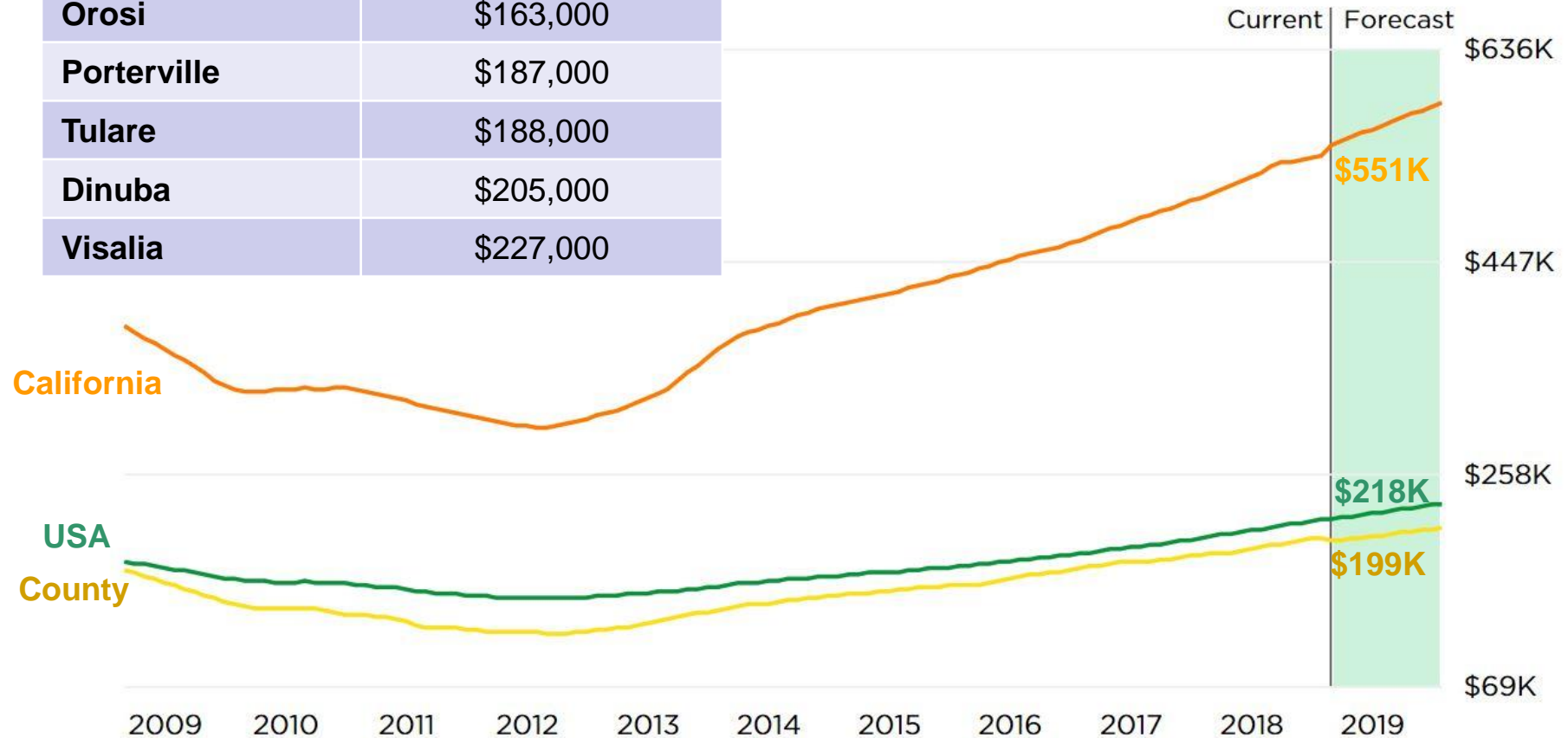
Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Home Value History

Median Home Values (August 2018)

Earlimart	\$137,000
Cutler	\$142,000
Orosi	\$163,000
Porterville	\$187,000
Tulare	\$188,000
Dinuba	\$205,000
Visalia	\$227,000

Zillow Home Value Index



Source: Zillow.com (August 2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Summary: Population and Household Demographics

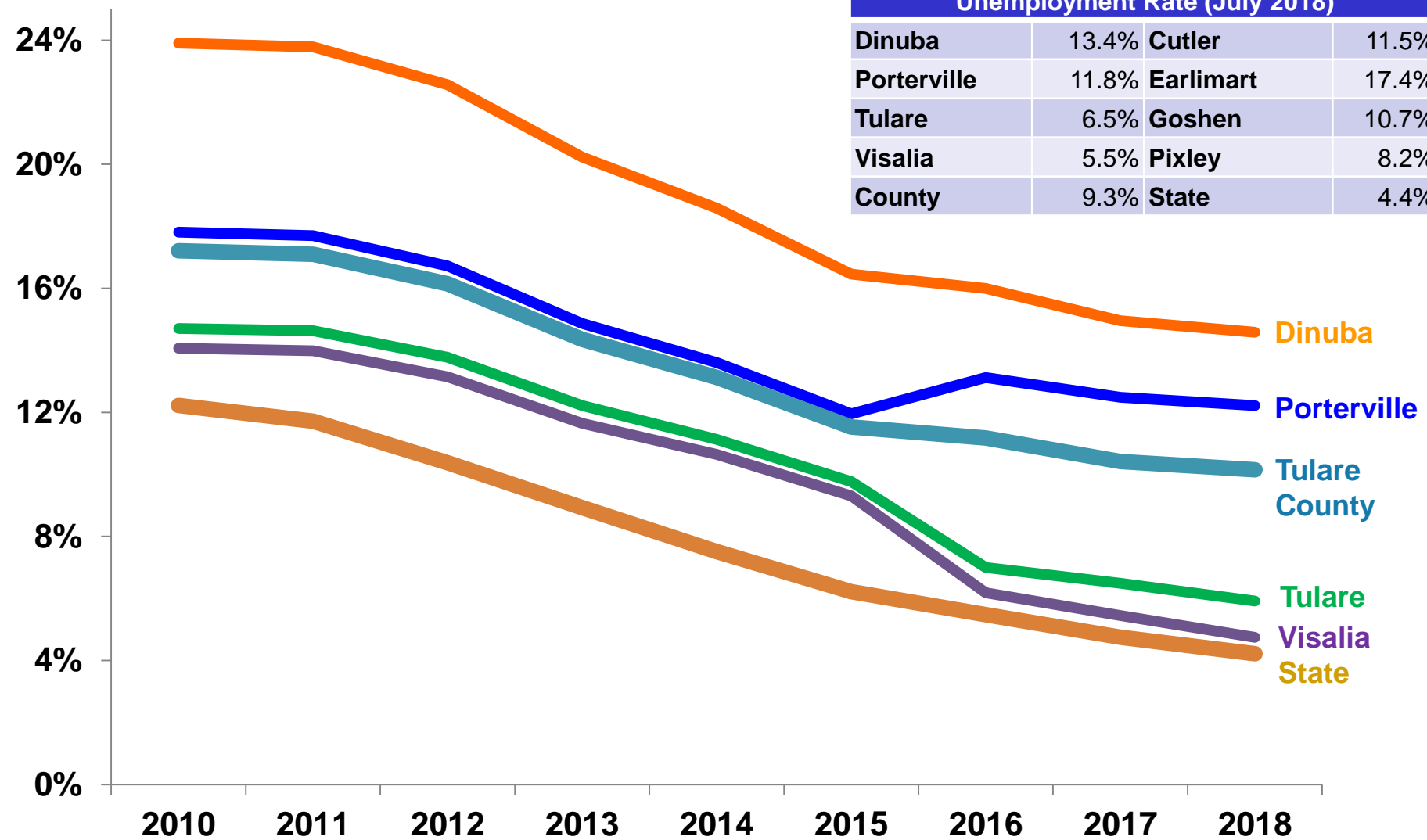
- Population, household composition, incomes, and educational attainment are important variables in determining business interest and land uses in potential project site areas
- County has relatively young, majority Millennial population – median age of 30.5 (younger than the State median age of 36.2)
- Majority of Tulare County's population is of Hispanic origin (65.3%)
- Average household size of 3.4 is larger than the State average of 2.9; Average household income (\$69K) for Tulare County is lower than the State average (\$101K)
- Higher level of home affordability and home ownership relative to State
- Educational attainment in Tulare County is also lower than that of the State, with an estimated 15% of County residents obtaining a Bachelor's degree or higher

Economic & Demographic Profile

Business & Employment by Industry

Unemployment

Unemployment Rate (July 2018)			
Dinuba	13.4%	Cutler	11.5%
Porterville	11.8%	Earlimart	17.4%
Tulare	6.5%	Goshen	10.7%
Visalia	5.5%	Pixley	8.2%
County	9.3%	State	4.4%



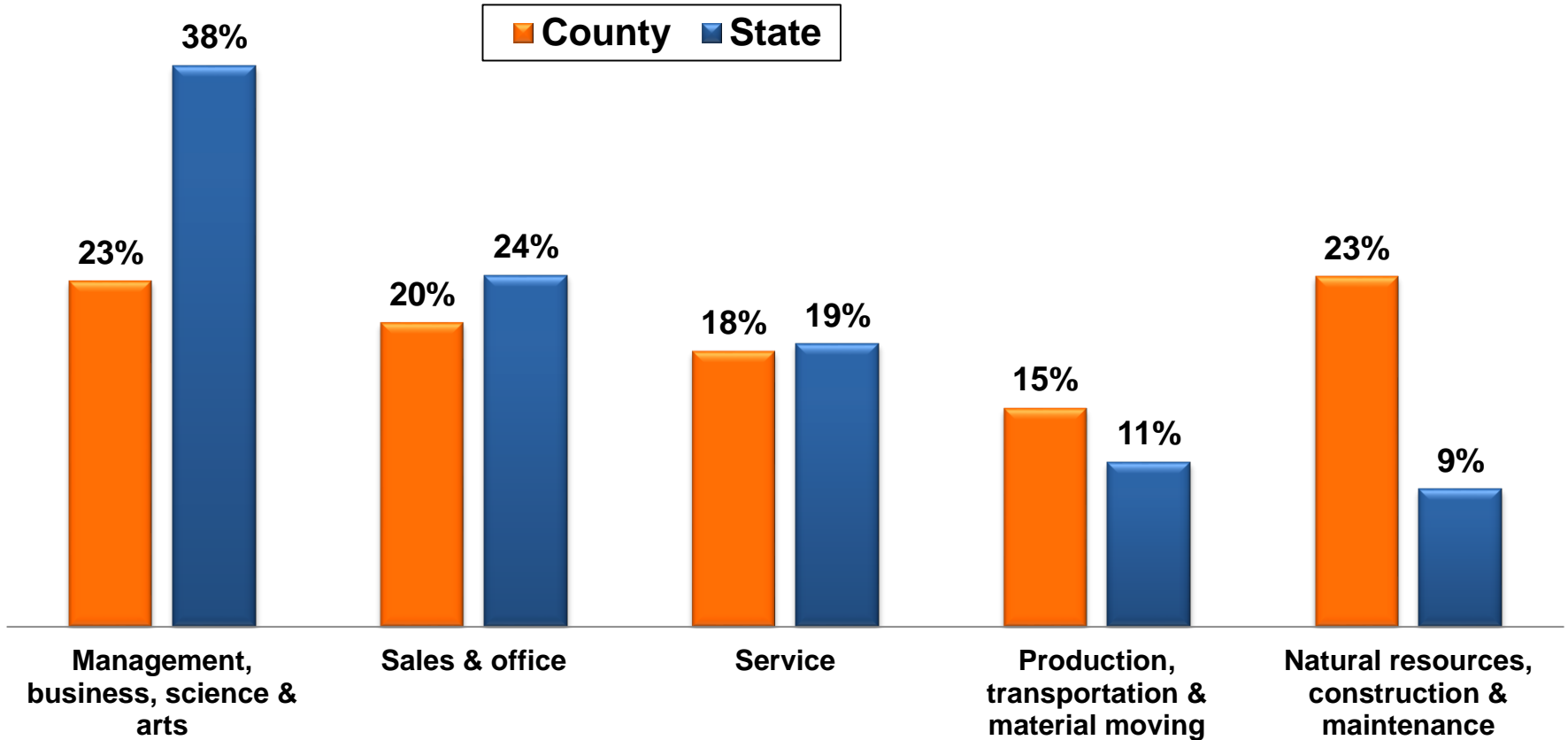
Note: Not seasonally adjusted; annual averages for 2010-2018. Agricultural areas tend to have higher and more volatile unemployment rates. Unemployment in 2018 in the eight-county San Joaquin County region as defined on Slide 5 was 6.1%.

Source: California Employment Development Department (2018), ESRI (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident Employment by Occupation

Civilian Employed Population Age 16+ by Occupation

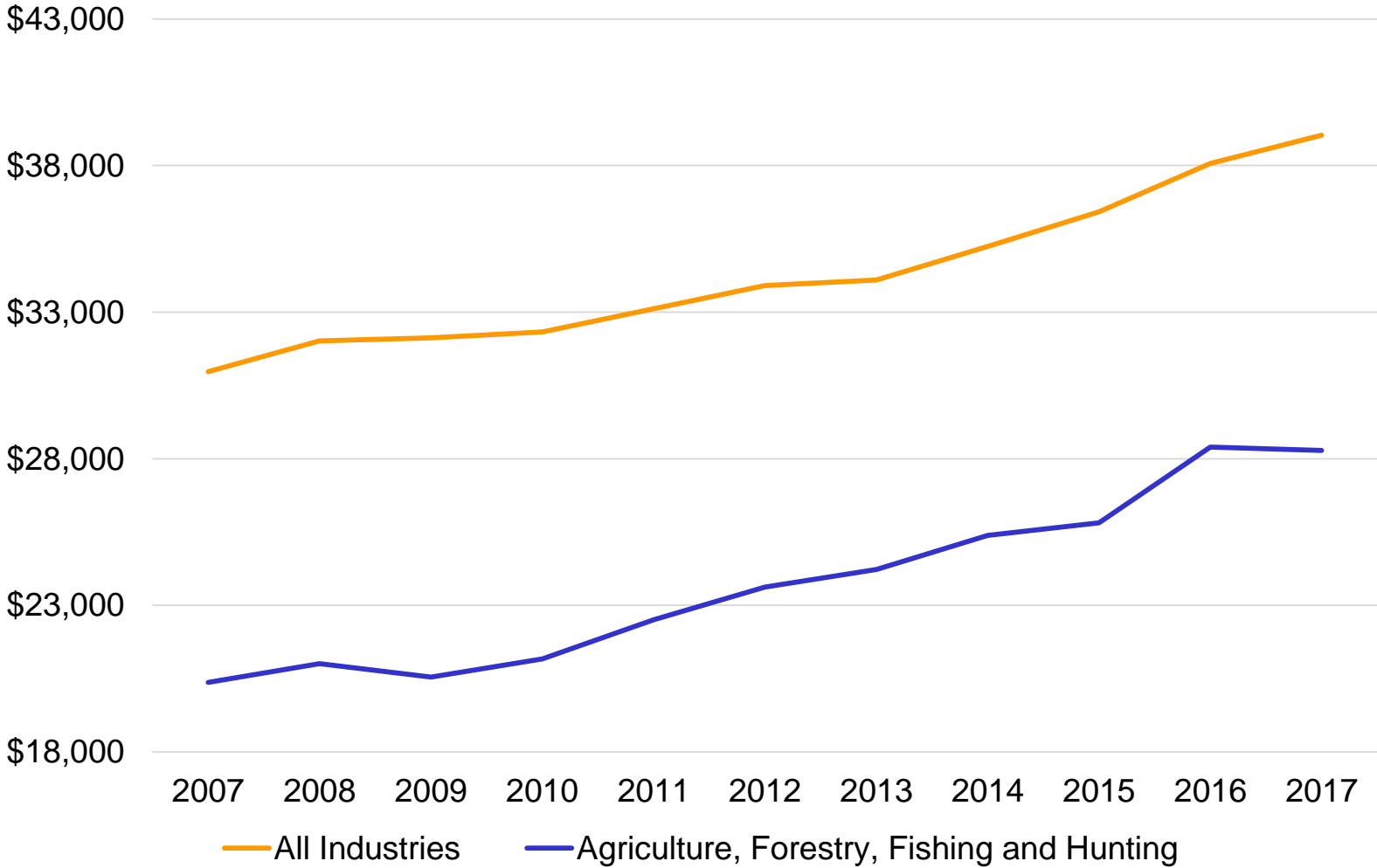


Source: ESRI (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Average Annual Wages

Average Annual Wages, All Industries and Agriculture



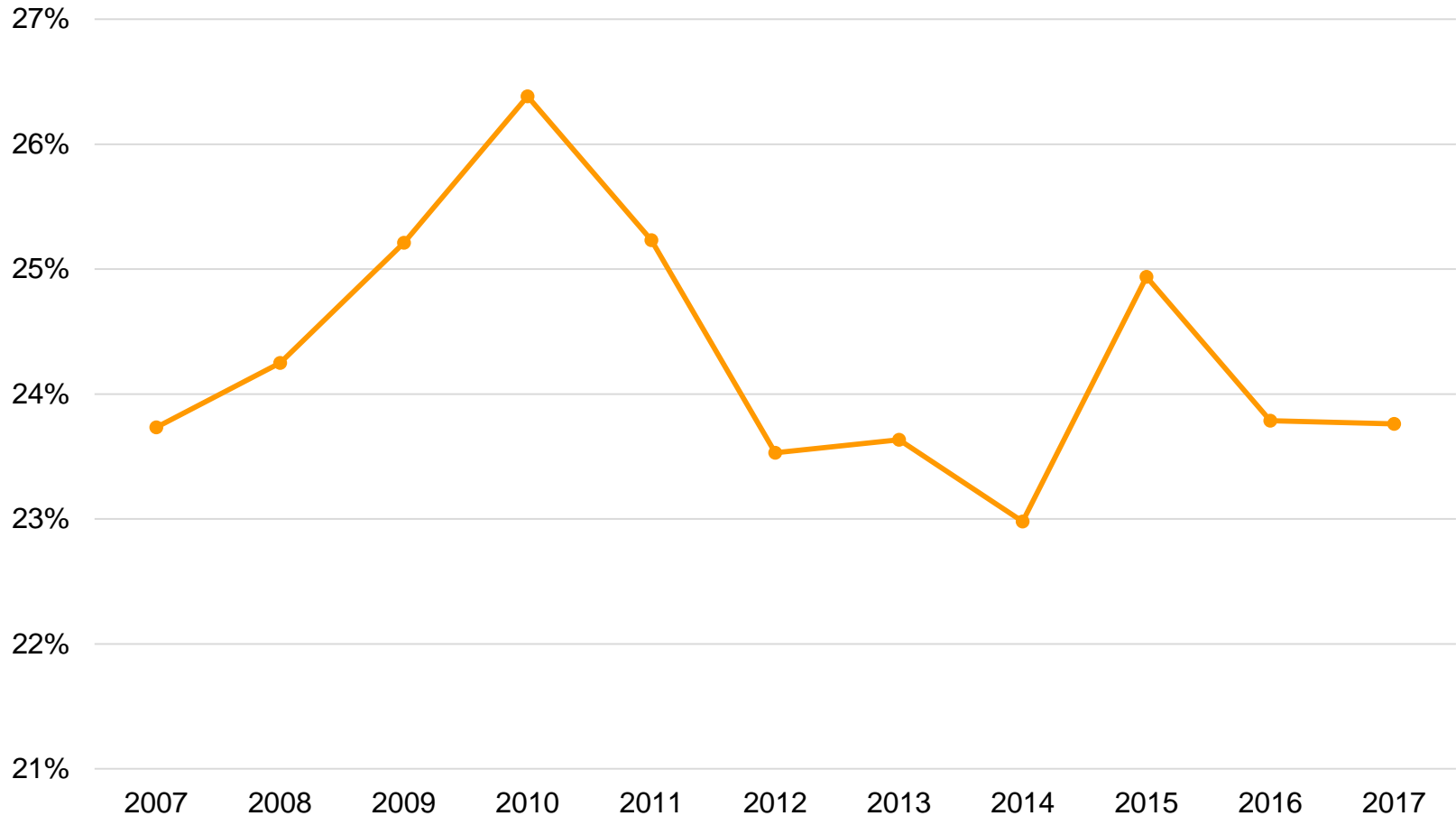
Source: Bureau of Labor Statistics (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.



Agriculture Employment Ratios

Percentage of Countywide Employment in Agriculture, Forestry, Fishing and Hunting



Source: Bureau of Labor Statistics (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Employment by Industry

County Resident Employed Population (Age 16+)

Agriculture, Forestry, Fishing, and Hunting	17.7%
Health Care and Social Assistance	13.2%
Educational Services	10.5%
Retail Trade	10.0%
Manufacturing	7.9%
Accommodation and Food Services	7.5%
Public Administration	6.6%
Administration and Support, Waste Mgmt.	5.5%
Construction	3.6%
Transportation and Warehousing	3.5%
Wholesale Trade	3.3%
Professional, Scientific, and Tech. Services	2.2%
Other Services (excl. Public Admin.)	2.2%
Finance and Insurance	1.8%
Arts, Entertainment, and Recreation	1.2%
Real Estate and Rental/Leasing	1.1%
Information	0.8%
Mgmt. of Companies and Enterprises	0.7%
Utilities	0.5%
Mining, Quarrying, Oil and Gas Extraction	0.1%

“Industries in which County residents work”

Workers Employed Within County

Agriculture, Forestry, Fishing, and Hunting	26.2%
Health Care and Social Assistance	11.5%
Educational Services	10.6%
Retail Trade	9.1%
Manufacturing	8.1%
Accommodation and Food Services	6.5%
Administration and Support, Waste Mgmt.	4.8%
Public Administration	4.7%
Transportation and Warehousing	3.8%
Construction	3.2%
Wholesale Trade	2.8%
Other Services (excl. Public Admin.)	1.9%
Finance and Insurance	1.7%
Professional, Scientific, and Tech. Services	1.7%
Real Estate and Rental/Leasing	1.0%
Arts, Entertainment, and Recreation	0.9%
Utilities	0.6%
Information	0.6%
Mgmt. of Companies and Enterprises	0.5%
Mining, Quarrying, Oil and Gas Extraction	0.1%

“Jobs in the County”

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Select Major Employers within the County

Major Employers	No. of Employees
County of Tulare	4,945
Kaweah Delta Health Care District	2,000
Sierra View District Hospital	1,800
Ruiz Foods Products, Inc.	1,800
Wal-Mart Distribution Center	1,692
Porterville Development Center	1,399
College of the Sequoias	1,160
Jostens	720
CIGNA HealthCare	700
Monrovia Nursery Company	600

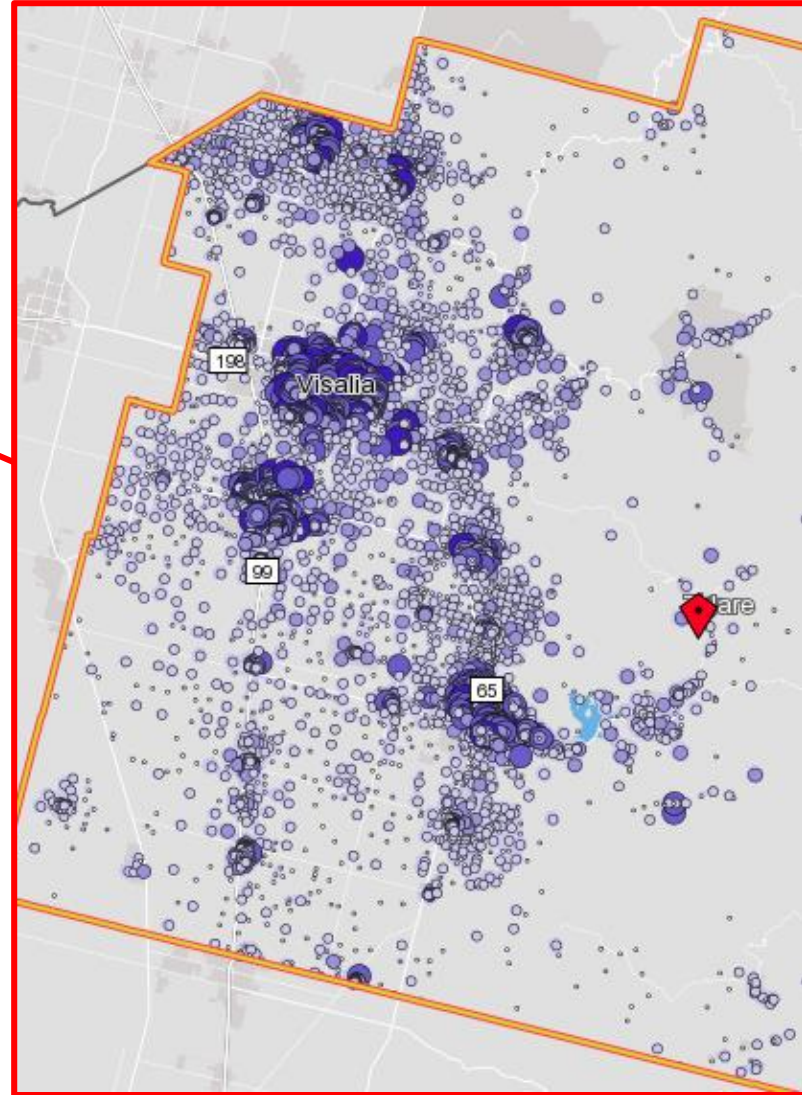
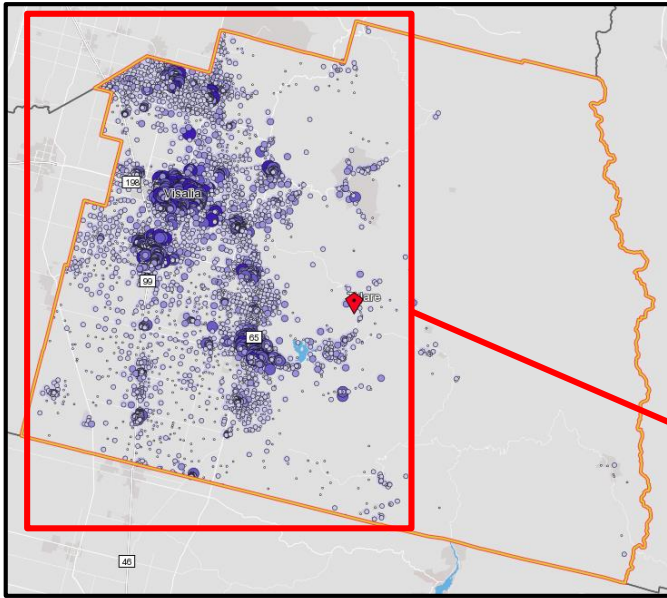
Note: Top 10 listed by number of employees (high to low)

Source: County of Tulare (CAFR FY2016-2017)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident Concentration Within County

Where do residents live in the County?



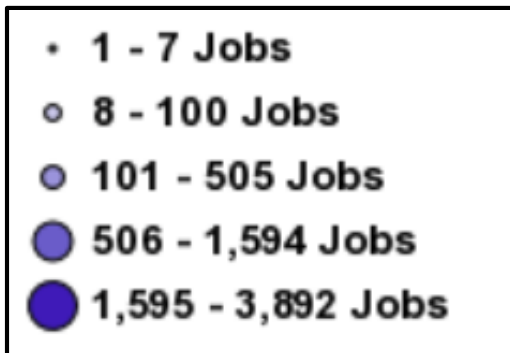
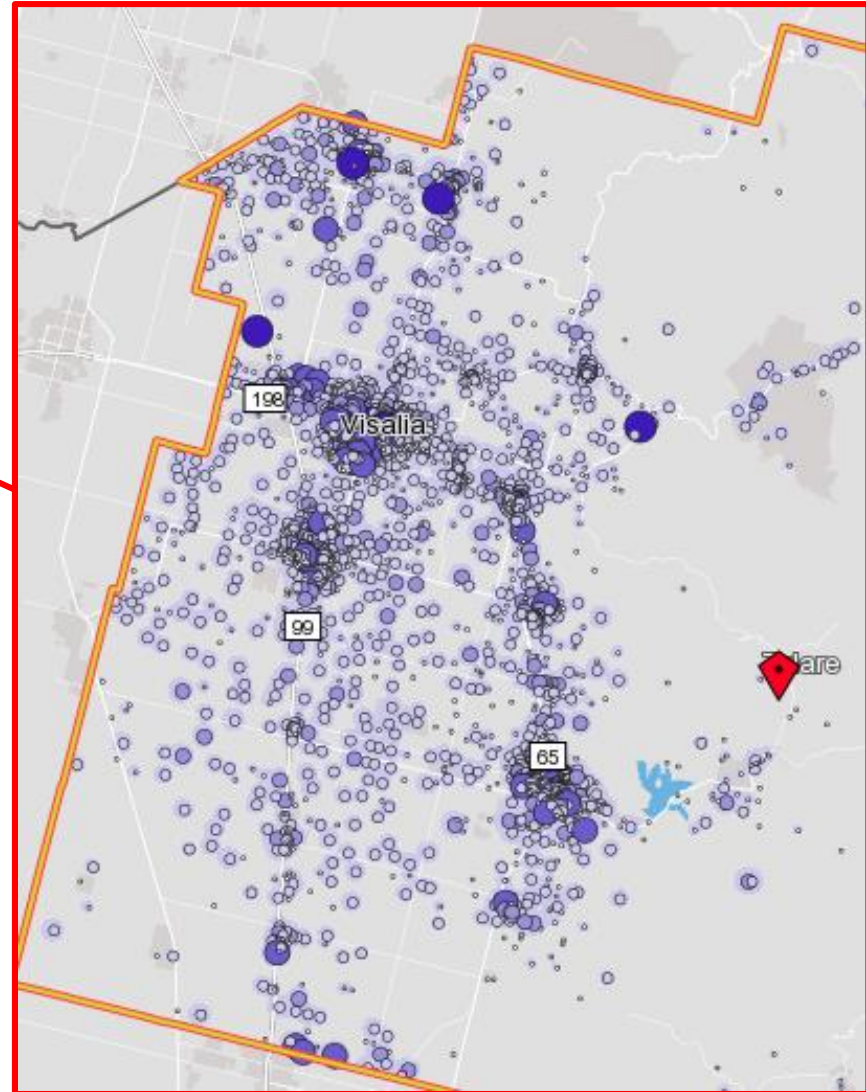
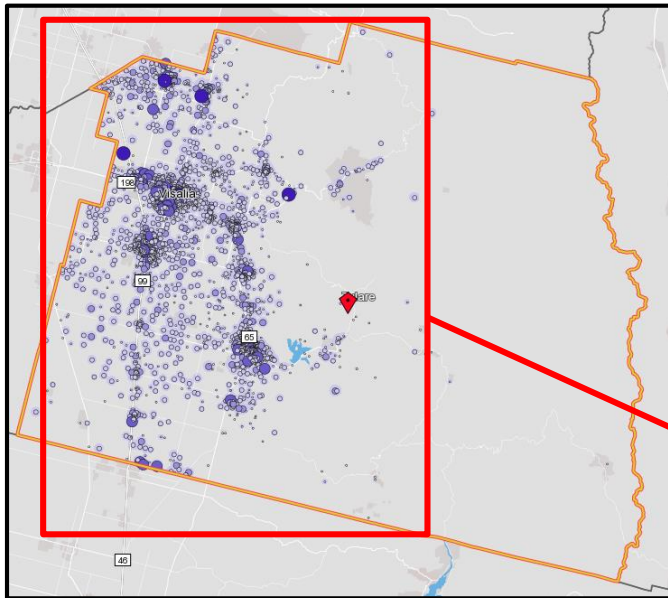
- 1 - 3 Employed residents
- 4 - 22 Employed residents
- 23 - 75 Employed residents
- 76 - 176 Employed residents
- 177 - 344 Employed residents

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Employment Concentration Within County

Where are jobs located in the County?



Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident and Employee Commute Tulare County

Employed Residents Place of Work*	
Visalia	23.6%
Porterville	8.5%
Tulare	7.0%
Fresno	4.7%
Dinuba	2.2%
Bakersfield	2.1%
Lindsay	1.8%
Delano	1.5%
Hanford	1.4%
Los Angeles	1.3%
Corcoran	1.3%
Exeter	1.1%
Reedley	0.8%
Farmersville	0.8%
Lemon Cove	0.8%
Cutler	0.7%
Woodlake	0.7%
Terra Bella	0.7%
Orosi	0.7%
Clovis	0.6%
Kingsburg	0.6%
Earlimart	0.5%
Goshen	0.5%
San Luis Obispo	0.4%
San Jose	0.4%
Other Locations	35.2%

“Where County residents work”

County Employee Origin*	
Visalia	20.6%
Porterville	9.2%
Tulare	9.2%
Dinuba	2.9%
Fresno	2.8%
Lindsay	1.9%
Exeter	1.8%
Hanford	1.5%
Farmersville	1.5%
Bakersfield	1.3%
Los Angeles	1.3%
Reedley	1.3%
Delano	1.3%
Woodlake	1.2%
Orosi	1.1%
Clovis	1.0%
East Porterville	0.9%
Ivanhoe	0.6%
Orange Cove	0.6%
Selma	0.6%
Kingsburg	0.5%
Cutler	0.5%
Lemoore	0.5%
Corcoran	0.4%
San Jose	0.4%
Other Locations	35.0%

“Where people who work in the County come from”

Source: U.S. Census Bureau Center for Economic Studies (2015)

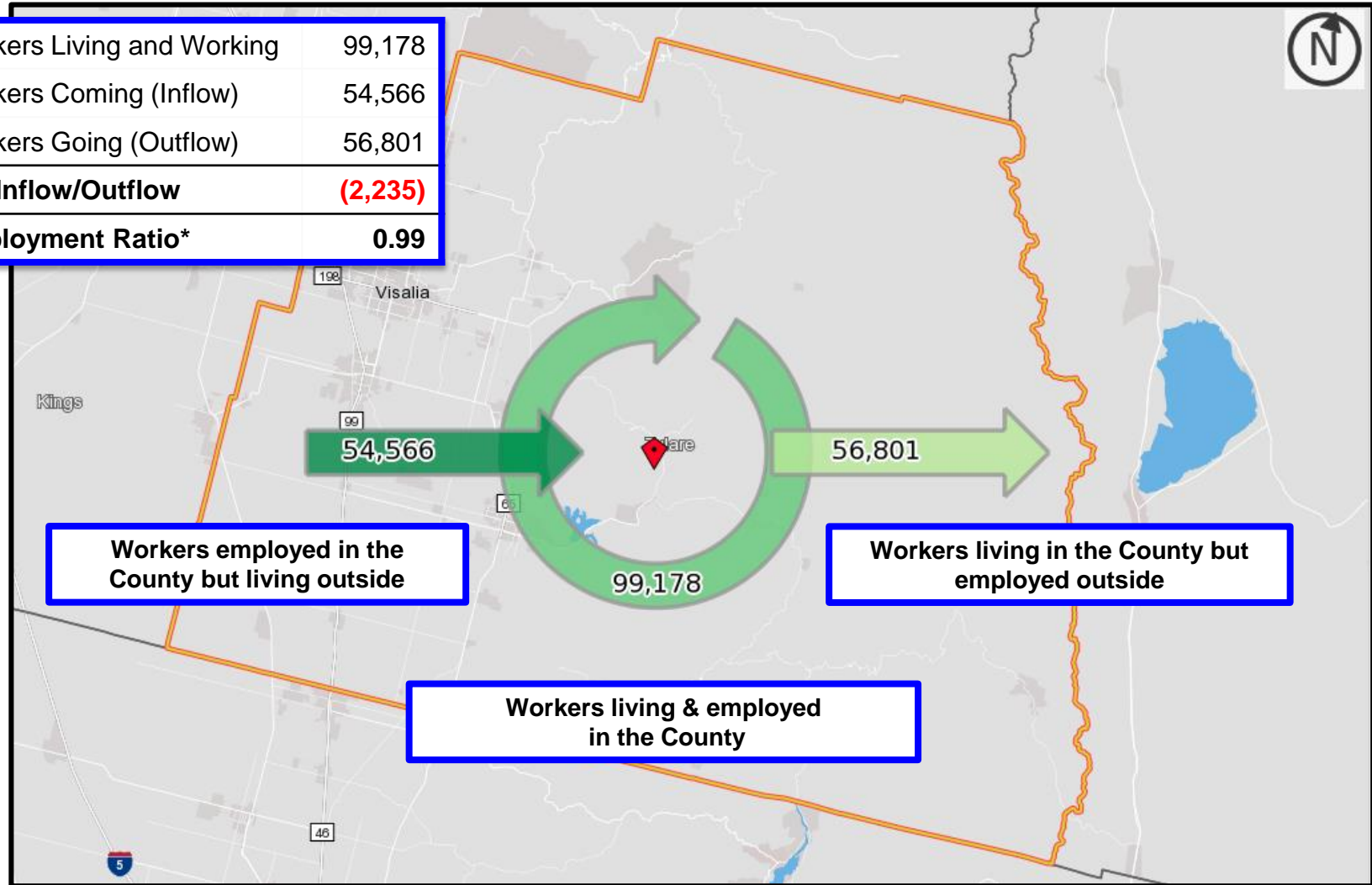
*The top 25 locations where County residents work and where people who work in Tulare County come from are listed.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Worker Inflow / Outflow (Tulare County)

“Are jobs coming or going?”

Workers Living and Working	99,178
Workers Coming (Inflow)	54,566
Workers Going (Outflow)	56,801
Net Inflow/Outflow	(2,235)
Employment Ratio*	0.99



***Employment Ratio** = People employed within County (living and working in County + those who come into the County for work) / Employed population of County (living and working in County + workers who live in the County, but work outside of the County)

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident and Employee Commute

City of Visalia

Employed Residents Place of Work*	
Visalia**	44.6%
Tulare	5.7%
Fresno	4.9%
Hanford	2.2%
Bakersfield	1.7%
Corcoran	1.5%
Porterville	1.5%
Los Angeles	1.4%
Dinuba	1.3%
Delano	1.0%
Exeter	0.9%
Goshen	0.8%
Farmersville	0.7%
Lindsay	0.7%
Clovis	0.7%
Lemon Cove	0.5%
Woodlake	0.4%
Kingsburg	0.4%
Cutler	0.4%
San Luis Obispo	0.4%
Lemoore	0.4%
Coalinga	0.4%
San Jose	0.4%
Orosi	0.3%
Reedley	0.3%
Other Locations	26.6%

“Where City residents work”

City Employee Origin*	
Visalia**	40.0%
Tulare	8.0%
Fresno	3.3%
Porterville	2.8%
Hanford	2.4%
Exeter	1.7%
Dinuba	1.7%
Farmersville	1.7%
Clovis	1.3%
Bakersfield	1.2%
Woodlake	1.0%
Lindsay	0.8%
Los Angeles	0.8%
Reedley	0.7%
Leemore	0.7%
Ivanhoe	0.7%
Orosi	0.6%
Kingsburg	0.5%
Selma	0.5%
Goshen	0.5%
Modesto	0.4%
Cutler	0.4%
Corcoran	0.4%
San Jose	0.4%
Patterson Tract	0.3%
Other Locations	27.4%

“Where people who work in the City come from”

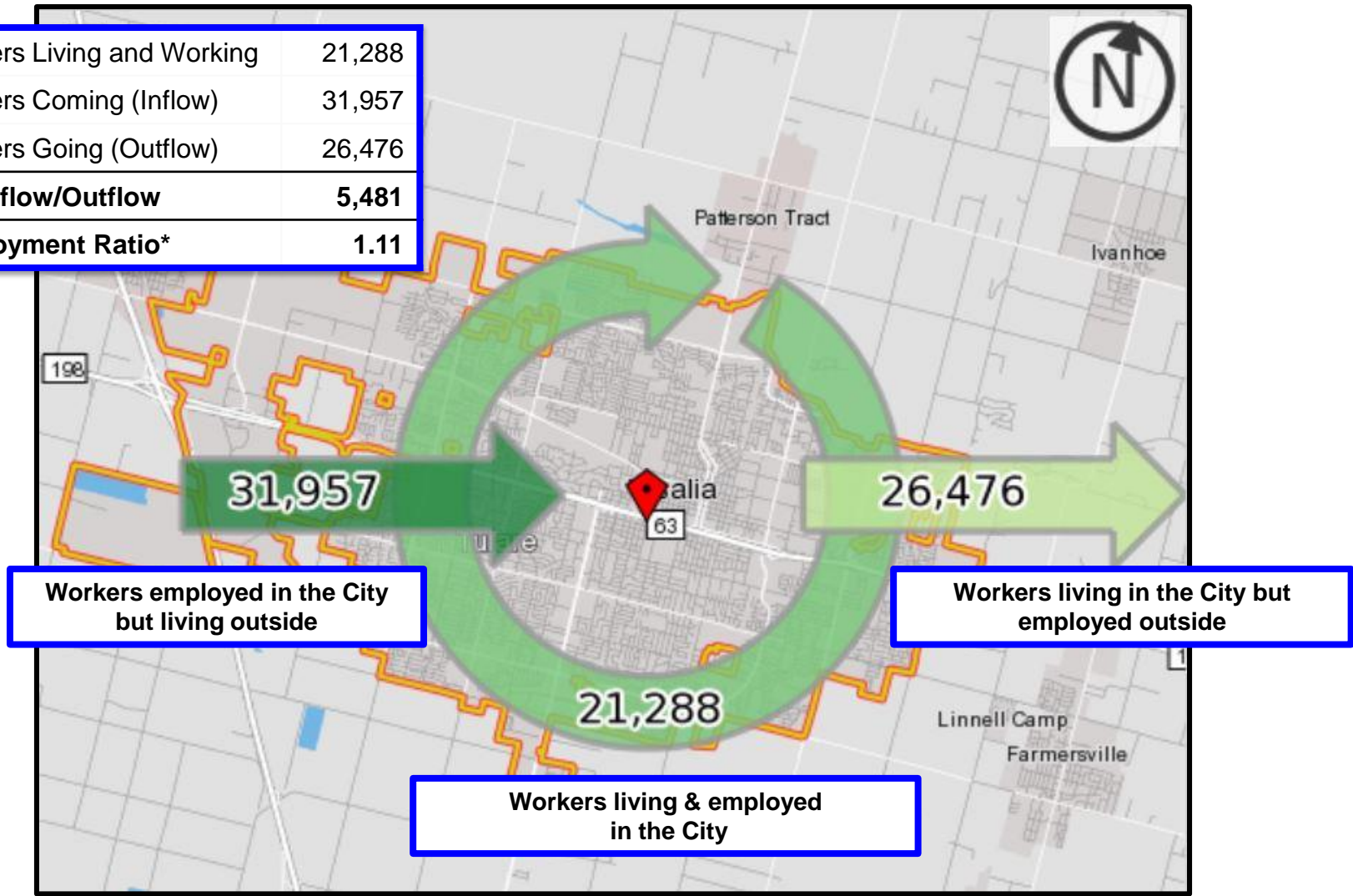
Source: U.S. Census Bureau Center for Economic Studies (2015); **Notes:** *The top 25 locations where City residents work and where people who work in Visalia come from are listed.**The table on the left asks the question ‘What percent of **total Visalia residents** work within the City of Visalia?’, while the table on the right asks ‘What percent of **everybody who works in Visalia** also live in the City of Visalia?’.

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Worker Inflow / Outflow (City of Visalia)

“Are jobs coming or going?”

Workers Living and Working	21,288
Workers Coming (Inflow)	31,957
Workers Going (Outflow)	26,476
Net Inflow/Outflow	5,481
Employment Ratio*	1.11



***Employment Ratio** = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident and Employee Commute

City of Tulare

Employed Residents Place of Work*	
Tulare**	25.2%
Visalia	20.0%
Fresno	3.3%
Porterville	2.6%
Bakersfield	2.4%
Delano	1.9%
Corcoran	1.9%
Los Angeles	1.3%
Dinuba	1.1%
Hanford	1.1%
Lindsay	0.6%
Earlimart	0.5%
Lemon Cove	0.5%
Exeter	0.5%
San Luis Obispo	0.5%
Goshen	0.4%
Farmersville	0.4%
Clovis	0.4%
Pixley	0.4%
San Jose	0.4%
Tipton	0.4%
Sacramento	0.3%
Stockton	0.3%
San Francisco	0.3%
San Diego	0.3%
Other Locations	33.2%

“Where City residents work”

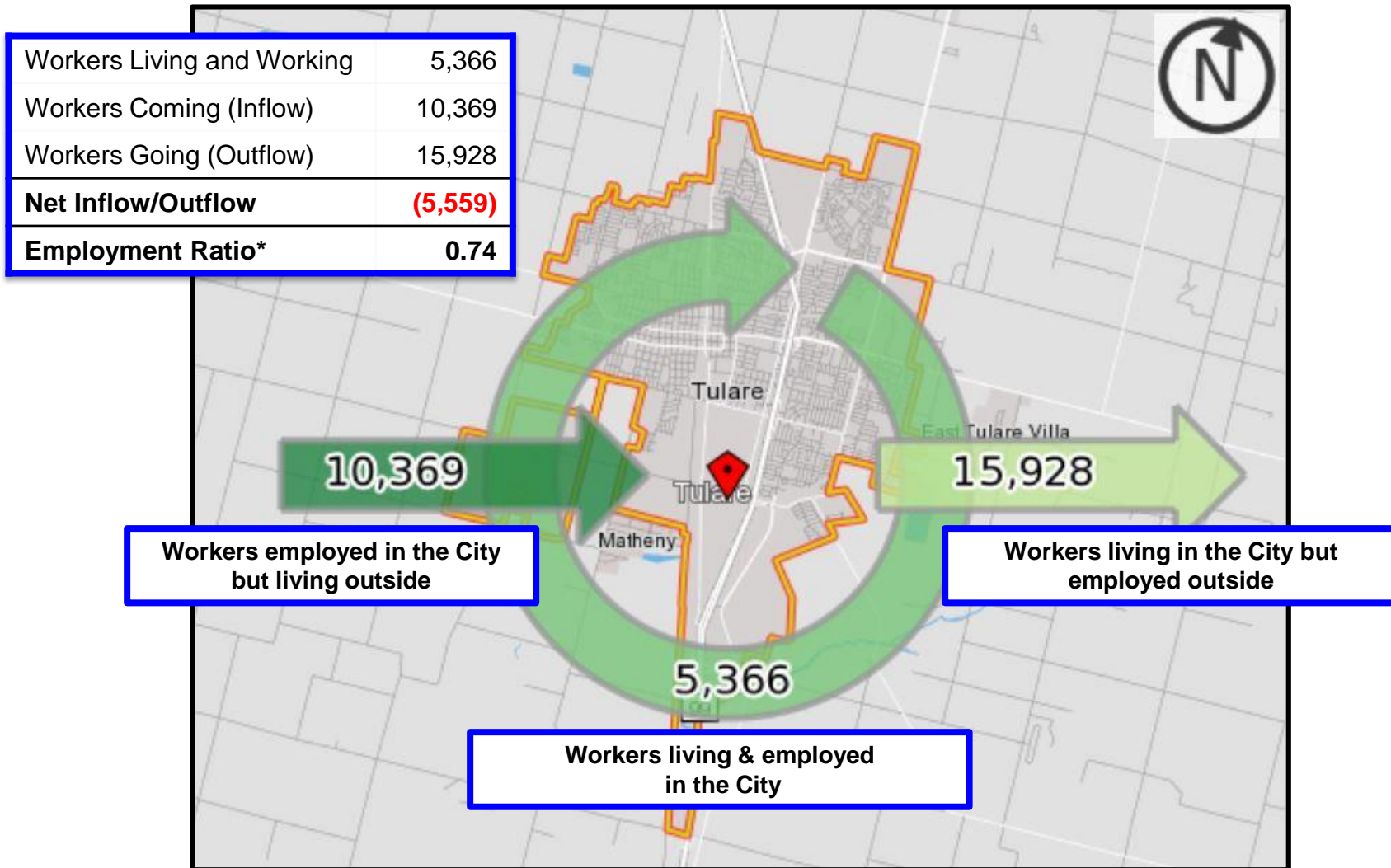
City Employee Origin*	
Tulare**	34.1%
Visalia	17.4%
Porterville	2.9%
Fresno	2.4%
Hanford	2.0%
Bakersfield	1.7%
Exeter	1.1%
Lindsay	0.9%
Clovis	0.9%
Los Angeles	0.8%
Farmersville	0.8%
Corcoran	0.6%
East Tulare Villa	0.6%
Lemoore	0.6%
Delano	0.6%
Dinuba	0.5%
Matheny	0.5%
Reedley	0.4%
Woodlake	0.4%
Mendota	0.4%
Selma	0.4%
Kingsburg	0.3%
Wasco	0.3%
San Jose	0.3%
Modesto	0.3%
Other Locations	28.9%

“Where people who work in the City come from”

Source: U.S. Census Bureau Center for Economic Studies (2015); **Notes:** *The top 25 locations where City residents work and where people who work in Tulare come from are listed. **The table on the left asks the question ‘What percent of **total Tulare residents** work within the City of Tulare?’, while the table on the right asks ‘What percent of **everybody who works in Tulare** also live in the City of Tulare?’.

Worker Inflow / Outflow (City of Tulare)

“Are jobs coming or going?”



***Employment Ratio** = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Resident and Employee Commute City of Porterville

Employed Residents Place of Work*	
Porterville	36.4%
Visalia	7.2%
Fresno	3.2%
Terra Bella	2.6%
Lindsay	2.5%
Delano	2.3%
Bakersfield	2.2%
Tulare	2.2%
Corcoran	1.7%
Los Angeles	1.4%
Hanford	0.9%
Lemon Cove	0.8%
East Porterville	0.8%
Strathmore	0.7%
McFarland	0.7%
Earlimart	0.5%
San Luis Obispo	0.5%
Exeter	0.5%
San Jose	0.4%
Clovis	0.4%
Farmersville	0.3%
San Francisco	0.3%
Stockton	0.3%
Sacramento	0.2%
Coalinga	0.2%
Other Locations	30.7%

“Where City residents work”

City Employee Origin*	
Porterville	40.9%
Visalia	3.9%
East Porterville	3.4%
Tulare	3.0%
Fresno	2.4%
Bakersfield	2.2%
Lindsay	1.9%
Delano	1.2%
Los Angeles	1.1%
Exeter	1.0%
Poplar-Cotton Center	0.9%
Clovis	0.9%
Dinuba	0.8%
Strathmore	0.8%
Terra Bella	0.6%
Reedley	0.5%
Springville	0.4%
Farmersville	0.4%
San Jose	0.4%
Hanford	0.4%
Wasco	0.4%
Plainview	0.3%
Sanger	0.3%
Corcoran	0.3%
Lemoore	0.2%
Other Locations	31.7%

“Where people who work in the City come from”

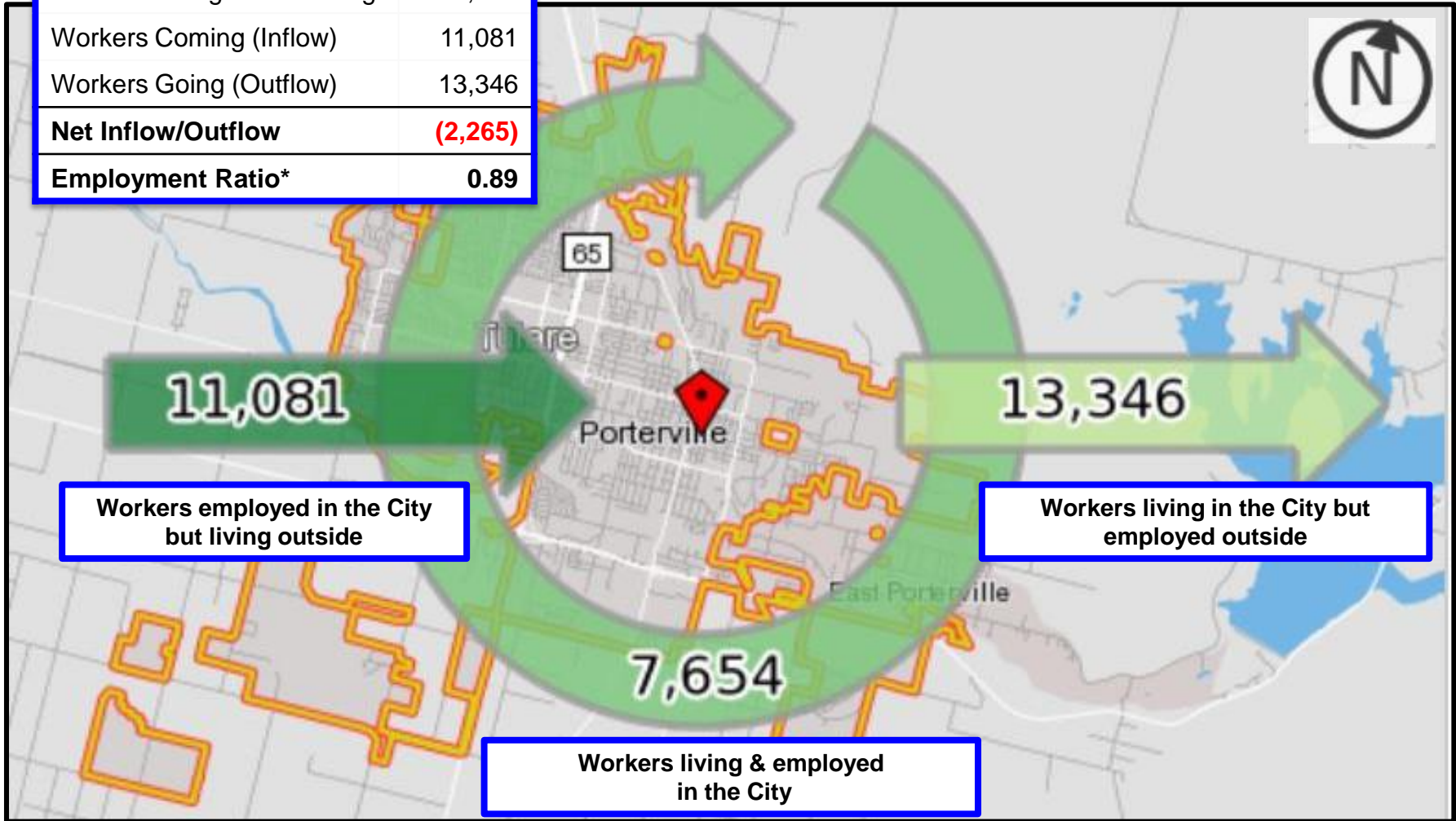
Source: U.S. Census Bureau Center for Economic Studies (2015); **Notes:** *The top 25 locations where City residents work and where people who work in Porterville come from are listed.**The table on the left asks the question ‘What percent of **total Porterville residents** work within the City of Porterville?’, while the table on the right asks ‘What percent of **everybody who works in Porterville** also live in the City of Porterville?’.

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Worker Inflow / Outflow (City of Porterville)

“Are jobs coming or going?”

Workers Living and Working	7,654
Workers Coming (Inflow)	11,081
Workers Going (Outflow)	13,346
Net Inflow/Outflow	(2,265)
Employment Ratio*	0.89



***Employment Ratio** = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

Source: U.S. Census Bureau Center for Economic Studies (2015)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Employment Projections by Industry

Tulare County

Industry	2014	2024	Annual Growth 2014-24	Total Growth 2014-24	Total Change 2014-24
Government	29,500	33,700	1.4%	14.2%	4,200
Professional and Business Services	9,200	12,100	3.2%	31.5%	2,900
Educational Services, Health Care and Social Assistance	13,700	16,600	2.1%	21.2%	2,900
Accommodation and Food Services	9,900	12,000	2.1%	21.2%	2,100
Construction, Mining and Logging*	4,500	6,400	4.2%	42.2%	1,900
Utilities, Transportation and Warehousing	6,400	8,200	2.8%	28.1%	1,800
Wholesale Trade	3,800	4,600	2.1%	21.1%	800
Other Services	3,300	3,700	1.2%	12.1%	400
Arts, Entertainment, and Recreation	700	1,000	4.3%	42.9%	300
Manufacturing	12,000	12,300	0.3%	2.5%	300
Information	900	1,100	2.2%	22.2%	200
Financial Activities	3,900	4,100	0.5%	5.1%	200
Retail Trade	16,900	17,000	0.1%	0.6%	100
Total Nonfarm	114,700	132,800	1.6%	15.8%	18,100
Total Farm	34,900	41,300	1.8%	18.3%	6,400
Other	9,400	11,400	2.2%	21.5%	2,000
Total Employment	159,000	185,500	1.7%	16.7%	26,500

Source: California Employment Development Department, U.S. Bureau of Labor Statistics (2015);

***Note:** The solar industry has contributed to the activity and growth of the construction business.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

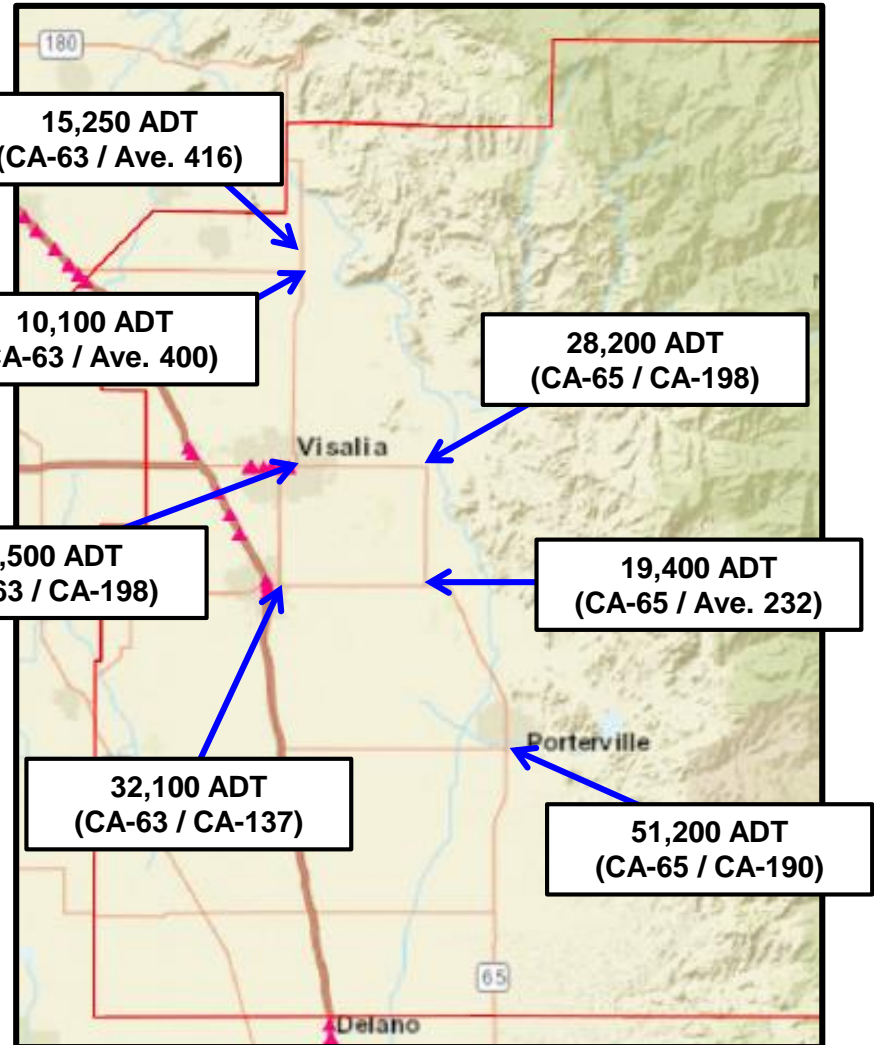
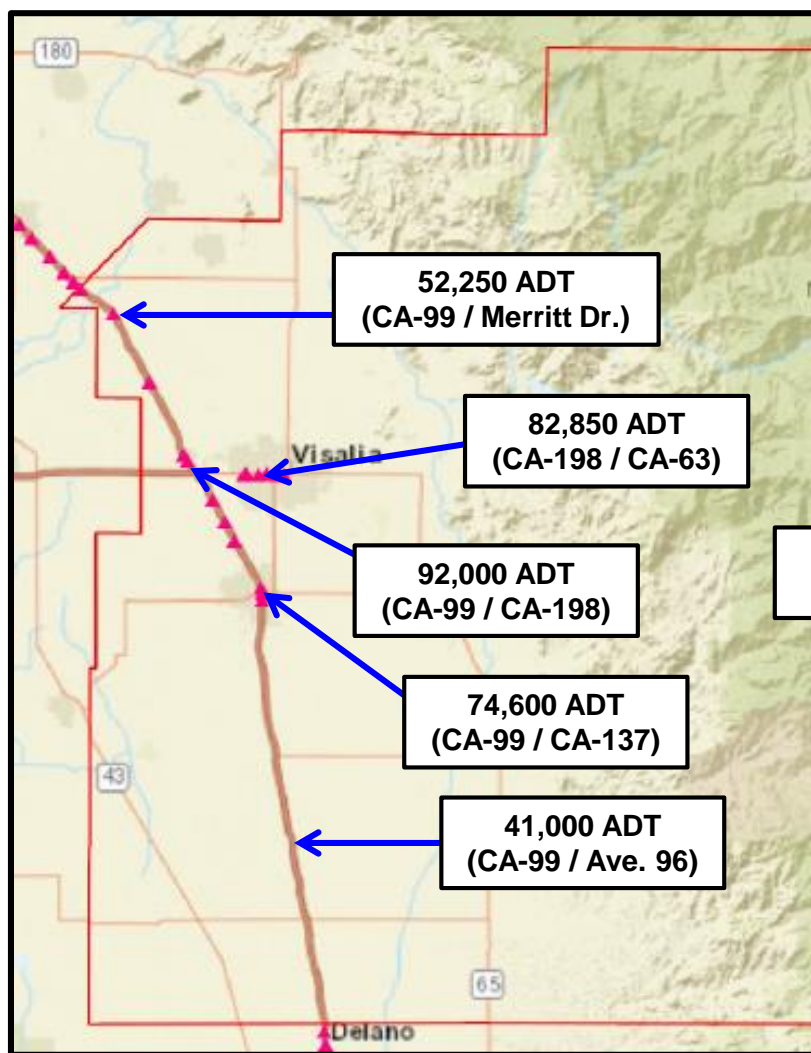
Jobs / Housing Balance

2018*	City of Porterville	City of Tulare	City of Visalia	Unincorporated County**	County of Tulare	State of California
Employment	22,551	26,639	59,904	11,213	195,106	18,678,853
Households	16,218	18,785	43,848	18,773	137,550	13,336,104
Jobs / Housing Ratio	1.39	1.42	1.37	0.60	1.42	1.40

Source: ESRI (2018); **Notes:** *ESRI projections for employment and households in 2018. ** Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

County Traffic Map



Source: ESRI (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

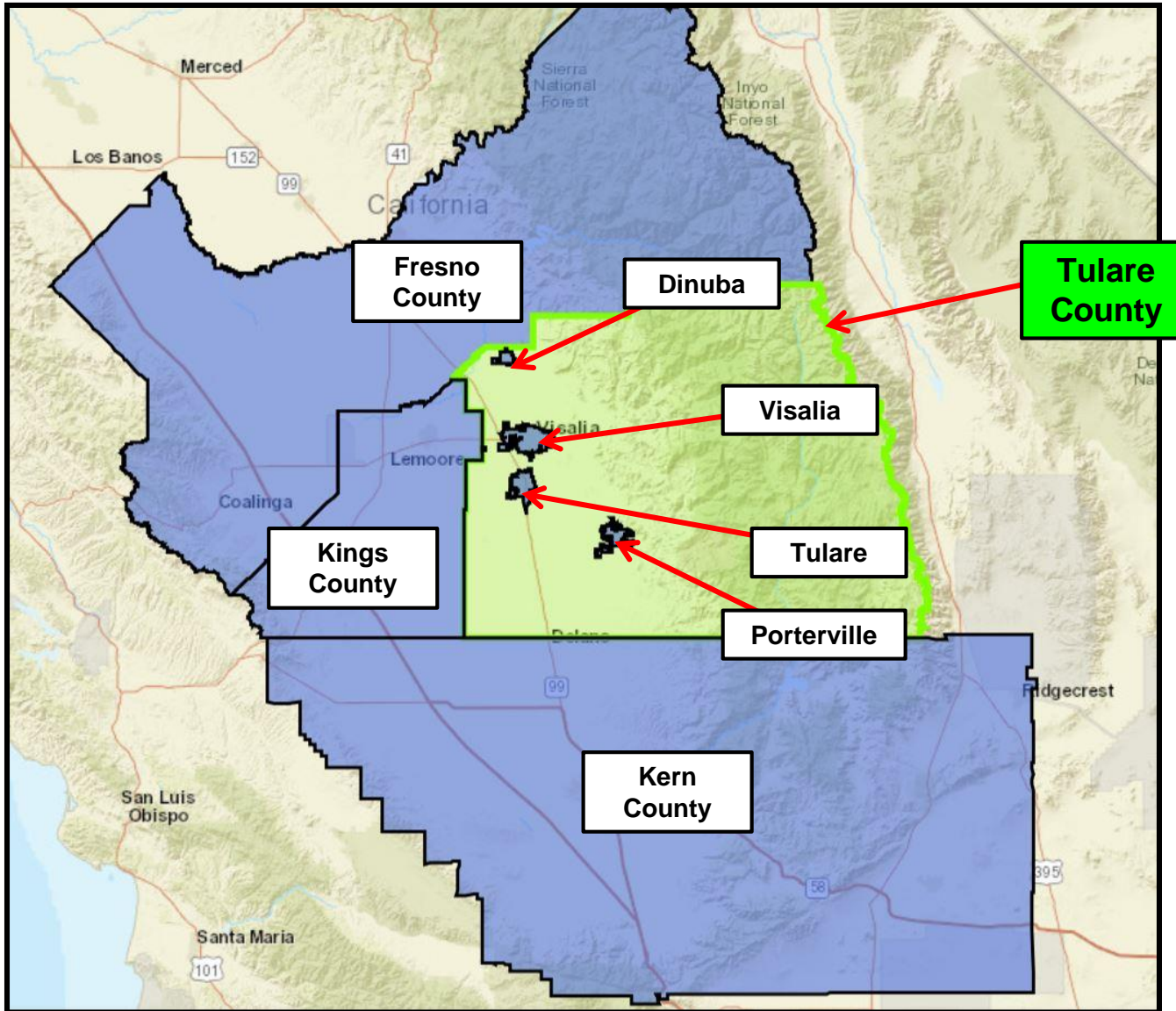
Summary: Unemployment and Employment by Industry

- Kosmont analyzed Economic and Demographic information for Tulare County, the County's three largest population centers (Cities of Porterville, Tulare, and Visalia), and the County's unincorporated communities. Jobs and homes were concentrated in the western half of the County in and around these major population centers
- The County has **higher unemployment** compared to the State average, with most workers in the County employed in agriculture, health care and social assistance, educational services, retail trade, and manufacturing
- **Balanced** inflow/outflow of jobs: Approximately one-third of employees who live in the County work in other areas including Fresno, Bakersfield, Delano, Hanford, and Los Angeles. Similarly, many employees who work in the County, come from other areas such as Fresno, Hanford, Bakersfield, Los Angeles, and Reedley
- Overall, Tulare County's jobs/housing ratio of 1.42 is comparable to the State ratio of 1.4 and reflects a very stable employment environment. Of note, the **unincorporated communities have a low jobs/housing ratio (0.60)**, which implies a potential need for additional job creation

Market Supply & Demand Analysis

*Supply, Vacancy, & Lease Rates
(Industrial, Retail, Office, & Multifamily)*

Tulare County & Comparison Regions

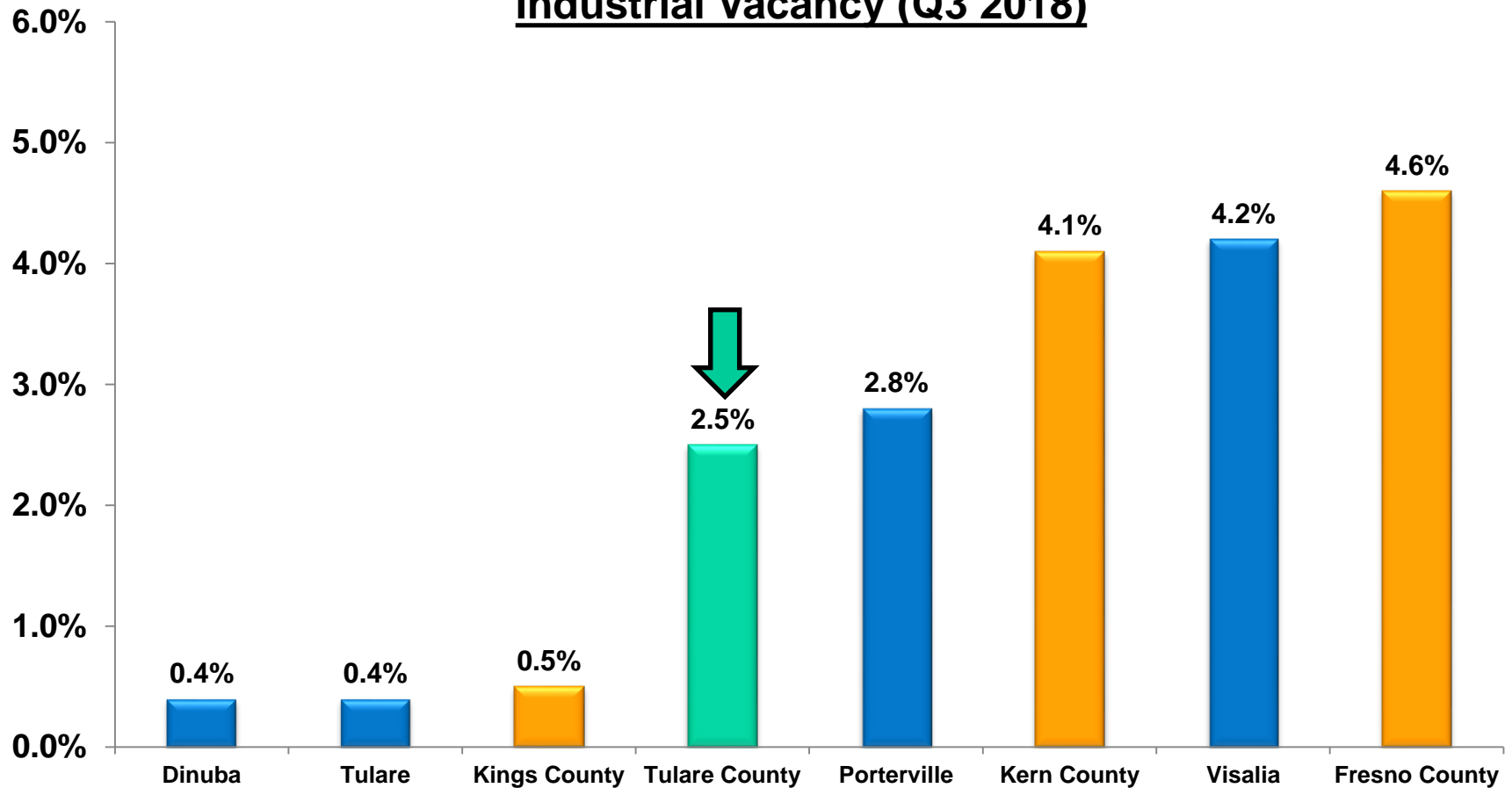


Source: ESRI (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Vacancy – Overall by Geography

Industrial Vacancy (Q3 2018)



Total Gross Leasable Area (GLA) in millions of SF:

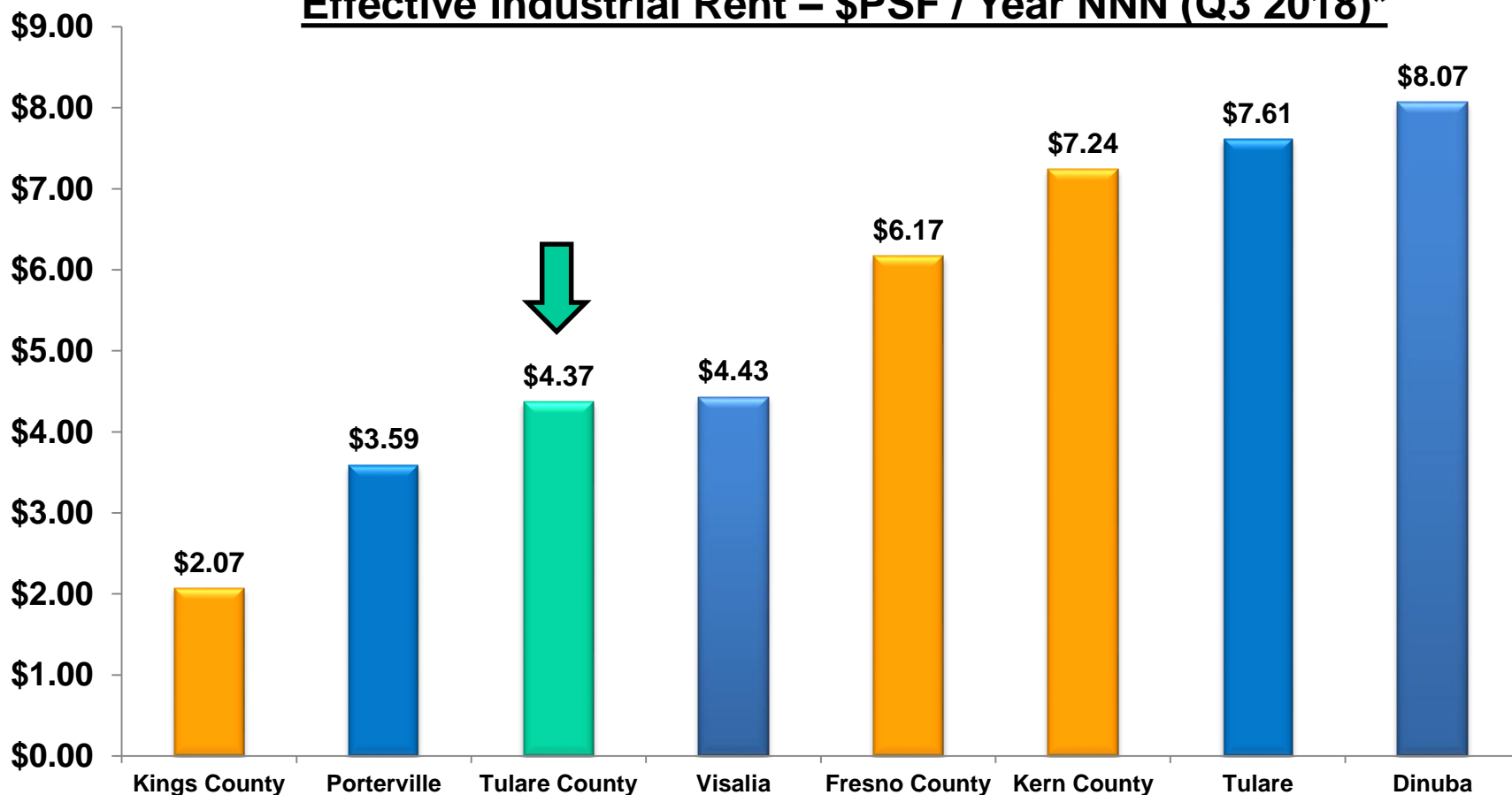
2.4	5.6	8.7	35.5	3.5	47.5	16.2	80.8
-----	-----	-----	------	-----	------	------	------

Source: CoStar (Q3 2018); **Note:** Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Lease Rates – Overall by Geography

Effective Industrial Rent – \$PSF / Year NNN (Q3 2018)*



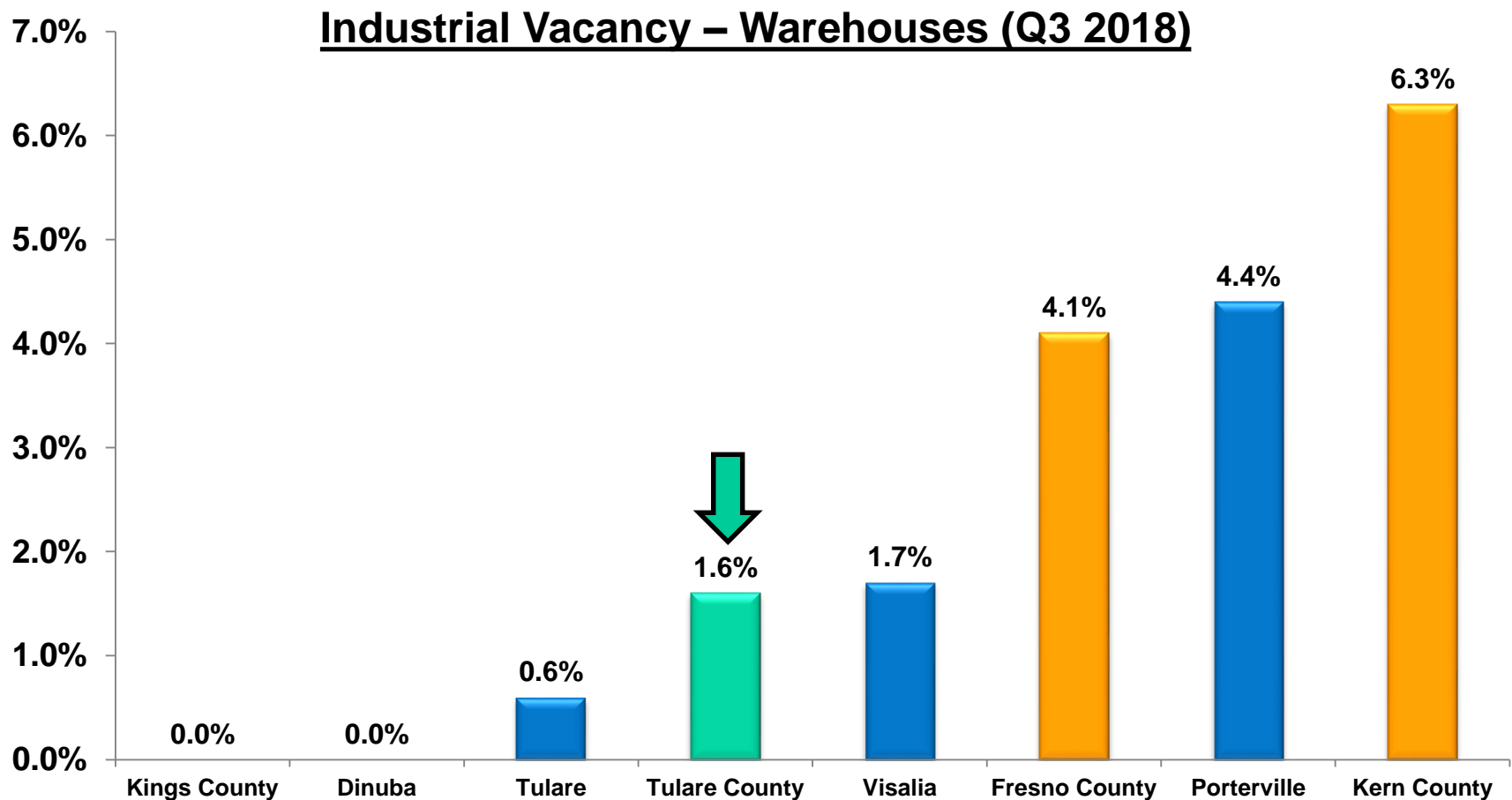
Total Gross Leasable Area (GLA) in millions of SF:

8.7	3.5	35.5	16.2	80.8	47.5	5.6	2.4
-----	-----	------	------	------	------	-----	-----

Source: CoStar (Q3 2018); ***Note:** Triple Net rents not provided for industrial uses in Tulare and Dinuba. The numbers above for these two cities, reflect “all-service” rents. Total GLA refers to total built space.

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Industrial Vacancy – Warehouses by Geography



Total Gross Leasable Area (GLA) in millions of SF:

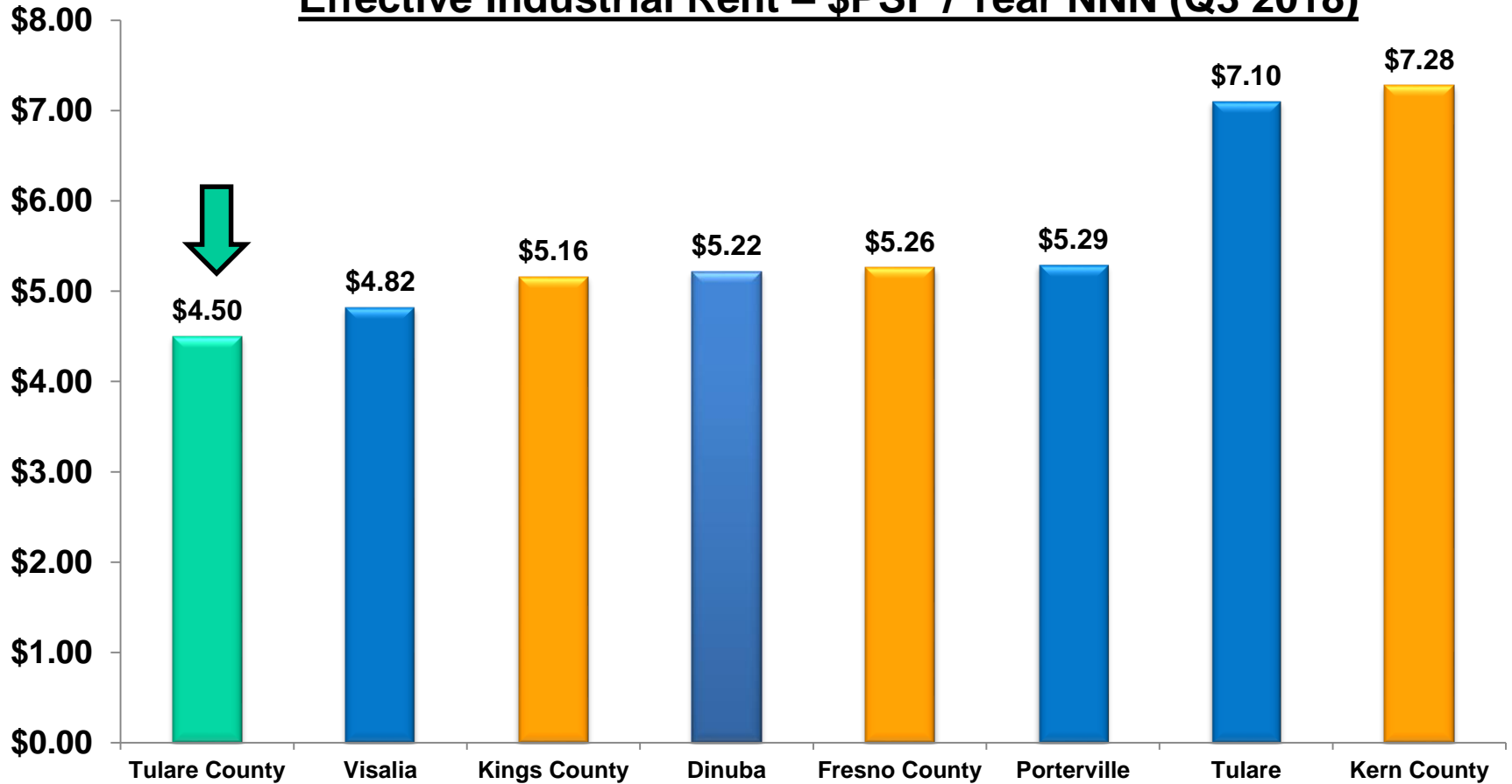
3.5	1.7	2.3	16.5	6.9	46.1	1.6	22.3
-----	-----	-----	------	-----	------	-----	------

Source: CoStar (Q3 2018); **Note:** CoStar defines warehouse facilities as typically 25,000 SF or greater in size, box shape, with one loading dock for every 15,000 SF of rentable building area. Site coverage is typically up to 50%. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Lease Rates – Warehouses by Geography

Effective Industrial Rent – \$PSF / Year NNN (Q3 2018)



Total Gross Leasable Area (GLA) in millions of SF:

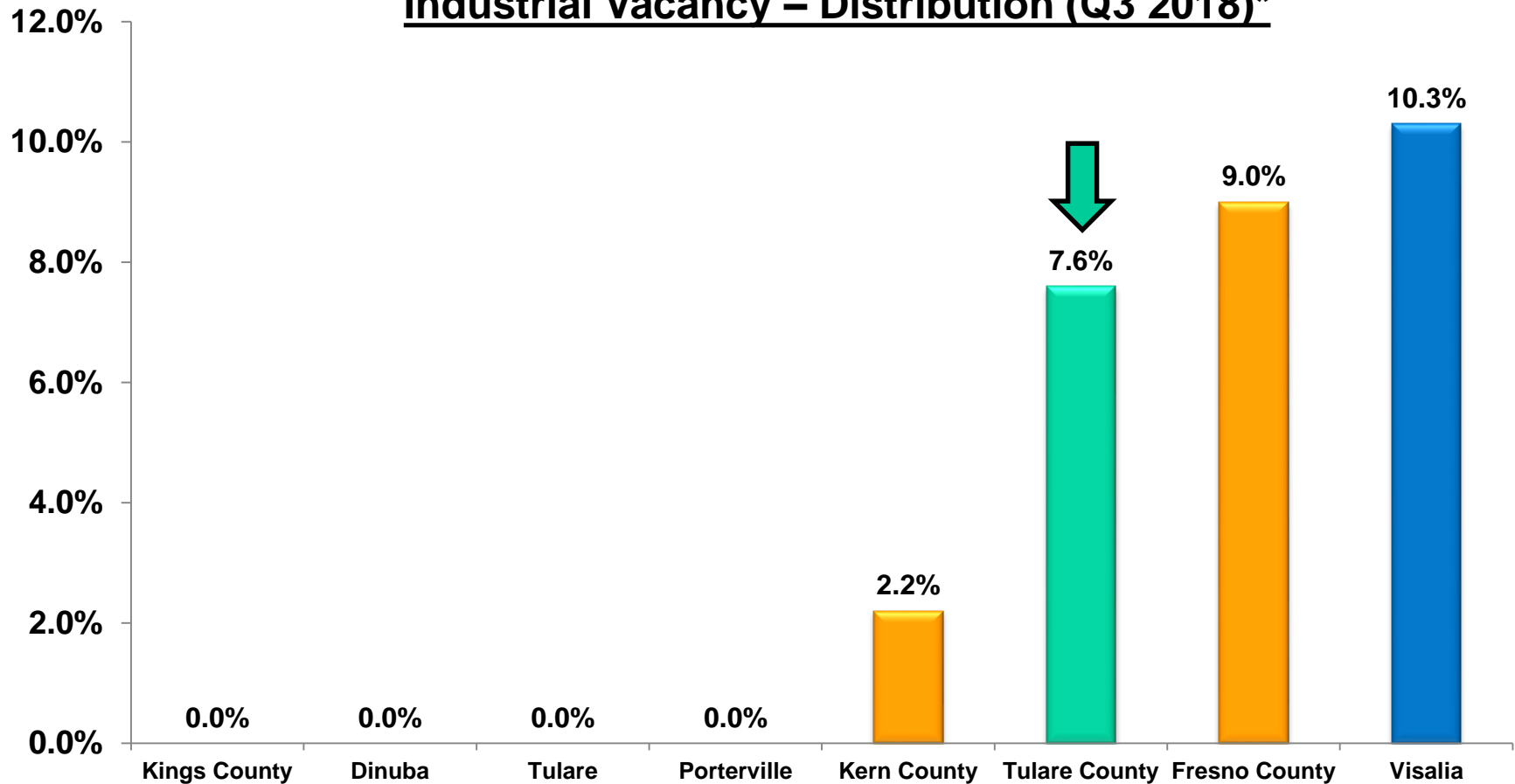
16.5	6.9	3.5	1.7	46.1	1.6	2.3	22.3
------	-----	-----	-----	------	-----	-----	------

Source: CoStar (Q3 2018); **Note:** CoStar defines warehouse facilities as typically 25,000 SF or greater in size, box shape, with one loading dock for every 15,000 SF of rentable building area. Site coverage is typically up to 50%. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Vacancy – Distribution by Geography

Industrial Vacancy – Distribution (Q3 2018)*



Total Gross Leasable Area (GLA) in millions of SF:

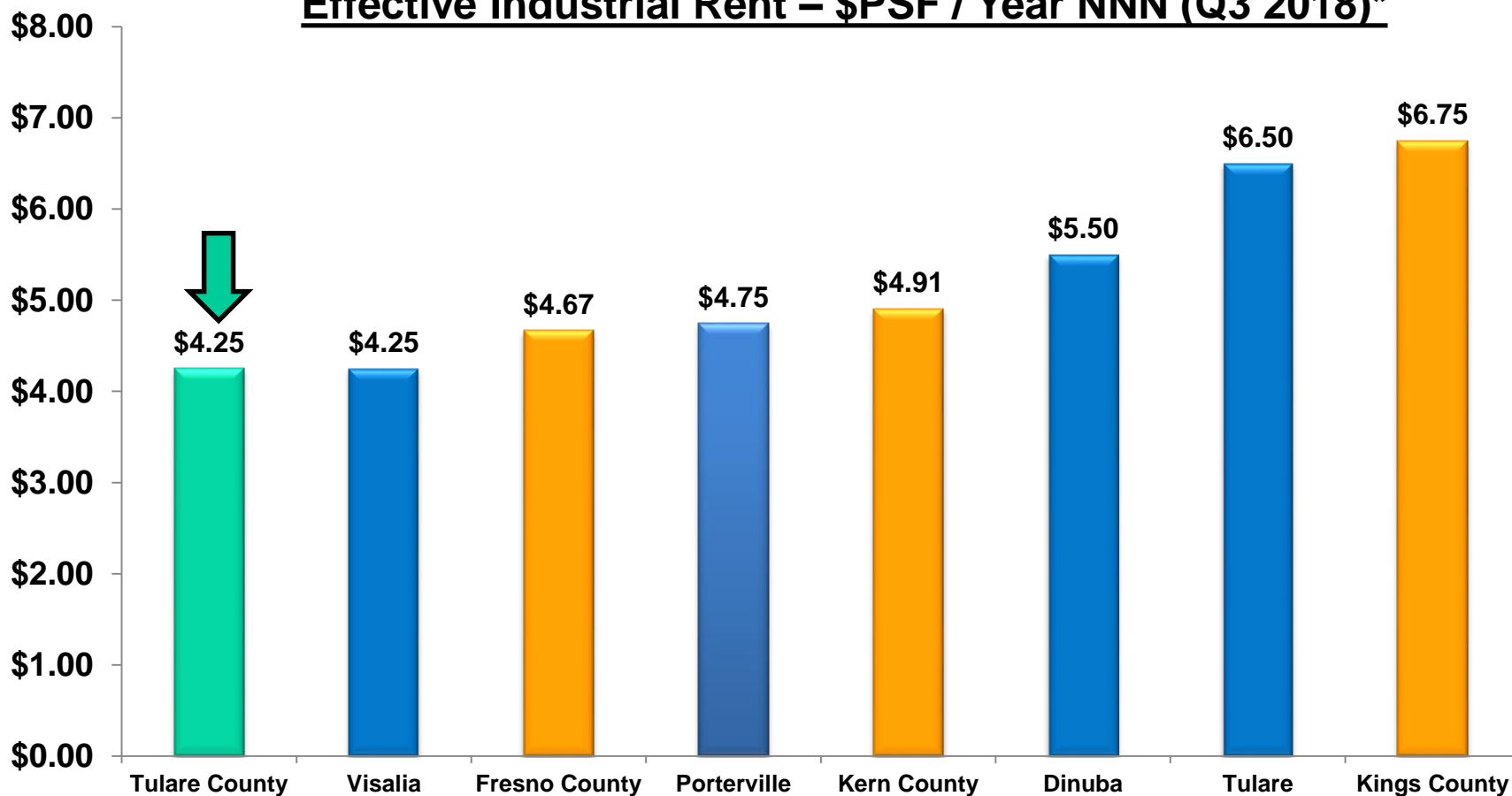
1.2	0.05	0.05	1.2	13.1	6.7	12.3	4.9
-----	------	------	-----	------	-----	------	-----

Source: CoStar (Q3 2018); ***Note:** Many regions only contained one building designated as a distribution facility. These facilities were entirely leased. Thus, many regions do not have any vacancy in this category. CoStar defines distribution facilities as large buildings, both single and multi-tenant, used for the warehousing and distribution of inventory. Buildings are typically 200,000 SF or more, with one loading door for every 100,000 SF of rentable building area and site coverage of 40%. These buildings are often cross-docked with trailer parking. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Lease Rates – Distribution by Geography

Effective Industrial Rent – \$PSF / Year NNN (Q3 2018)*



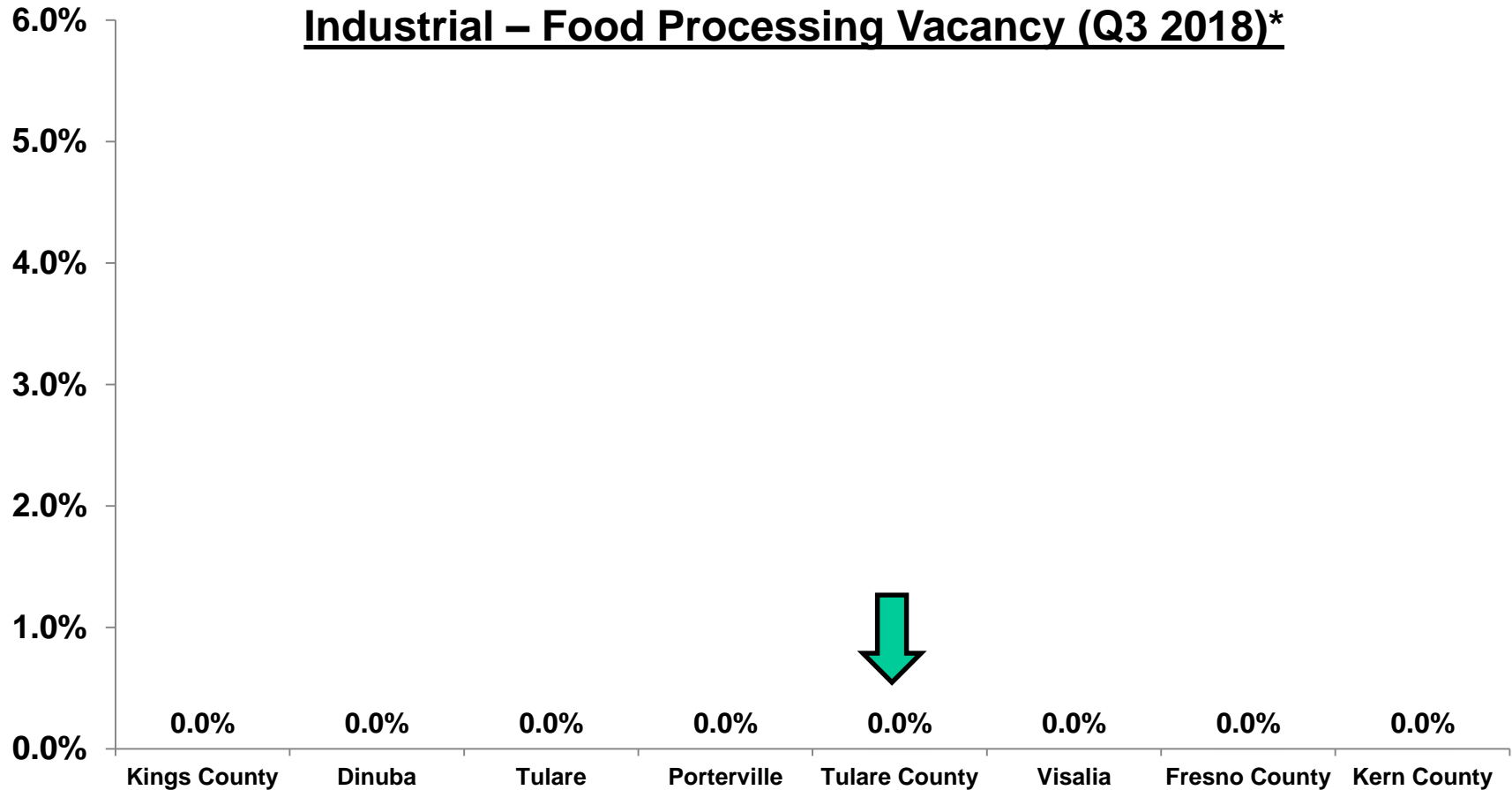
Total Gross Leasable Area (GLA) in millions of SF:

6.7	4.9	12.3	1.2	13.1	0.05	0.05	1.2
-----	-----	------	-----	------	------	------	-----

Source: CoStar (Q3 2018); ***Note:** CoStar provided a range of lease rates for each distribution facility in the regions. The lease rates shown in this graph represent the average of the medians calculated from the lease rate ranges provided for each facility. CoStar defines distribution facilities as large buildings, both single and multi-tenant, used for the warehousing and distribution of inventory. Buildings are typically 200,000 SF or more, with one loading door for every 100,000 SF of rentable building area and site coverage of 40%. These buildings are often cross-docked with trailer parking. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Vacancy – Food Processing by Geography



Total Gross Leasable Area (GLA) in millions of SF:

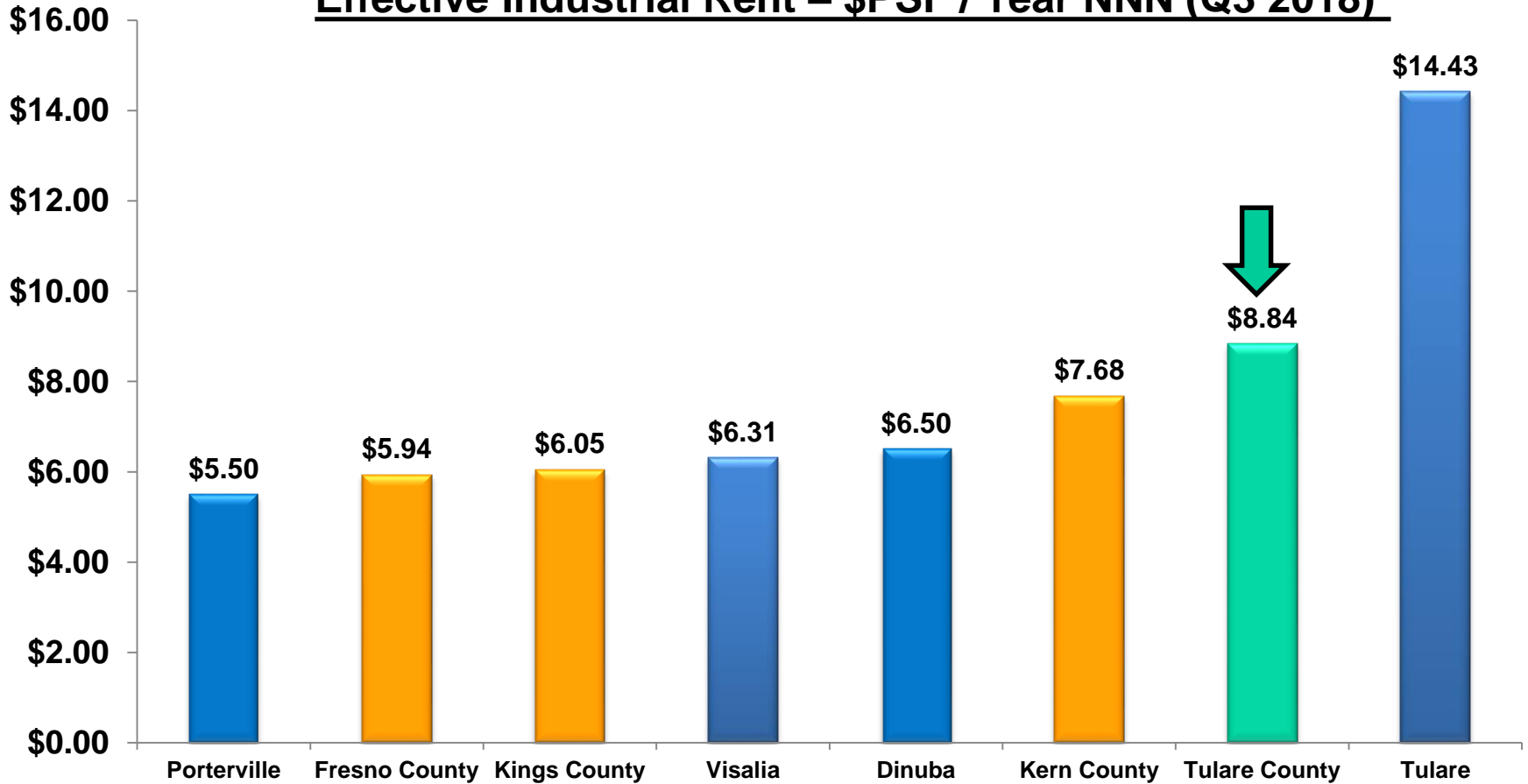
2.8	0.2	1.2	0.04	2.9	1.2	3.1	2.4
-----	-----	-----	------	-----	-----	-----	-----

Source: CoStar (Q3 2018); ***Note:** Most regions only contained one building designated as a food processing facility. These facilities were entirely leased. Thus, none of these regions have any vacancy in this category. CoStar defines food processing buildings as facilities that are used for the processing of food goods. These buildings may or may not have cold storage or freezer space. Typical uses include: bakeries, canneries, frozen foods, and dry foods. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Industrial Lease Rates – Food Processing by Geography

Effective Industrial Rent – \$PSF / Year NNN (Q3 2018)*



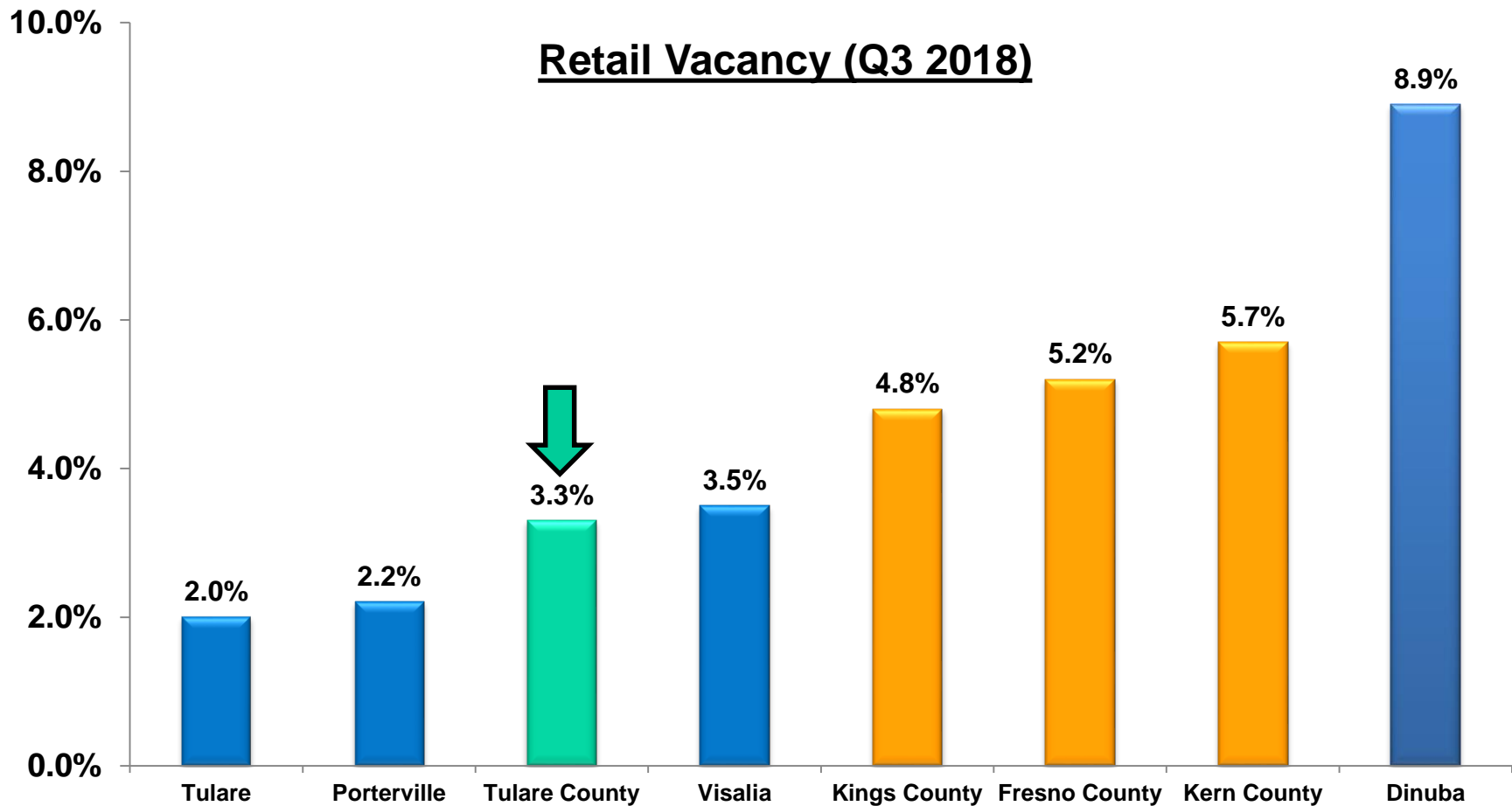
Total Gross Leasable Area (GLA) in millions of SF:

0.04	3.1	2.8	1.2	0.2	2.4	2.9	1.2
------	-----	-----	-----	-----	-----	-----	-----

Source: CoStar (Q3 2018); ***Note:** CoStar provided a range of lease rates for food processing facilities in Dinuba, Porterville, Tulare, Visalia, Kings County, and Kern County. The lease rates shown in this graph represent the average of the medians calculated from the lease rate ranges provided for each facility. CoStar defines food processing buildings as facilities that are used for the processing of food goods. These buildings may or may not have cold storage or freezer space. Typical uses include: bakeries, canneries, frozen foods, and dry foods. Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Vacancy by Geography



Total Gross Leasable Area (GLA) in millions of SF:

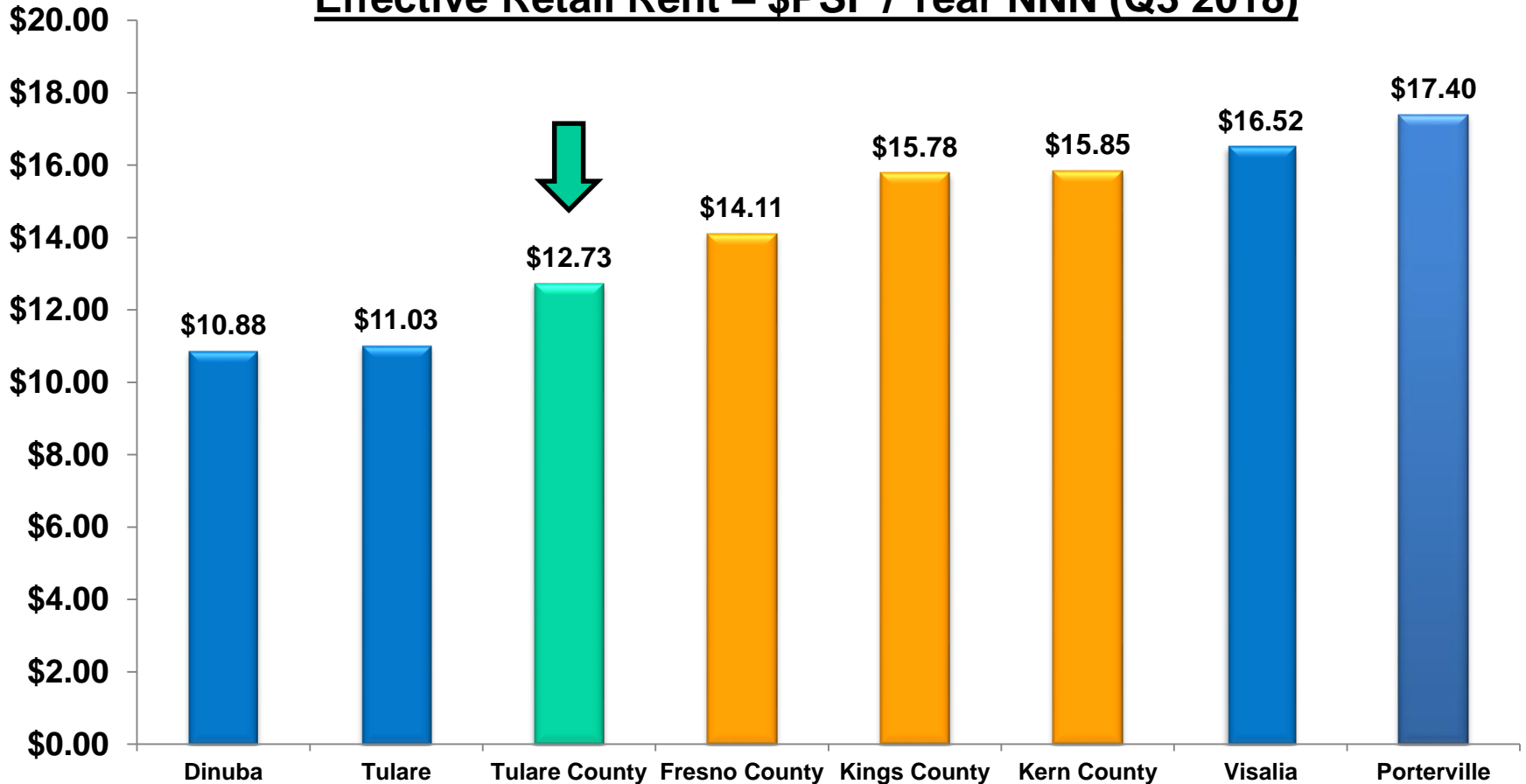


Source: CoStar (Q3 2018); **Note:** Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Lease Rates by Geography

Effective Retail Rent – \$PSF / Year NNN (Q3 2018)



Total Gross Leasable Area (GLA) in millions of SF:

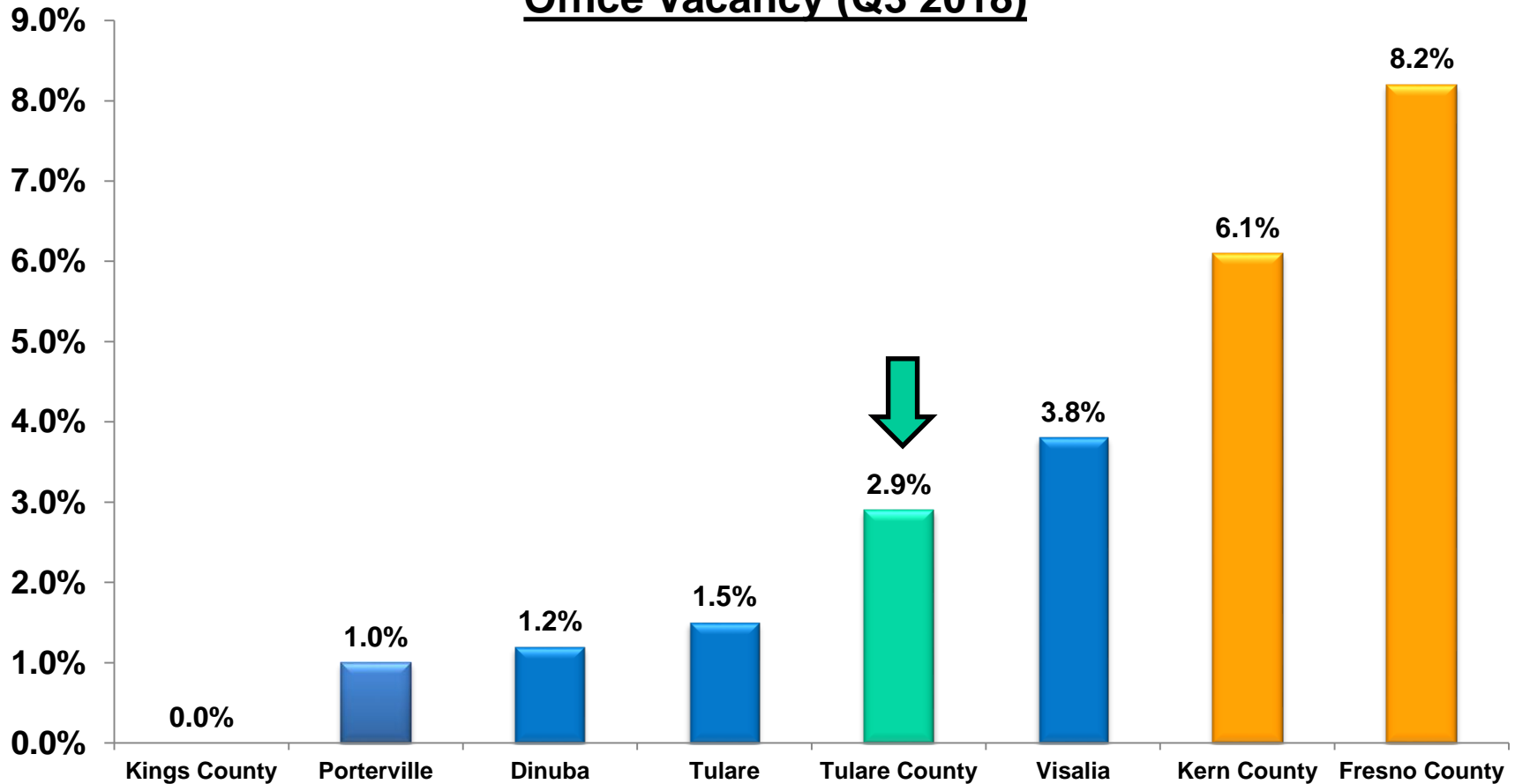
1.6	3.7	19.5	47.8	6.3	31.6	8.6	3.5
-----	-----	------	------	-----	------	-----	-----

Source: CoStar (Q3 2018); **Note:** Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Office Vacancy by Geography

Office Vacancy (Q3 2018)



Total Gross Leasable Area (GLA) in millions of SF:

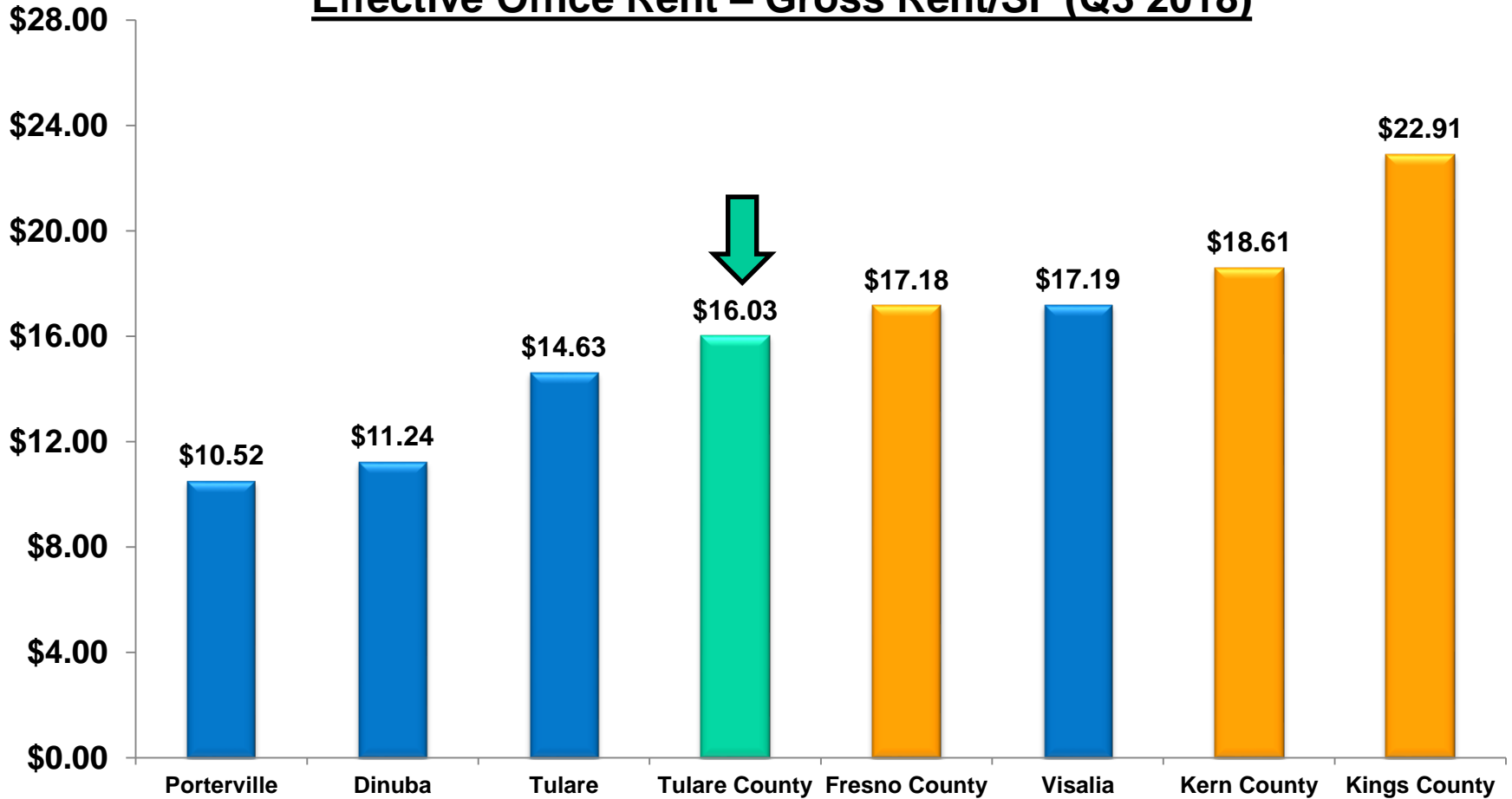
1.4	1.0	0.3	0.9	6.7	4.3	15.2	27.8
-----	-----	-----	-----	-----	-----	------	------

Source: CoStar (Q3 2018); **Note:** Tulare County Medical Office Market = 1.3 M sq. ft.; Med. Office Vacancy (0.9%), Med. Office Lease Rates (\$17.27). Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Office Lease Rates by Geography

Effective Office Rent – Gross Rent/SF (Q3 2018)



Total Gross Leasable Area (GLA) in millions of SF:

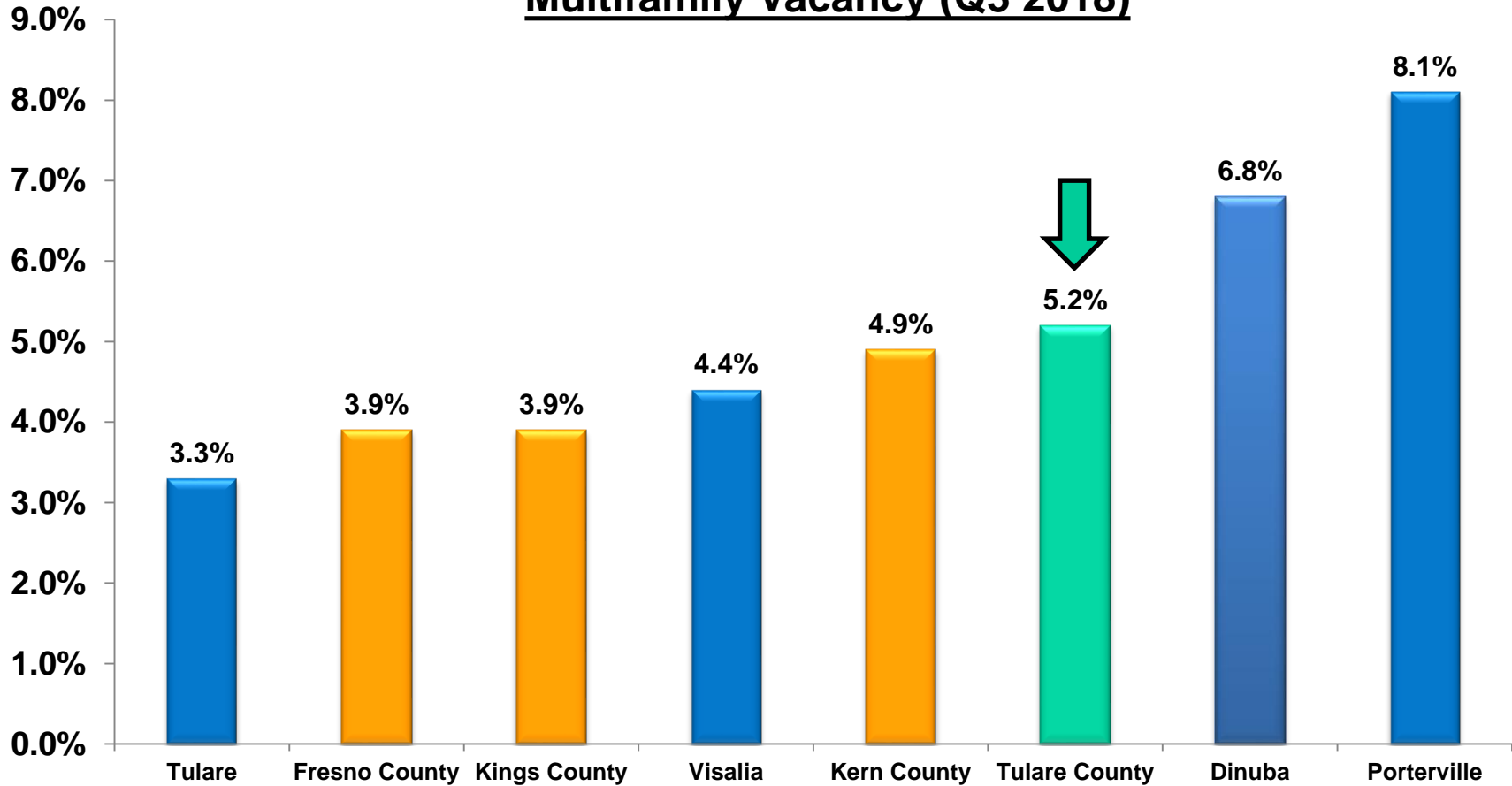
1.0	0.3	0.9	6.7	27.8	4.3	15.2	1.4
-----	-----	-----	-----	------	-----	------	-----

Source: CoStar (Q3 2018); **Note:** Tulare County Medical Office Market = 1.3 M sq. ft.; Med. Office Vacancy (0.9%), Med. Office Lease Rates (\$17.27). Total GLA refers to total built space.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Multifamily Vacancy by Submarket

Multifamily Vacancy (Q3 2018)



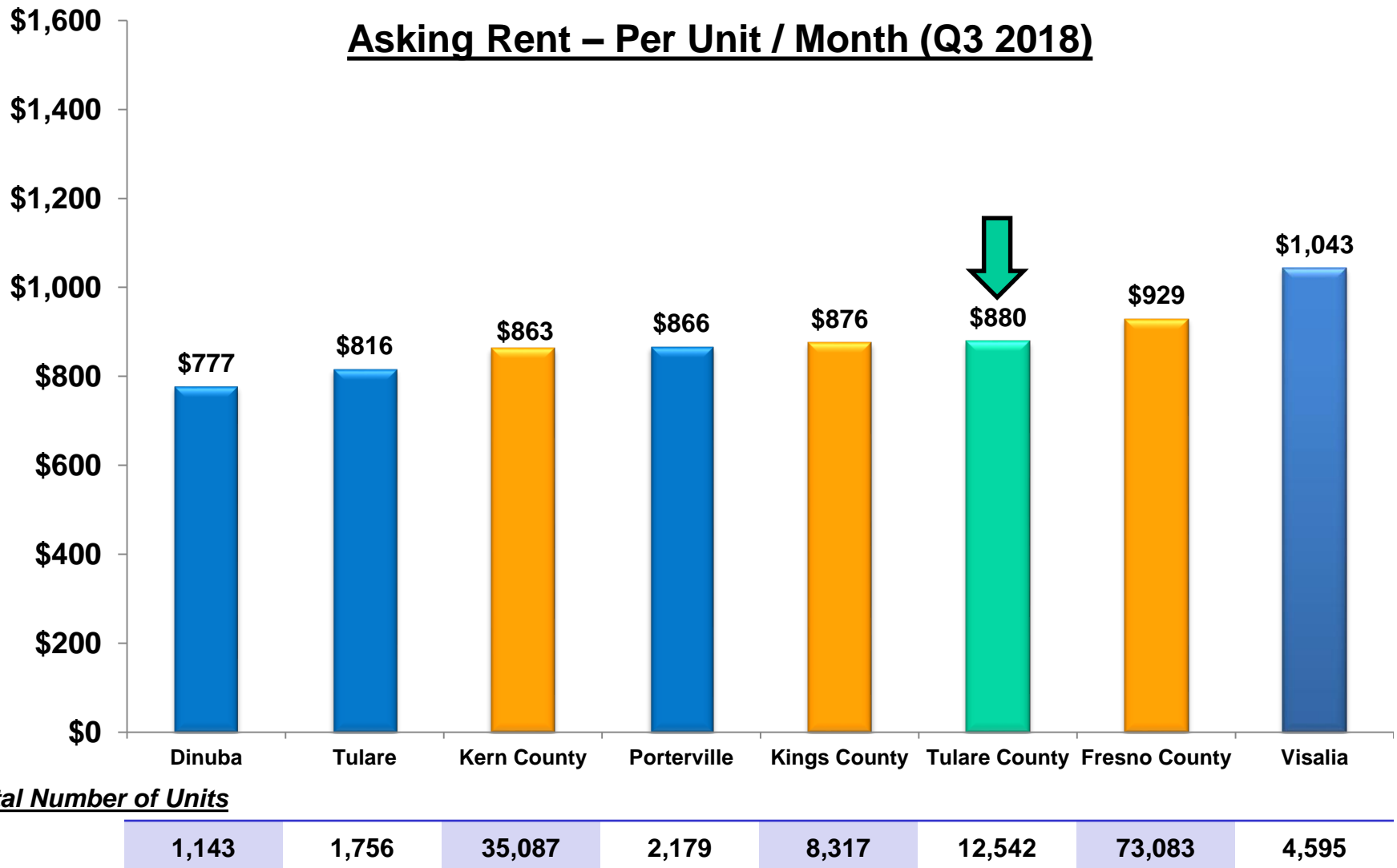
Total Number of Units

1,756	73,083	8,317	4,595	35,087	12,542	1,143	2,179
-------	--------	-------	-------	--------	--------	-------	-------

Source: CoStar (Q3 2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Multifamily Lease Rates by Submarket



Source: CoStar (Q3 2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Summary: Supply, Vacancy & Lease Rates

- Supply, vacancy, and lease/rental rates for industrial (overall, warehouse, distribution, and food processing), retail, office, and multifamily uses are compared between the four most populous cities in Tulare County (Dinuba, Porterville, Tulare, and Visalia), three neighboring counties (Fresno, Kern, and Kings Counties), and the Tulare County market average
- Overall industrial vacancy and lease rates are **lower** in Tulare County compared to Fresno and Kern Counties, but **higher** than Kings County demonstrating demand for industrial uses
 - Warehouse facility vacancy in Tulare County is **lower** than Fresno and Kern Counties, but **higher** than Kings County. Lease rates for warehousing facilities in Tulare County are **lower** than that of Fresno, Kern, and Kings Counties, indicating additional demand for warehouses
 - Vacancy among distribution facilities in Tulare County is **higher** than Kern and Kings Counties, but **lower** than Fresno County. Lease rates for distribution facilities in Tulare County are **lower** than Fresno, Kern, and Kings Counties, indicating slight potential demand for distribution facilities
 - Due to few food processing facilities in the region, there is no vacancy among food processing facilities in Tulare County or any comparable county. Lease rates for food processing facilities in Tulare County are **higher** than Fresno, Kern, and Kings Counties, indicating a potentially strong market for food processing facilities in Tulare County

Source: CoStar (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Summary: Supply, Vacancy & Lease Rates (cont.)

- Tulare County retail vacancy is **lower** and lease rates are **lower** than Fresno, Kern, and Kings Counties, indicating some demand for retail uses
- Office vacancy in Tulare County is **lower** than Fresno and Kern Counties, but **higher** than Kings County. Office lease rates are **lower** than Fresno, Kern, and Kings Counties, indicating some potential demand for new office development
- Multifamily vacancy is **higher** than Fresno, Kern, and Kings Counties. Asking rents per unit in Tulare County is slightly **higher** than Kern and Kings Counties, but **lower** than Fresno County, limiting potential demand for new housing in the area

Source: CoStar (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

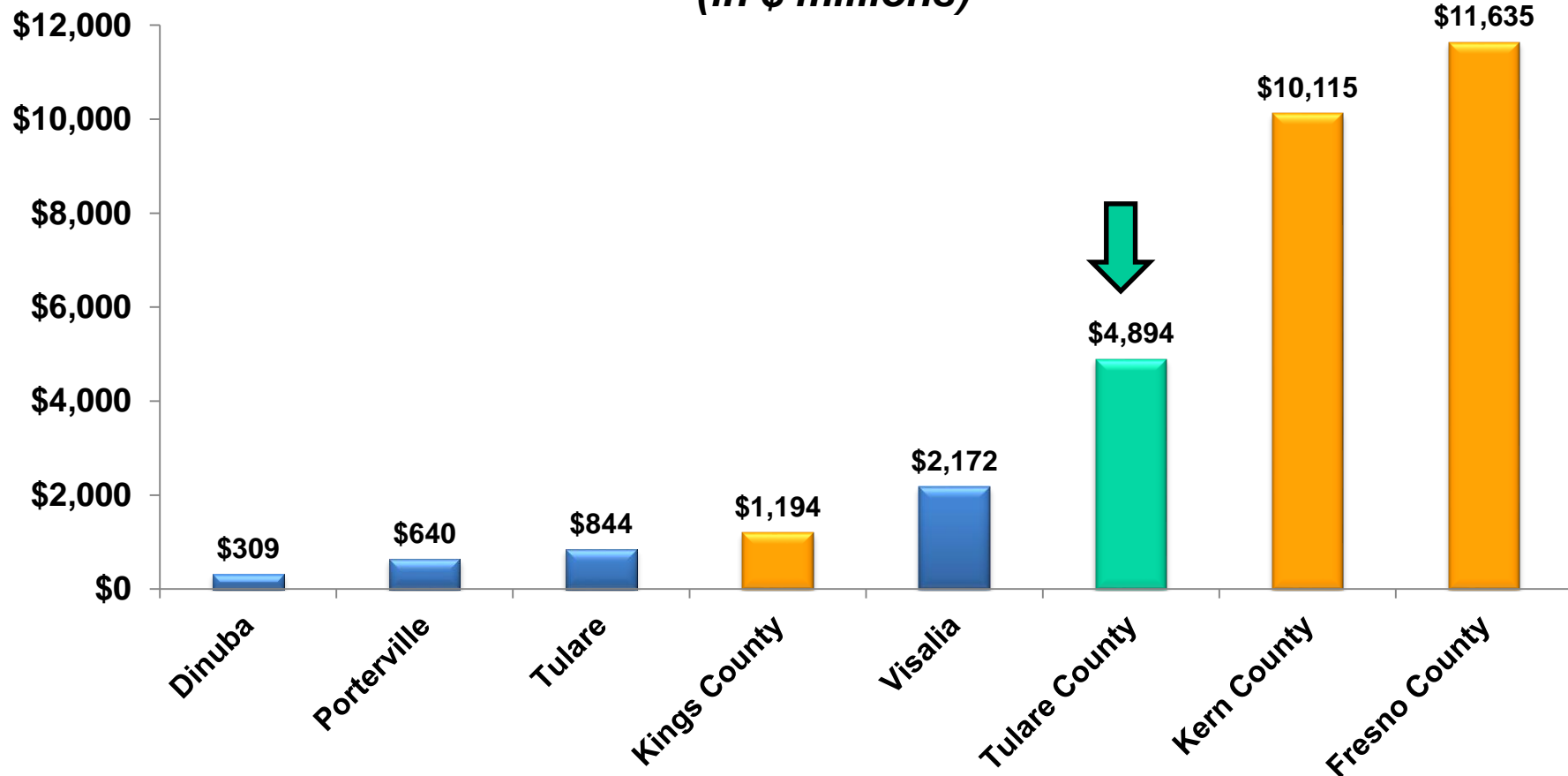
Market Demand Analysis

Retail Sales Performance

Retail Sales Comparison

Tulare County & Comparison Regions

Retail Sales in 2017
(in \$ millions)



2018 Population (000s):

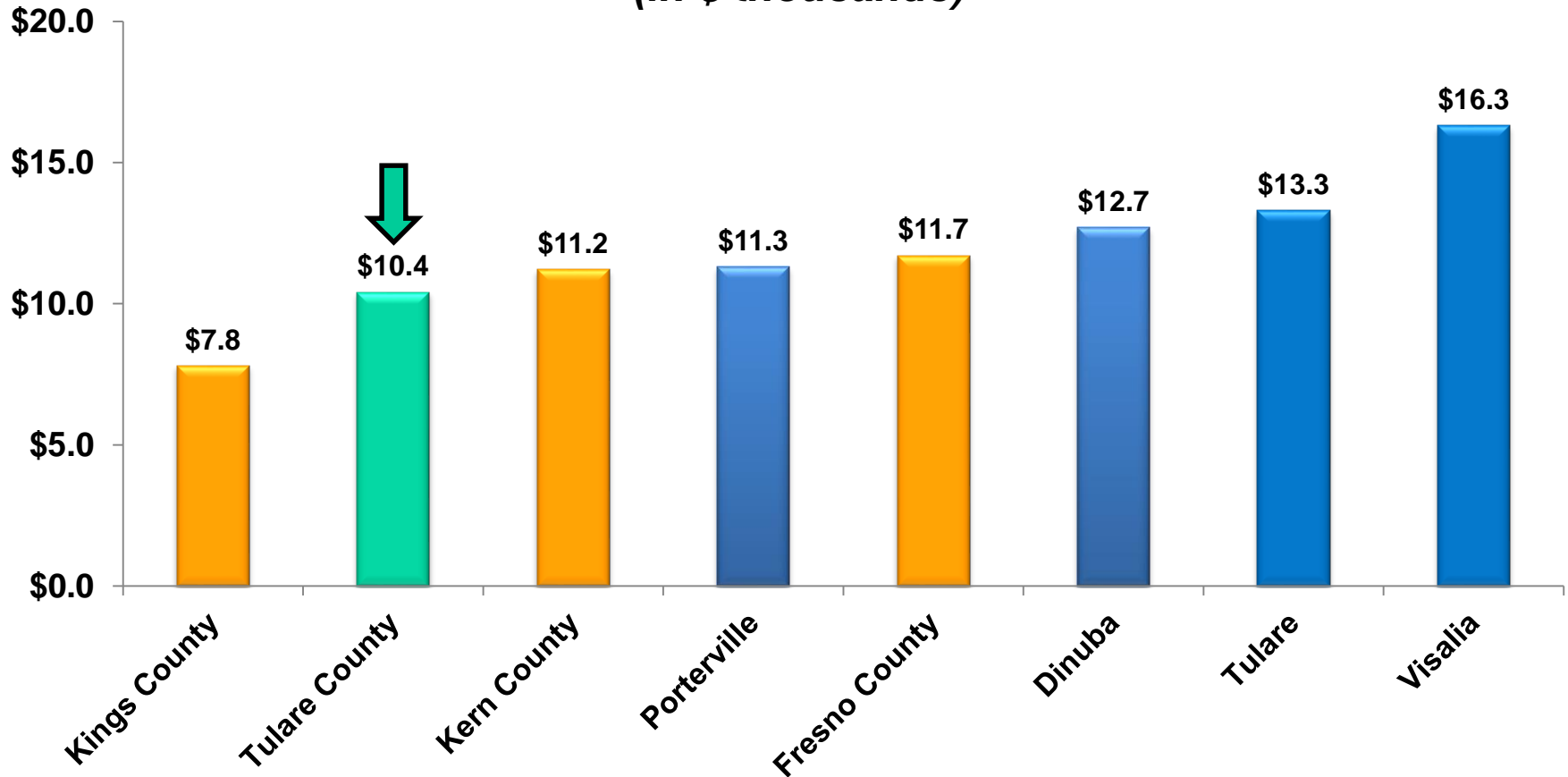
24	57	63	154	133	469	902	997
----	----	----	-----	-----	-----	-----	-----

Source: ESRI, Infogroup (2018); Includes taxable and non-taxable sales

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Per Capita Retail Sales Tulare County & Comparison Regions

Per Capita Retail Sales in 2017
(in \$ thousands)



2018 Population (000s):

154	469	902	57	997	24	63	133
-----	-----	-----	----	-----	----	----	-----

Source: ESRI, Infogroup (2018); Includes taxable and non-taxable sales

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Category Definitions

- **Shopper Goods / GAFO** *(General Merchandise, Apparel & Accessories, Furniture & Other Sales)*
 - Clothing & Clothing Accessories Stores
 - General Merchandise Stores
 - Furniture & Home Furnishings Stores
 - Health & Personal Care Stores
 - Sporting Goods, Hobby, Book & Music Stores
 - Electronics & Appliance Stores
 - Miscellaneous Store Retailers (incl. Office Supply)
- **Convenience Goods**
 - Food and Beverage (Grocery Stores)
 - Food Service and Drinking Places (Restaurants & Bars)
- **Heavy Commercial Goods**
 - Building Materials (Home Improvement)
 - Auto Dealers & Supplies
 - Gasoline / Service Stations
- Non-Store Retailers (e.g., Online Shopping & Mail-Order)

Note: Retail Categories delineated by NAICS / California Board of Equalization

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Per Capita Retail Sales by Category Tulare County & Comparison Regions

Per Capita Retail Sales	Tulare County	Dinuba	Porterville	Tulare	Visalia	Uninc. Comm.*	Fresno County	Kern County	Kings County
Shopper Goods (GAFO):									
Clothing & Accessories Stores	\$447	\$228	\$231	\$754	\$1,034	\$8	\$478	\$354	\$225
General Merchandise Stores	\$1,931	\$5,144	\$2,747	\$1,543	\$3,583	\$163	\$2,166	\$1,671	\$1,702
Furniture & Home Stores	\$286	\$279	\$174	\$575	\$478	\$5	\$240	\$294	\$157
Health & Personal Care Stores	\$561	\$781	\$882	\$1,089	\$745	\$113	\$655	\$620	\$406
Sporting Goods, Hobby, Book Stores	\$181	\$186	\$143	\$79	\$465	\$15	\$288	\$168	\$142
Electronics & Appliance Stores	\$154	\$52	\$128	\$140	\$299	\$19	\$236	\$182	\$74
Miscellaneous Store Retailers	\$283	\$59	\$248	\$616	\$345	\$149	\$470	\$271	\$144
Total GAFO	\$3,843	\$6,728	\$4,554	\$4,796	\$6,948	\$473	\$4,533	\$3,560	\$2,851
Convenience Goods:									
Food & Beverage Stores	\$1,874	\$1,608	\$2,237	\$1,467	\$3,200	\$912	\$2,087	\$2,156	\$1,257
Food Services & Drinking Places (Restaurants)	\$928	\$853	\$1,084	\$1,375	\$1,506	\$247	\$1,095	\$1,036	\$694
Total Convenience	\$2,802	\$2,461	\$3,321	\$2,842	\$4,706	\$1,159	\$3,182	\$3,191	\$1,951
Heavy Commercial:									
Bldg Materials, Garden Equip. Stores	\$498	\$296	\$725	\$586	\$849	\$90	\$614	\$787	\$398
Motor Vehicle & Parts Dealers	\$1,534	\$1,711	\$1,148	\$1,796	\$2,723	\$538	\$2,278	\$1,977	\$1,287
Gasoline Stations	\$1,678	\$1,488	\$1,560	\$3,301	\$1,070	\$1,658	\$957	\$1,671	\$1,256
Total Heavy Commercial	\$3,710	\$3,495	\$3,434	\$5,683	\$4,642	\$2,286	\$3,849	\$4,435	\$2,941
Non-store Retailers	\$79	\$15	\$2	\$4	\$27	\$58	\$104	\$22	\$15
Total Retail	\$10,433	\$12,699	\$11,311	\$13,325	\$16,323	\$3,975	\$11,668	\$11,208	\$7,759

Key: Indicates higher value for Tulare County

Indicates lower value for Tulare County

Source: ESRI, Infogroup (2017), Includes taxable and non-taxable sales;

Note: *Unincorporated Communities includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Summary: Retail Sales Performance

- Consumer spending across retail categories is totaled and normalized for population within the County and comparison regions for the purpose of evaluating potential sales leakage / capture across jurisdictions.
- Retail sales per capita for Tulare County (~\$10,400) is **less than** the retail sales per capita of Fresno County (~\$11,700) and Kern County (~\$11,200), but **greater than** Kings County (~\$7,800)
- Higher performing sales categories include **clothing and accessories stores, furniture and home stores, sporting goods stores, electronics and appliance stores, miscellaneous store retailers, gasoline stations, and non-store retailers**
- Lower performing retail categories include **general merchandise stores, health and personal care stores, food and beverage (grocery) stores, restaurants, building materials stores, and motor vehicle and parts dealers**

Market Demand Analysis

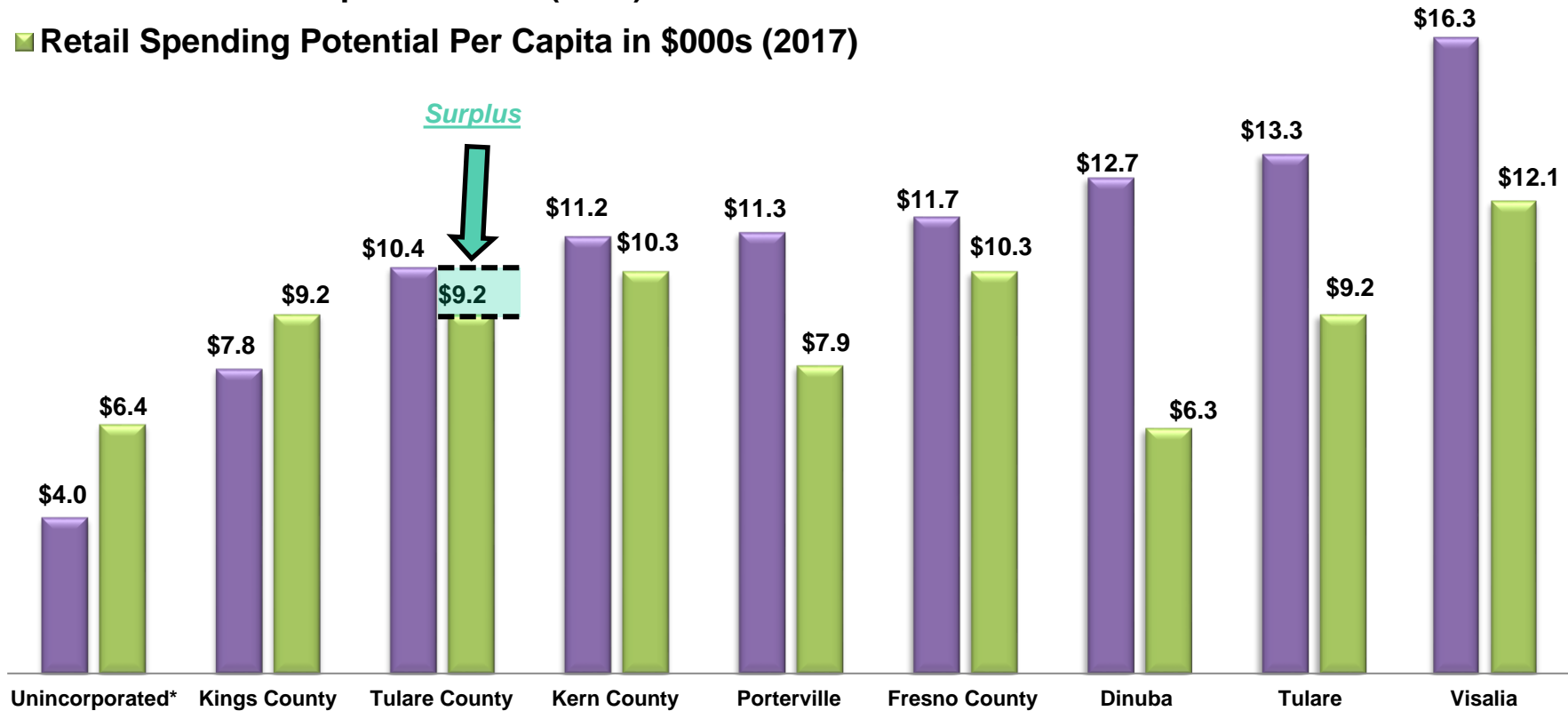
Retail Sales Surplus / Leakage

Retail Sales Surplus / Leakage

“Cash Registers vs. Wallets”

■ Retail Sales Per Capita in \$000s (2017)

■ Retail Spending Potential Per Capita in \$000s (2017)



Per Capita Sales Surplus/Leakage, Total Surplus/Leakage, and Percent Surplus/Leakage:

(\$2.4K)	(\$1.4K)	\$1.2K	\$0.9K	\$3.4K	\$1.4K	\$6.4K	\$4.1K	\$4.2K
(\$183M)	(\$225M)	\$568M	\$832M	\$194M	\$1,409M	\$155M	\$261M	\$563M
(38%)	(16%)	13%	9%	44%	14%	101%	45%	35%

Note: Spending potential based on number of households, average household income, and estimated percentage of income spent on retail goods and services **Source:** ESRI, Infogroup (2017) **Notes:** * Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Sales Surplus / Leakage by Category

Tulare County

Retail Category	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)	Online Sales Leakage Potential
<u>Shopper Goods (GAFO):</u>					
Clothing & Clothing Accessories Stores	\$275,635,044	\$209,702,570	(\$65,932,474)	(23.9%)	High
General Merchandise Stores	\$654,861,065	\$906,028,036	\$251,166,971	38.4%	Med
Furniture & Home Furnishings Stores	\$142,435,408	\$134,014,341	(\$8,421,067)	(5.9%)	Med
Health & Personal Care Stores	\$267,773,827	\$263,036,757	(\$4,737,070)	(1.8%)	Med
Sporting Goods, Hobby, Book & Music Stores	\$123,765,275	\$84,984,204	(\$38,781,071)	(31.3%)	High
Electronics & Appliance Stores	\$142,681,575	\$72,154,728	(\$70,526,847)	(49.4%)	High
Miscellaneous Store Retailers	\$144,383,498	\$132,614,808	(\$11,768,690)	(8.2%)	Varies
Subtotal – GAFO	\$1,751,535,692	\$1,802,535,444	\$50,999,752	2.9%	
<u>Convenience Goods:</u>					
Food & Beverage Stores (Grocery)	\$633,652,623	\$878,860,640	\$245,208,017	38.7%	Low
Food Services & Drinking Places (Restaurants)	\$417,900,458	\$435,317,932	\$17,417,474	4.2%	None
Subtotal – Convenience	\$1,051,553,081	\$1,314,178,572	\$262,625,491	25.0%	
<u>Heavy Commercial Goods:</u>					
Bldg Materials, Garden Equip. & Supply Stores	\$234,107,000	\$233,831,925	(\$275,075)	(0.1%)	Low
Motor Vehicle & Parts Dealers	\$818,669,555	\$719,463,584	(\$99,205,971)	(12.1%)	Low
Gasoline Stations	\$357,665,375	\$786,903,157	\$429,237,782	120.0%	None
Subtotal – Heavy Commercial	\$1,410,441,930	\$1,740,198,666	\$329,756,736	23.4%	
Non-store Retailers	\$111,977,502	\$36,865,401	(\$75,112,101)	(67.1%)	Varies
Total Retail	\$4,325,508,205	\$4,893,778,083	\$568,269,878	13.1%	

Source: ESRI, Infogroup (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Surplus / Leakage Summary by Category

Tulare County

Surplus Retail Categories

- General Merchandise Stores
- Food & Beverage Stores (Grocery)
- Food Services & Drinking Places (Restaurants)
- Gasoline Stations

Leakage Retail Categories

- Clothing & Clothing Accessories Stores
- Furniture & Home Furnishings Stores
- Health & Personal Care Stores
- Sporting Goods, Hobby, Book & Music Stores
- Electronics & Appliance Stores
- Miscellaneous Store Retailers
- Bldg. Materials, Garden Equip. & Supply Stores
- Motor Vehicle & Parts Dealers
- Non-store Retailers

Retail Sales Surplus / Leakage by Category

Unincorporated Communities*

Retail Category	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)	Online Sales Leakage Potential
<u>Shopper Goods (GAFO):</u>					
Clothing & Clothing Accessories Stores	\$31,797,975	\$633,035	(\$31,164,940)	(98.0%)	High
General Merchandise Stores	\$74,692,961	\$12,380,713	(\$62,312,248)	(83.4%)	Med
Furniture & Home Furnishings Stores	\$15,353,950	\$367,564	(\$14,986,386)	(97.6%)	Med
Health & Personal Care Stores	\$29,787,977	\$8,593,553	(\$21,194,424)	(71.2%)	Med
Sporting Goods, Hobby, Book & Music Stores	\$14,296,594	\$1,103,282	(\$13,193,312)	(92.3%)	High
Electronics & Appliance Stores	\$16,130,147	\$1,475,052	(\$14,655,095)	(90.9%)	High
Miscellaneous Store Retailers	\$15,853,006	\$11,260,402	(\$4,592,604)	(29.0%)	Varies
Subtotal – GAFO	\$197,912,610	\$35,813,601	(\$162,099,009)	(81.9%)	
<u>Convenience Goods:</u>					
Food & Beverage Stores (Grocery)	\$72,366,501	\$69,113,842	(\$3,252,659)	(4.5%)	Low
Food Services & Drinking Places (Restaurants)	\$46,854,767	\$18,701,825	(\$28,152,942)	(60.1%)	None
Subtotal – Convenience	\$119,221,268	\$87,815,667	(\$31,405,601)	(26.3%)	
<u>Heavy Commercial Goods:</u>					
Bldg Materials, Garden Equip. & Supply Stores	\$24,066,082	\$6,815,358	(\$17,250,724)	(71.7%)	Low
Motor Vehicle & Parts Dealers	\$88,911,640	\$40,787,023	(\$48,124,617)	(54.1%)	Low
Gasoline Stations	\$41,202,043	\$125,658,962	\$84,456,919	205.0%	None
Subtotal – Heavy Commercial	\$154,179,765	\$173,261,343	\$19,081,578	12.4%	
Non-store Retailers	\$12,512,581	\$4,366,864	(\$8,145,717)	(65.1%)	Varies
Total Retail	\$483,826,224	\$301,257,475	(\$182,568,749)	(37.7%)	

Source: ESRI, Infogroup (2018); **Note:** *Unincorporated Communities includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Surplus / Leakage Summary by Category

*Unincorporated Communities**

Surplus Retail Categories

- Gasoline Stations

Leakage Retail Categories

- Clothing & Clothing Accessories Stores
- General Merchandise Stores
- Furniture & Home Furnishings Stores
- Health & Personal Care Stores
- Sporting Goods, Hobby, Book & Music Stores
- Electronics & Appliance Stores
- Miscellaneous Store Retailers
- Food & Beverage Stores (Grocery)
- Food Services & Drinking Places (Restaurants)
- Bldg. Materials, Garden Equip. & Supply Stores
- Motor Vehicle & Parts Dealers
- Non-store Retailers

Source: ESRI, Infogroup (2018); **Note:** *Unincorporated Communities includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Sales Surplus / Leakage by Category

Health and Personal Care

Geography	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)	Online Sales Leakage Potential
Porterville	\$27,261,410	\$49,909,477	\$22,648,067	83.1%	Medium
Tulare	\$35,712,757	\$68,935,015	\$33,222,258	93.0%	
Visalia	\$99,894,165	\$99,110,614	(\$783,551)	(0.8%)	
Unincorporated Communities*	\$29,787,977	\$8,593,553	(\$21,194,424)	(71.2%)	
Tulare County	\$267,773,827	\$263,036,757	(\$4,737,070)	(1.8%)	

Source: ESRI, Infogroup (2018) Note: *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Retail Sales Surplus / Leakage by Category

Food and Beverage (Grocery)

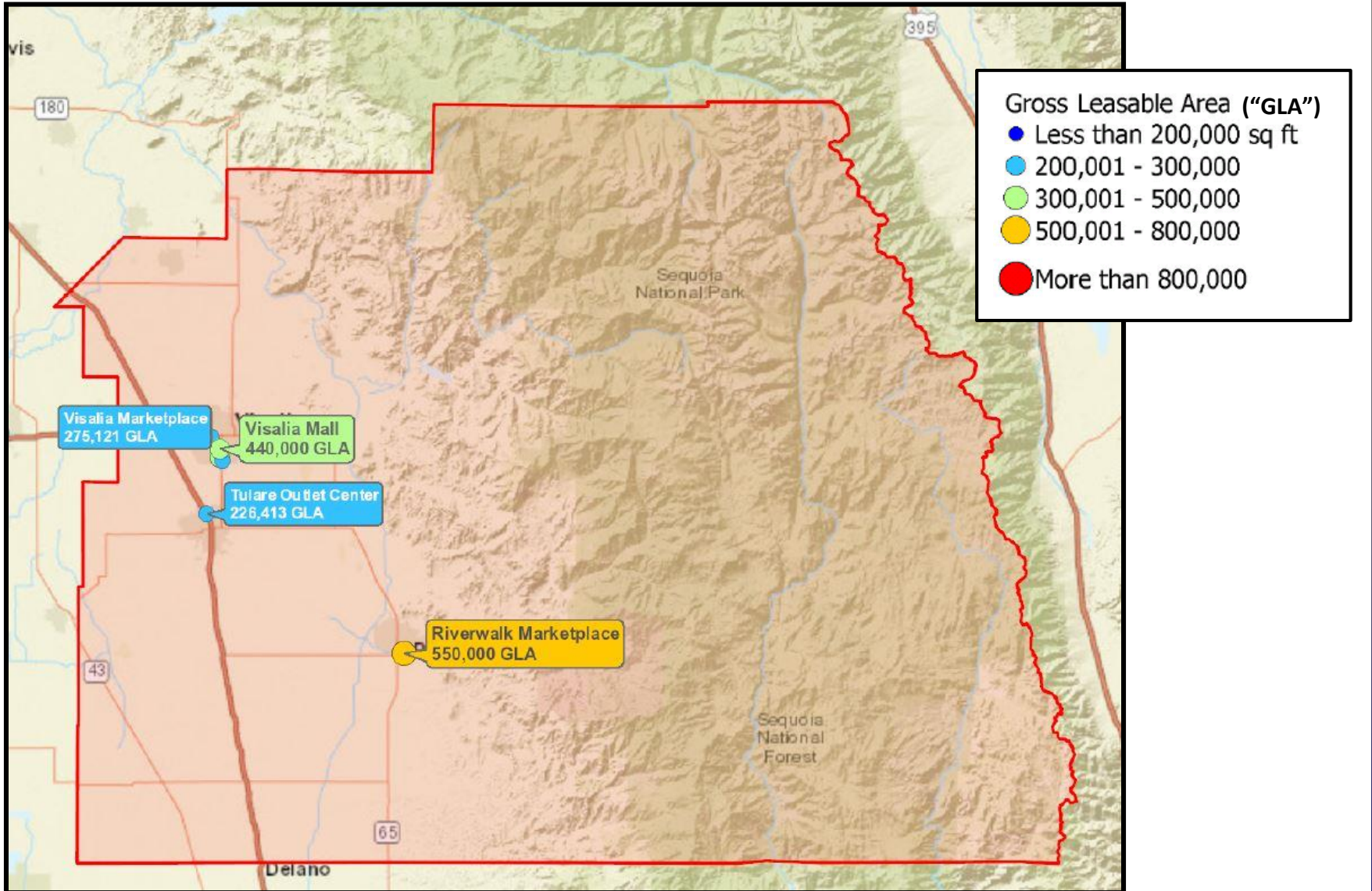
Geography	Retail Spending Potential	Retail Sales	Retail Surplus/ (Leakage)	Percent Surplus/ (Leakage)	Online Sales Leakage Potential
Porterville	\$65,925,829	\$126,524,168	\$60,598,339	91.9%	
Tulare	\$84,981,636	\$92,857,886	\$7,876,250	9.3%	
Visalia	\$233,663,497	\$425,736,752	\$192,073,255	82.2%	Low
Unincorporated Communities*	\$72,366,501	\$69,113,842	(\$3,252,659)	(4.5%)	
Tulare County	\$633,652,623	\$878,860,640	\$245,208,017	38.7%	

Source: ESRI, Infogroup (2018) **Note:** *Includes the 59 Census Designated Places (CDPs), not incorporated cities, within Tulare County

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Major Shopping Center Map

Tulare County



Source: ESRI; Directory of Major Malls (2018)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

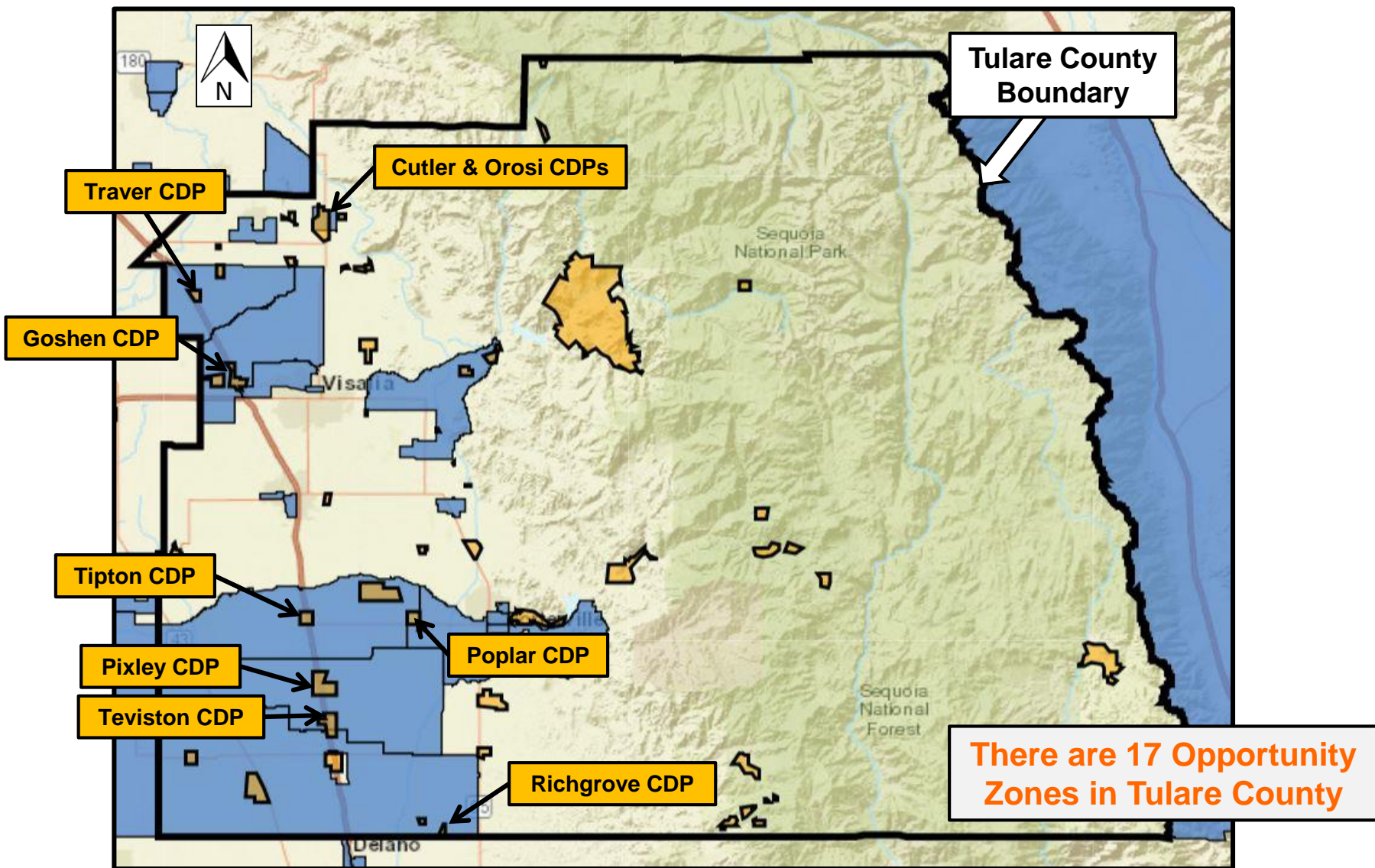
Summary: Retail Sales Surplus / Leakage

- Overall retail sales in Tulare County are **higher** than retail spending potential based on households and average household income, suggesting that, the County is likely capturing a significant portion of Tulare County resident retail purchases and additional retail spending by residents of other neighboring jurisdictions (i.e. retail sales **surplus**).
- Kosmont analyzed retail sales within Tulare County and found certain retail categories exhibiting a retail sales leakage:
 - Clothing & Clothing Accessories Stores
 - Furniture & Home Furnishings Stores
 - Health & Personal Care Stores
 - Sporting Goods, Hobby, Book, & Music Stores
 - Electronics & Appliance Stores
 - Miscellaneous Store Retailers
 - Building Materials, Garden Equipment & Supply Stores
 - Motor Vehicle & Parts Dealers
 - Non-store Retailers

2. Strategy

a) Opportunity Site Areas & Prioritization

Opportunity Zone Census Tracts Eligible for Deferral or Elimination of Capital Gains Tax



Source: ESRI (2018); Nominated Opportunity Zone Census Tracts are in blue

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

E.D. Opportunity Site Area Summary

Partial List

Site Area

Potential Targeted Projects / Uses

- | | |
|-----------------|--|
| 1) Goshen | <ul style="list-style-type: none">• Industrial / light-industrial (3 sites)• Mixed-use |
| 2) Earlimart | <ul style="list-style-type: none">• Commercial adjacent to Auto Zone• Commercial / residential reuse of cold storage facilities |
| 3) Traver | <ul style="list-style-type: none">• Highway commercial• Industrial / distribution / transportation• Visitor services (taking advantage of Bravo Farms) |
| 4) Pixley | <ul style="list-style-type: none">• Industrial / cold storage / distribution (2 sites)• Industrial reuse of Harmon Field |
| 5) Cutler-Orosi | <ul style="list-style-type: none">• Retail / commercial |

Sources: County of Tulare; Kosmont Companies “Sustainable Highway 99 Corridor Plan Market Study”, Jan. 11, 2016

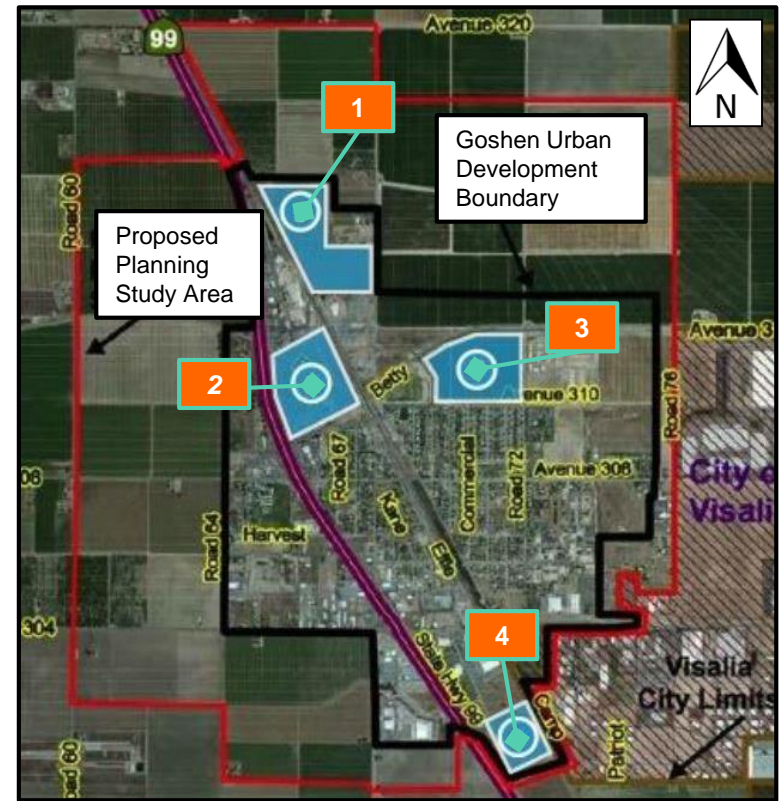
Note: Selected Opportunity Site Areas listed above (partial list for prioritization purposes)

Kosmont’s analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client’s discretion.

Opportunity Site Area #1

Goshen

Site #	Description	Size (SF/AC)	Owner Plans	Current Uses/Zoning
1	Undeveloped land northeast of Effie Dr./Nutmeg Rd. well suited for industrial, but would require pvt. investment in groundwater well	90 AC	# of parcels and owners are not known	Goshen Community Plan allows site to be converted to industrial uses
2	Undeveloped land between Betty Dr., Effie Dr./Nutmeg Rd. and Road 67; Has access to water/sewer; May be attractive for industrial uses	Unknown	# of parcels and owners are not known	Goshen Community Plan allows site to be converted to industrial uses
3	Farmland along Betty Dr. west of Road 72, available for mixed-use development; Wastewater treatment and water delivery lines extend to edge of site	Unknown	# of parcels and owners are not known	Area is productive farmland that has been designated for mixed-use development
4	Active farmland south of Ave. 304, between Camp Dr. and Hwy. 99 designated for light industrial use; Has wastewater treatment water delivery lines extending to site; Goshen Ave. on-ramp	Unknown	Owner's plans to develop this site are unknown	Productive farmland area is designated for light industrial uses
TOTAL SIZE OF OPPORTUNITIES		90+ acres		



Strengths

- Residents have high levels of education and incomes
- Strategic location near Visalia Industrial Park and Hwy 198 generates strong demand for new business space
- Opportunity Zone designation
- Hwy 99 access

Challenges

- Infrastructure improvements needed on two of four economic development opportunities in Goshen (e.g. water/sewer)

Opportunities

- Caltrans project to replace Betty Dr. interchange and overpass will have significant economic and physical impact
- Pursue mixed-use development on productive farmland parcel and industrial uses on other three sites

Sources: County of Tulare; Kosmont Companies "Sustainable Highway 99 Corridor Plan Market Study", Jan. 11, 2016;

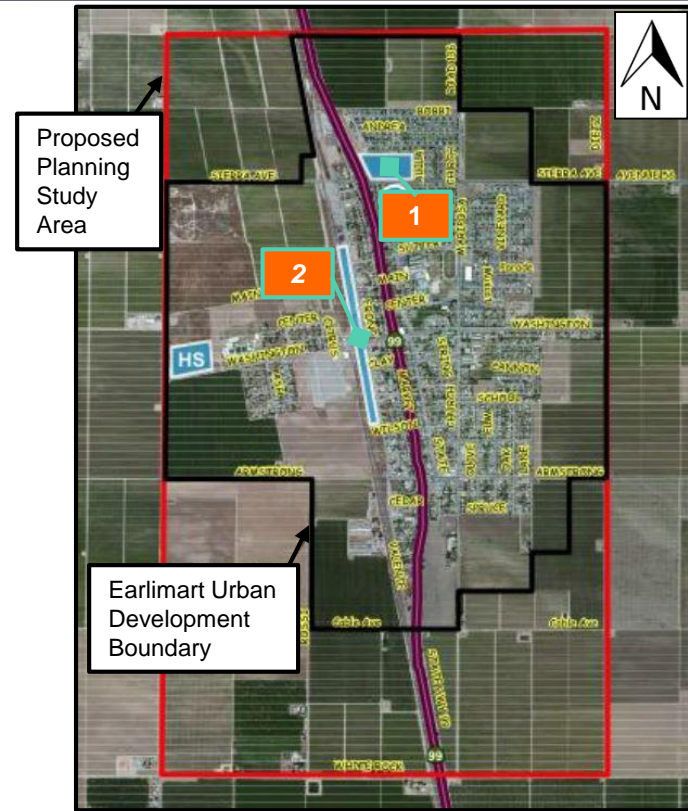
Note: The blue opportunity sites on the map were taken from the Market Study cited above.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Opportunity Site Area #2

Earlimart

Site #	Description	Size (SF/AC)	Owner Plans	Current Uses/Zoning
1	Partially developed commercial site (White River Plaza) anchored by an Auto Zone; Includes additional vacant land that can absorb more commercial uses with full access to water/sewer services; McDonalds attracted to area in 2015	7.3 AC	Site is being developed into the White River Plaza, anchored by Auto Zone; some pads remain available for lease	County encourages more commercial growth in the area. Vacant land can absorb more commercial uses
2	Closed and underutilized cold storage facilities located along the N. Front Street corridor between Sutter and Franklin Avenues that could be reused for other business uses, residential, or artist colonies depending on building conditions and owner's intentions; Adaptive reuse should have full access to infrastructure services	Unknown	Number of facilities that are closed, along with size and owner intentions are unknown	County supports the reuse of existing buildings
TOTAL SIZE OF OPPORTUNITIES		7.3+ acres		



Strengths

- Earlimart's water/sewer infrastructure systems have capacity to absorb new growth/development
- Hwy 99 access

Challenges

- No Opportunity Zone designation
- Young population with low education rates and high rates of unemployment

Opportunities

- Further commercial development can occur at White River Plaza, anchored by Auto Zone
- Additional opportunity for reuse of existing buildings along N. Front Street corridor

Sources: County of Tulare; Kosmont Companies "Sustainable Highway 99 Corridor Plan Market Study", Jan. 11, 2016;

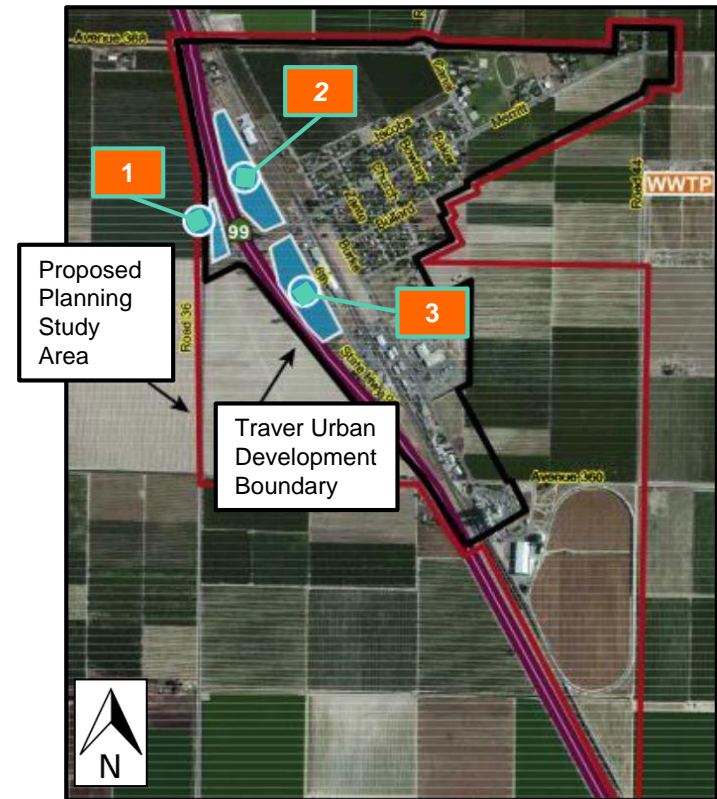
Note: The blue opportunity sites on the map were taken from the Market Study cited above.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Opportunity Site Area #3

Traver

Site #	Description	Size (SF/AC)	Owner Plans	Current Uses/Zoning
1	Undeveloped site located west of Hwy. 99 previously used as Caltrans storage yard; Site is ideally situated for highway commercial services	Unknown	Owner lacks capacity to develop Site; Property could be put up for sale	Area located within Urban Development Boundary and zoned for commercial uses
2	Undeveloped land on Northwest corner of 6 th St. and Merritt Dr.; Site is best suited for industrial, manufacturing, distribution, or transportation uses; Good access to Hwy. 99, but no visibility from Hwy. 99 traffic	Unknown	Owner's intentions to develop or sell the Site is unknown	Community Plan allows for mixed use development
3	Farmland on Southwest corner of 6 th St. and Merritt Dr.; Site could be developed for more visitor services/highway commercial, building upon the success of Bravo Farms; Location across from MAF Industries, could also make site attractive to industrial manufacturing users	Unknown	Jackson Farms owns and intends to develop the Site for highway commercial uses	Community Plan allows for mixed use development
TOTAL SIZE OF OPPORTUNITIES		Unknown		



Strengths

- Robust job growth and strong potential market demand
- Opportunity Zone designation
- Hwy 99 access

Challenges

- Opportunity sites do not have access to water/sewer lines
- New development will require property owner to fund extension of sewer collection system and a groundwater well must be constructed

Opportunities

- Pursue a variety of opportunities at different sites (highway commercial, industrial [manufacturing / distribution / transportation], and visitor services)
- Opportunity sites are within close proximity to each other; Could lead to creation of synergies between sites

Sources: County of Tulare; Kosmont Companies "Sustainable Highway 99 Corridor Plan Market Study", Jan. 11, 2016;

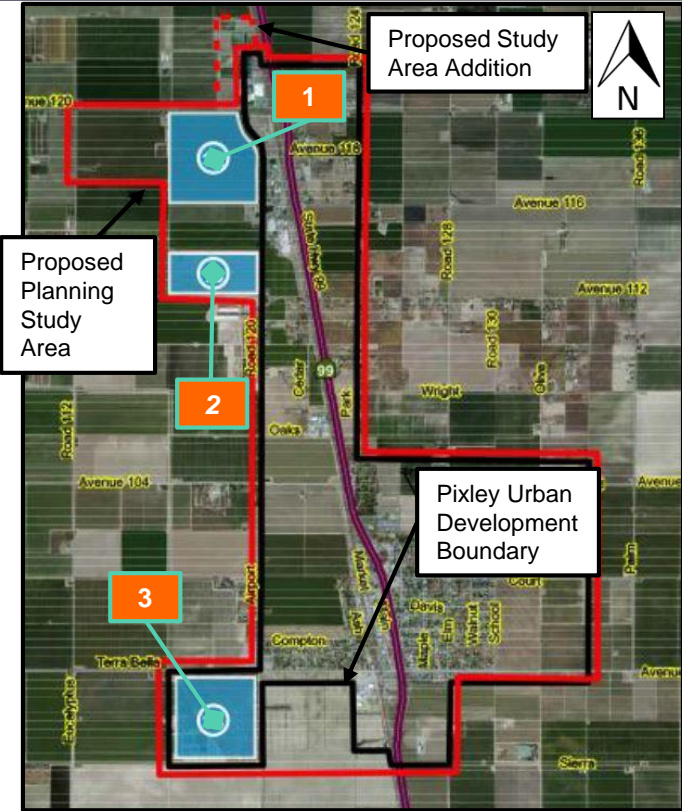
Note: The blue opportunity sites on the map were taken from the Market Study cited above.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Opportunity Site Area #4

Pixley

Site #	Description	Size (SF/AC)	Owner Plans	Current Uses/Zoning
1	Farmland area strategically located on southwest corner of Hwy. 99 and Ave. 120 interchange that can be converted for industrial uses; Could be attractive to new industrial, cold storage, or distribution establishments due to proximity to large grain mill operation and a potential rail spur	Unknown	Number of parcels, owners, and plans to develop Site are unknown	County encourages the Site to be developed for industrial uses
2	Farmland suitable for industrial, cold storage, or distribution establishments; Located at the northeast corner of Road 120 and Avenue 112, near a large grain mill operation	Unknown	Number of parcels, owners, and plans to develop Site are unknown	County encourages the Site to be developed for industrial uses
3	104-acre former crop dusting airfield (Harmon Field) owned by Tulare County planned to be reused for industrial uses; Public ownership allows County to offer land at below market sale and lease prices in order to incentivize and attract new businesses to the area	104 AC	167 parcel Site owned by Tulare County; Parcels could be leased or sold below market value to encourage development and job creation	County encourages the Site to be developed for industrial uses
TOTAL SIZE OF OPPORTUNITIES		104+ acres		



Strengths	Challenges	Opportunities
<ul style="list-style-type: none"> Opportunity Zone designation Hwy 99 access 	<ul style="list-style-type: none"> Pixley's water delivery and wastewater treatment systems cannot support new development; Businesses will need to fund infrastructure improvements on-site A new groundwater well must be tested for possible contamination 	<ul style="list-style-type: none"> Pursue industrial uses (cold storage, distribution, other industrial) taking advantage of proximity to large grain mill County-owned Harmon Field could serve as large industrial catalyst project attracting businesses and job creation

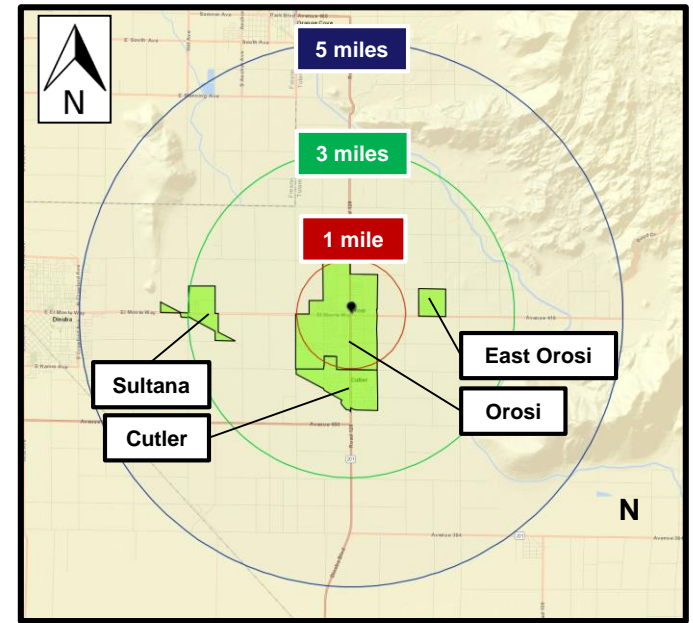
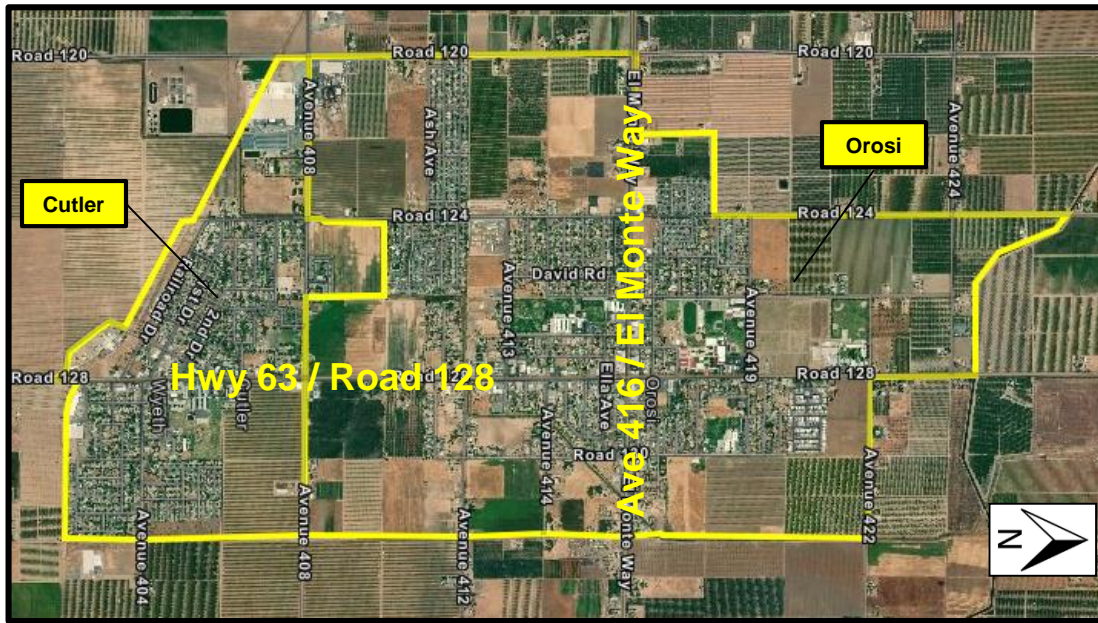
Sources: County of Tulare; Kosmont Companies "Sustainable Highway 99 Corridor Plan Market Study", Jan. 11, 2016;

Note: The blue opportunity sites on the map were taken from the Market Study cited above.

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Opportunity Site Area #5

Cutler-Orosi



Strengths

- Aggregate population base (~15,700) between Cutler, Orosi, Sultana, and East Orosi
- Regional traffic along Hwy 63 and Ave 416
- Community Plan update in process to allow more flexible zoning
- Opportunity Zone designation
- Complete Streets roadway and streetscape improvements underway

Challenges

- Infrastructure improvements needed (e.g. sewer)
- Market demand

Opportunities

- Pursue neighborhood serving retail / commercial along key arterials (Hwy 63 and Ave 416)

Sources: County of Tulare; Kosmont Companies

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

3. Implementation

- a) Summary of Findings
- b) Funding and Financing Tools
- c) Roadmap for Implementation

Summary of Findings

Demographics & Employment

- Tulare County contains a young, majority Hispanic population with larger than average household (“HH”) sizes compared to the State
- Lower average HH incomes and educational attainment compared to State; 15% of County residents have a Bachelor’s degree or higher
- Balanced inflow/outflow of jobs: One-third of employees who live in the County work in other areas, such as Fresno, Bakersfield, Delano, Hanford, and Los Angeles. Similarly, many employees who work in the County come from other areas including Fresno, Hanford, Bakersfield, Los Angeles, and Reedley
- Tulare County’s jobs/housing ratio is lower than County and State ratios, indicating a need for more jobs

Market Demand Analysis (Industrial Uses)

- Overall industrial vacancy and lease rates in Tulare County are lower than Fresno and Kern Counties, but higher than Kings County, demonstrating demand for industrial uses
- Kosmont also observed specific industrial uses (warehouse, distribution, and food processing facilities)
 - Tulare County warehouse vacancy is **lower** than Fresno and Kern Counties, but **higher** than Kings County. Lease rates were **lower** than the three neighboring counties, indicating additional demand for warehouses in Tulare County
 - Distribution facility vacancy in Tulare County is **higher** than Kern and Kings Counties, but **lower** than Fresno County. Lease rates in Tulare County were **lower** than the three neighboring counties, demonstrating slight potential demand for distribution facilities
 - No vacancies were found in Tulare County or in neighboring counties for food processing facilities. Lease rates were **higher** than Fresno, Kern, and Kings Counties, indicating potentially strong demand for a food processing facility in Tulare County

Summary of Findings (cont.)

Market Demand Analysis (Retail, Office, Multifamily)

- Retail vacancy in Tulare County is **lower** and lease rates are **lower** than Fresno, Kern, and Kings Counties, demonstrating some demand for retail in Tulare County
- Office vacancy in Tulare County is **lower** than Fresno and Kern Counties, but **higher** than Kings County. Office lease rates are **lower** than the three neighboring counties, indicating some potential demand for office uses in Tulare County
- Multifamily vacancy in Tulare County is **higher** compared to the three neighboring counties. Asking rents per unit in Tulare County are **slightly higher** than Kern and Kings Counties, but **lower** than Fresno County, limiting demand for new housing in the County
- Retail sales in Tulare County are **higher** than retail spending potential, suggesting that the County is **likely** capturing a significant portion of Tulare County resident retail purchases **and** additional spending by residents of other counties, resulting in a **retail sales surplus**

Funding and Financing Tools

Digital Economic Development Digital Community Participation

OppSites™

digiConversation®

Existing E.D. Tools

Kosmont
Retail NOW!™

Land Use / Zoning (Higher
Density; Development
Opportunity Reserve™; Sales
Tax Assessment Revenue
(STAR*)™; Parking)

New Sustainability & Housing Districts

Enhanced
Infrastructure
Financing
Districts (EIFDs)

Community
Revitalization &
Inv. Authority
(CRIA)

WHOZ

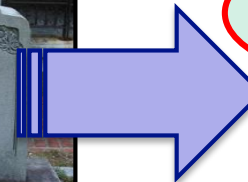
Housing
Sustainability
Districts (HSD)

Affordable
Housing
Authorities (AHA)

NIFTI

And the Newest Federal E.D. Tool... Opportunity Zones

Opportunity
Zones



Roadmap for Implementation

- 1) **Special District Strategies**: The County should consider utilization of special district tools, such as EIFDs and CFDs, to fund regionally-beneficial infrastructure projects:
 - a) **Enhanced Infrastructure Financing Districts (EIFDs)** are a form a tax increment financing (TIF), and thus do not represent an additional tax to the property owner. The County and potentially other taxing entities would be dedicating a portion of future incremental property tax from new development into a special purpose entity (the EIFD) for targeted catalytic infrastructure.
 - b) **Mello-Roos Community Facilities Districts (CFDs)** place an additional special tax levy on a property or group of properties for the purpose of constructing or maintaining and operating infrastructure, which may be project-specific or regionally-beneficial infrastructure.
 - c) EIFDs and CFDs can utilized in parallel.

Roadmap for Implementation

(Continued)

- 2) **Opportunity Zones (OZs)**: The County stands to benefit from designation of OZ census tracts in various unincorporated communities and opportunity site areas.
- a) The County should dedicate a portion of its website to showcase development or business opportunities in OZ census tracts.
 - b) The County should additionally showcase such OZ opportunities on online marketplaces such as **OppSites** to reach a national private sector investor / developer / broker audience.
 - c) Given the timing considerations for OZ investors (i.e. earlier investment is better), the County should evaluate opportunities to overlay OZ opportunity sites with EIFDs, particularly where infrastructure deficiencies present an obstacle for new development.
 - d) EIFDs stand to benefit from early tax increment generated by OZ-incentivized private sector investment.

Roadmap for Implementation

(Continued)

- 3) **Sales Tax Assessment Revenue (STAR*)™**: In certain cases such as non-sales-tax-generating uses or loss in retail sales as a result of online consumption, it may be feasible to model equivalent revenue for the General Fund through entitlement document / development agreement on a case-by-case basis (i.e., fiscal compromise)
- a) Previous examples include non-sales-tax-generating industrial development in areas zoned for commercial retail
 - b) Only feasible if private sector pro forma can support such assessments

Roadmap for Implementation

(Continued)

- 4) **Other Complementary Sources / Tools**: In addition to other tools discussed, the County should be aware and ready to assist the private sector (e.g. developers, new and existing businesses) with regard to other incentive programs on a project-specific basis, such as:
- a) CA Go-Biz incentive programs: California Competes Tax Credit (income tax credit), Research and Development Tax Credit (income tax credit), Sales and Use Tax Partial Exemption for Agriculture, Sales and Use Tax Partial Exemption for Manufacturing, Timber Harvesting Partial Sales and Use Tax Exemption
 - b) CA Infrastructure and Economic Development Bank (I-Bank) loan and bond programs
 - c) CA Department of Parks and Recreation: Statewide Park Development and Community Revitalization Program (SPP) (Proposition 68)
 - d) CA State Water Resources Control Board Proposition 1 Water / Wastewater Grant and Debt programs
 - e) EB-5 immigrant investor program: Federal incentive program suited for projects that create jobs in targeted employment areas.
 - f) U.S. Dept. of Commerce Economic Development Administration (EDA) grants for regional planning and local technical assistance and public works projects


Roadmap for Implementation

(Continued)

5) Overall Marketing Strategy for Business Attraction and Retention: Business Attraction Expansion Retention (BEAR) activities must encompass multiple channels of communication to ensure capacity for new and expanding businesses with focus on quality jobs and fiscal revenue generation:

- a) Further develop physical and digital Opportunity Site marketing collateral
- b) Incorporate and promote applicable funding / financing / incentive programs (e.g. OZ census tracts, potential EIFD formation)
- c) Showcase Opportunity Site collateral on County website and online marketplace such as OppSites
- d) Targeted outreach to developers, businesses, and brokers, including email, calls, meetings / site tours, conference participation (e.g., ICSC) and other industry events
- e) Continuous updating of Opportunity Site marketing collateral

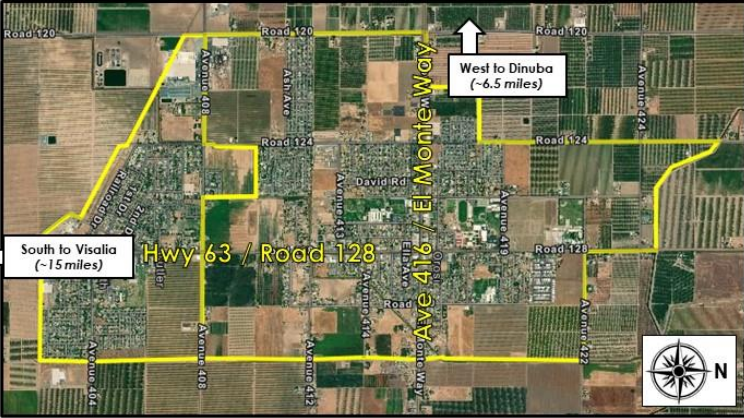
Sample Marketing Flyer



County of Tulare

Development Opportunity Zone

Key Arterials Highway 63 and Avenue 416



LOCAL DEMOGRAPHICS							
2018	Cutler	Orosi	Sultana	E. Orosi	1 Mile	3 Mile	5 Mile
Population	5,247	9,069	797	570	9,403	18,449	23,125
Avg HH Income	\$49,234	\$46,209	\$50,235	\$47,015	\$46,493	\$48,788	\$51,338
Median Age	26.0	27.1	28.4	27.2	27.1	27.1	27.4
Household Size	4.60	4.43	3.42	4.49	4.42	4.37	4.24

SITE FEATURES

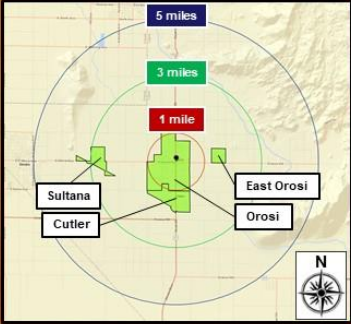
- Aggregate population base between Cutler, Orosi, Sultana & East Orosi Communities
- Strong traffic counts along Highway 63 and Avenue 416
- Community Plan update in process to allow more flexible zoning
- Opportunity Zone designation
- Complete Streets roadway and streetscape improvements underway

CONTACT US

For Site Information and a Site Tour, contact:

Michael Washam
Tulare County Resource Management Agency
mwasham@co.tulare.ca.us (559) 624-7128

Ken K. Hira
Executive Vice President
Kosmont Companies
khira@kosmont.com (949) 226-0288



(Front)

Development Opportunity Zone

Key Arterials Highway 63 and Avenue 416

PARCEL MAP





Real Estate
Finance/Economics
Development
Entitlements

kosmont
companies
since 1988

CONTACT US FOR A TOUR

Michael Washam
Tulare County Resource Management Agency
mwasham@co.tulare.ca.us (559) 624-7128

Ken K. Hira
Executive Vice President
Kosmont Companies
khira@kosmont.com (949) 226-0288

Traffic Counts

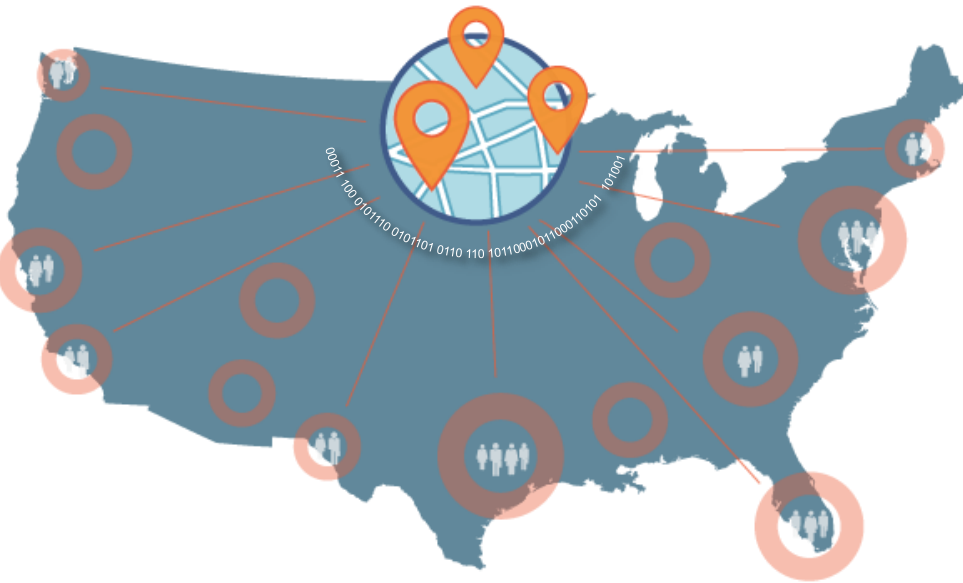
Ave 416 / El Monte Way (7,800 AADT) + Hwy 63 / Road 128 (11,000 AADT) =

18,800 AADT

DISCLAIMER: Do not rely on any measurements or placements of any improvements depicted or shown herein, as they are estimates only. The information above has been obtained from sources believed reliable. While we do not doubt its accuracy, we have not verified the data and make no guarantee, warranty or representations whatsoever. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions or estimates used are for example only and do not represent the current or future performance of the property. The value of this transaction to you depends on tax, and other factors, which should be evaluated by your tax, financial and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs. Development entitlements subject to City approval.

(Back)

OppSites



American investors are gearing up to re-invest 6 Trillion Dollars in capital gains in Opportunity Zones. OppSites has launched the market to connect these dollars.

Launched the national Opportunity Zones Marketplace to connect 6 trillion dollars in investor capital to business and real estate opportunities across the country

Source: www.oppsites.com

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.

Next Steps for Implementation

- Based on County feedback, Kosmont will refine Economic Development Study for implementation
- Based on refined Strategy, County and Consultant Team can initiate implementation activities per Roadmap:
 - Further develop marketing collateral to promote Opportunity Sites across physical and digital platforms (e.g. County website, OppSites)
 - Incorporate and promote applicable funding / financing / incentive programs (e.g. OZ census tracts, potential EIFD formation)
 - Targeted outreach to developers/ businesses/ brokers (email, calls, meetings / site tours, conferences)
- Evaluation of funding and financing tools on a case-by-case or Opportunity Site area transactional basis, e.g.:
 - EIFD / CFD
 - STAR*™
 - State and federal grant and incentive programs

Questions & Discussion

Thank you



Kosmont Companies | Kosmont Realty | California Golden Fund (EB-5)
1601 N. Sepulveda Blvd., #382 | Manhattan Beach, CA 90266
(424) 297-1070 | www.kosmont.com | CA Broker #01182660

Appendix:

Overview of EIFD and CRIA

Continued Legislation Improves Sustainability and Housing Tools

<u>Date</u>	<u>Legislation</u>
9/29/2014	SB 628 signed by Governor, authorizing EIFDs
9/22/2015	AB 313 signed by Governor, revising EIFD legislation AB 2 signed by Governor, introducing CRiAs
9/23/2016	AB 2492 signed by Governor, amending CRIA
9/29/2017	Governor signs housing bill package: SB 540 (WHOZ), AB 73 (HSD), SB 35, SB 2, SB 3, AB 167, AB 678, AB 1515, AB 1505, AB 1521, AB 1397, SB 166, AB 72, AB 879, AB 571
10/7/2017	AB 1568 signed by Governor, introducing NIFTI as part of EIFDs
10/13/2017	AB 1598 signed by Governor, introducing Affordable Housing Authorities (AHAs)
9/19/18	SB 1145 signed by Governor, enables EIFD spending for <u>maintenance</u> SB 961 signed by Governor, NIFTI 2 additionally available under EIFD
9/28/18	AB 2035 signed by Governor, clarifies AHA provisions, expands to include homeless / transitional housing

Special Districts for Housing & Sustainability

Tax Increment Financing

- **Enhanced Infrastructure Financing District (EIFD)**
 - SB 628 (2014), AB 313 (2015), AB 1568 (2017), SB 1145 (2018), SB 961 (2018)
 - Tax increment from participating agencies used to fund local / regional infrastructure and housing
 - No blight test needed
 - Sales tax increment eligible via Neighborhood Infill Finance and Transit Improvements (NIFTI) Act
- **Community Revitalization Investment Authority (CRIA)**
 - AB 2 (2015), AB 2492 (2016)
 - Restores redevelopment authorities to disadvantaged communities
 - Income, crime, unemployment, disadvantaged community tests
- **Affordable Housing Authority (AHA)**
 - AB 1598 (2017), AB 2035 (2018)
 - Tax increment for affordable & workforce housing

Entitlement / CEQA Streamlining

- **Housing Sustainability Districts (HSD) (AB 73 – 2017)**
- **Workforce Housing & Opportunity Zones (WHOZ) (SB 540 – 2017)**
 - Residential and mixed-use, advanced planning, zoning and CEQA streamlining, limited discretion to deny/condition
 - Affordability requirements, potential incentives, prevailing wage requirement (effective 1/1/18)
- **SB 35 streamlining and other 2017 housing bills...**

EIFD at a Glance

- Based on existing Infrastructure Financing District (IFD) law
- Enables tax increment financing for local/regional projects (purchase, construction, expansion, improvement, seismic retrofit, rehabilitation)
- District lifespan is 45 years to collect and spend property tax increment
- Any property with useful life of 15+ years & of communitywide significance
- Managed by newly created Public Financing Authority (led by city or county) – board of 5+ members, includes at least 2 public members
- Activities directed by PFA adopted Infrastructure Financing Plan (IFP)
- No public vote required to create District
- 55% landowner or registered voter election needed for tax increment bonds **(legislation in progress to eliminate this requirement)**
- No school district increment allowed
- Does not increase property taxes

CRIA at a Glance

- Based on provisions of former Community Redevelopment Agency law
- Allows public and private projects to be financed by bonds serviced by tax increment
 - 30 years to issue debt; 45 years to repay indebtedness
- Formed by City or County (Special Districts allowed if CRIA is Joint Powers Authority) 5+ member board, including at least 2 public members
- Powers of eminent domain granted to CRIAs for first 12 years of district
- No voter approval for formation or bond issuance, but subject to majority protest at adoption and every 10 years
- **25% affordable housing set-aside**
- **Must meet qualification requirements**

Types of Projects EIFDs and CRIAs Can Fund



Industrial Structures



Aff. Housing / Mixed Use



Transit Priority / RTP / SCS Projects



Wastewater/Groundwater



Light / High Speed Rail



Civic Infrastructure



Parks & Open Space



Childcare Facilities



Brownfield Remediation

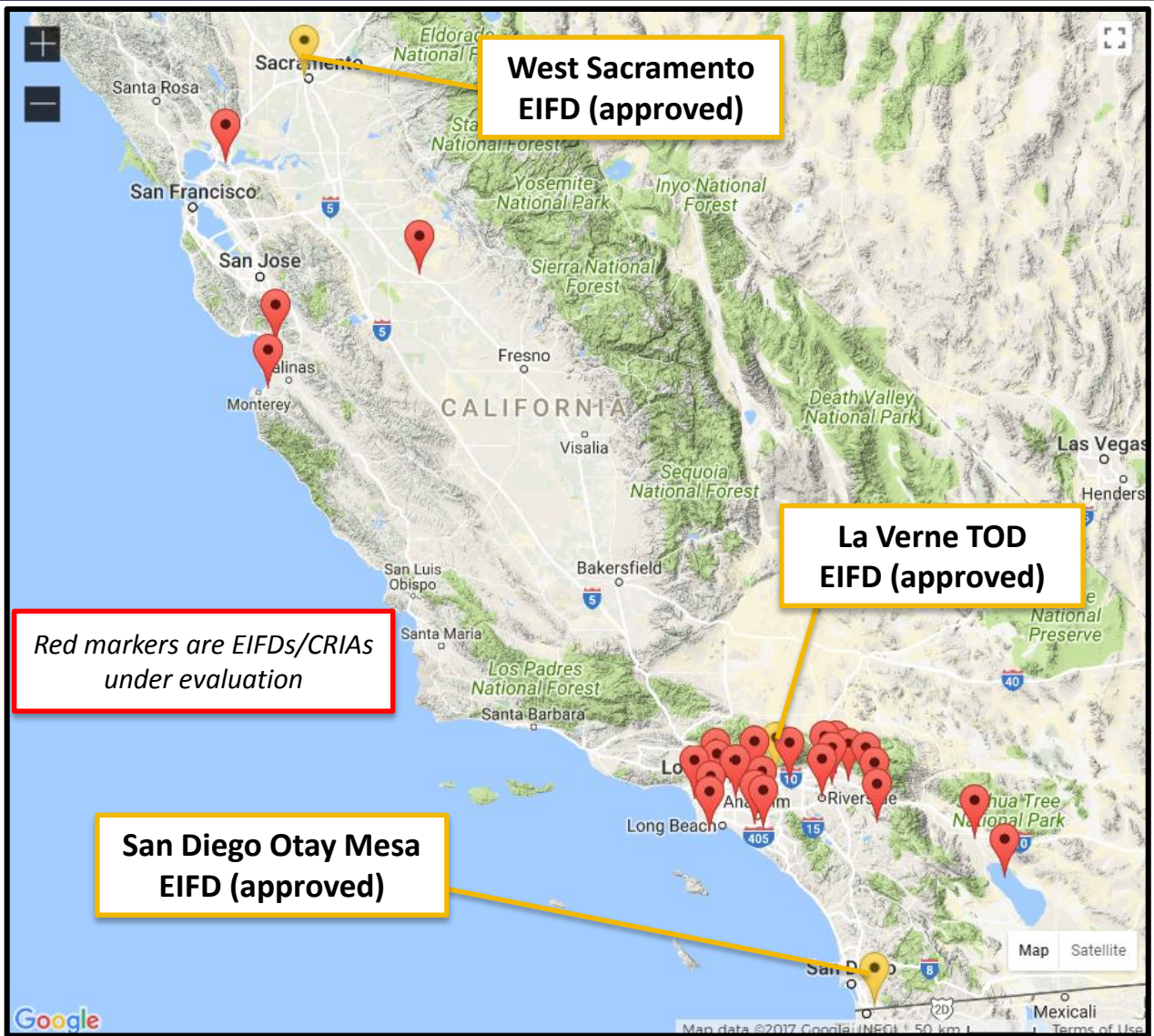
Why are Agencies Authorizing Districts?

1. Implement housing and climate action goals (local / regional infrastructure)
2. Long-term, committed revenues support investor confidence
3. Return on Investment: Private sector investment induced by district commitment accelerates growth of net fiscal revenues, job creation, housing production, essential infrastructure improvements
4. Districts are evolving economic development tools: State is moving to a greener economy, has added 5+ new districts and approved over 2 dozen statutes for sustainability and housing in the past 4 years; District flexibility, effectiveness, and revenue sources expand with each legislative session
5. Ability to bundle other revenues – sales tax, property tax in lieu of VLF, ground lease, development impact fees, developer contributions
6. Ability to attract additional funds – tax increment from other entities (County), federal / state grants / loans (e.g. for TOD, water, housing, parks)
7. No new taxes
8. No voter approval (majority protest opportunity at formation)

Districts in Progress

(Partial List)

1. Atwater
2. Carson
3. Duarte
4. El Monte
5. Grand Terrace
6. High Desert Corridor (7 jurisdictions)
7. Huntington Park
8. I-5 Corridor (5 jurisdictions)
9. Imperial County
10. Inglewood
11. La Verne
12. Los Angeles (San Pedro & Vermont Corridor)
13. L.A. County (W. Carson Uninc.)
14. Ontario
15. Pittsburg
16. Placentia
17. Redondo Beach
18. Rialto
19. Richmond
20. Riverside
21. Riverside County (Salton Sea Uninc.)
22. Sacramento County
23. San Luis Obispo
24. San Jose
25. Santa Ana
26. Santa Fe Springs
27. Seaside
28. South Gate
29. West Santa Ana Branch Transit Corridor (12 jurisdictions)



Source: Kosmont EIFD/CRIA website (<https://www.kosmont.com/services/eifd-cria/>)

Kosmont's analysis activities and work product are projections only. Actual figures and results may differ materially from those expressed. Reliance upon data and analysis provided herein is therefore at the Client's discretion.



Appendix: Opportunity Zone Overview

New Kid on the Block – Opportunity Zones

The Tax Cuts and Jobs Act of 2017 created **Opportunity Zones** as a means to unlock unrealized capital gains by **incentivizing private sector investment and development** in low income census tracts



Governors were given 90 days from enactment of tax bill to nominate low income census tracts to be designated as Opportunity Zones



With over 8,700 Opportunity Zones approved across the United States and 879 across California (including 17 in Tulare County), Opportunity Funds need to prioritize best sites

- Investor guidelines must be met or tax advantages will not be realized
- Speed to market and project execution is critical
- Entitlement/CEQA risk needs to be minimized

Opportunity Zones – The Essentials

The Basics

- Project must be in a qualified Opportunity Zone census tract
- Tax advantages incentivize a **10-year hold**
 - Deferral of capital gains taxes until earlier of 2026 or upon exit
 - Step up in basis
 - 5 year hold – Basis increased 10%
 - 7 year hold – Basis increased 15%
 - Elimination of capital gains taxes at 10 years or upon sale
- Timing requirements are critical:
 - 90% of Opportunity Fund assets must be invested in the Opportunity Zone based upon the average of two points in time, based upon the taxable year
- Timing requirements important for the Investor
 - Capital gains must be invested in the Opportunity Fund within 180 days of realization

The Investment

- Two investment options:
 - Qualified Opportunity Zone Property
 - Qualified Opportunity Zone Business
 - Investment transaction must occur after December 31, 2017*
 - Property must be substantially improved during any 30-month period*
 - Minimal requirements on project type – could include residential, commercial, hospitality, office, industrial, or an operating business. Cannot include “sin” business
- * Guidance from U.S. Dept. of Treasury **ongoing**

What are the benefits to Cities and Counties?

- Opportunity Zones can be used to augment other tax incentives and tax deferral strategies, **enhancing the economic viability of a proposed project** (TIF, Fed. Tax Credits)
- Opportunity Zones projects can stimulate housing development, **paving the way for cities to meet legislative housing mandates**
- Opportunity Zones can be used as an economic development strategy, **creating jobs and stimulating economic activity** within a community
- Opportunity Zones offer immediate tax benefits to Qualified Funds, which can **jump start investment in local communities**

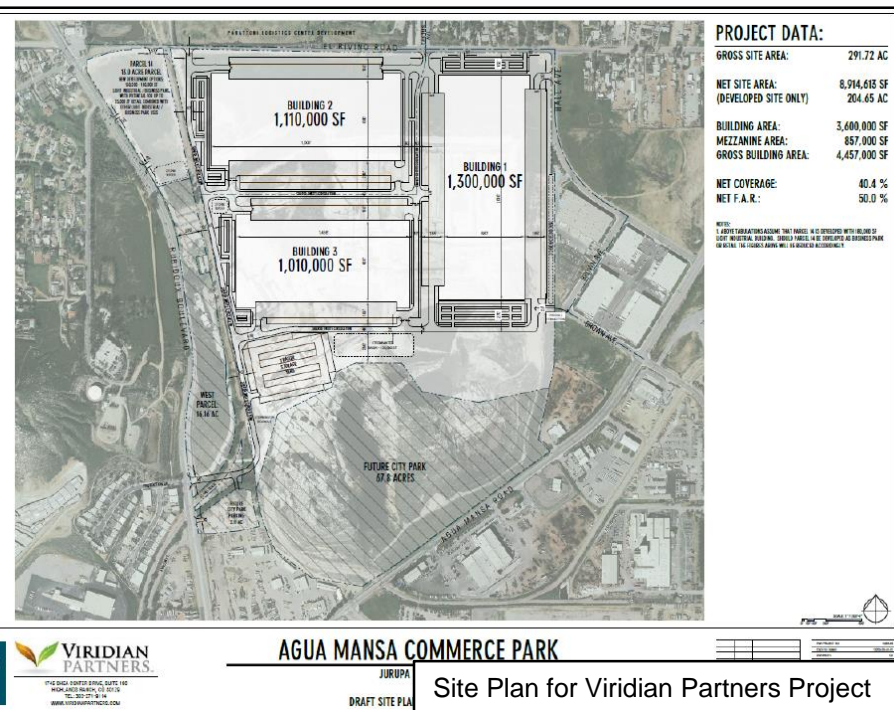
Appendix:

Sales Tax Assessment Revenue (STAR*)TM Case Study

STAR*™ Case Study: Jurupa Valley Developers – Jurupa Valley, CA

Overview

- Kosmont was retained by two developers for two separate proposed industrial development projects in the City of Jurupa Valley, CA
 - Industrial and brownfield development firm Crestmore Redevelopment, LLC (project entity for Viridian Partners) retained Kosmont Companies in connection with a 3.6 million SF industrial development project on 300 acres
 - Proficiency Capital, LLC, an industrial development firm, retained Kosmont in connection with a 1.36 million SF industrial development project on 81 acres of land



Services included:

- Prepared a fiscal impact and economic benefit analysis
- Evaluated potential public-private financing mechanisms (including Mello-Roos Community Facilities District)
- Assisted with transaction structuring and negotiations with City staff
- Kosmont additionally provided an analysis of “Sales Tax Assessment Revenue” (STAR*)™ as equivalent / replacement revenue streams for a municipality in lieu of traditional sales tax from retail development, as negotiated through a Development Agreement