

City of Carson City  
Agenda Report

Item # 12B

**Date Submitted:** March 11, 2008

**Agenda Date Requested:** March 20, 2008

**Time Requested:** 15 Minutes

**To:** Mayor and Supervisors

**From:** Parks and Recreation Department

**Subject Title:** Discussion and action to approve the purchase and sale agreement calling for the use of Open Space funds to make an offer for the fee title acquisition of the River Ranch Holdings Ltd 21.59 acres, Alpenglow Development LLC 22.32 acres, and Mexican Dam LLC 20.40 acres located at the northerly terminus of Golden Eagle Lane, APN's 10-121-42, 10-121-43, and 10-121-44 respectively.

**Staff Summary:** The purchase and sale agreement calls for the fee title acquisition of these three parcels located at the northerly terminus of Golden Eagle Lane, adjacent to the Carson River. The offer for \$1.65 million, which is also the appraised value, has been verbally accepted by the owners pending the Board of Supervisors approval. The property has previously been prioritized by the Board of Supervisors for acquisition after finding that it is located within the Carson River priority area, in accordance with the Open Space Master Plan.

**Type of Action Requested:** (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

**Does This Action Require A Business Impact Statement:**  Yes  No

**Recommended Board Action:** Move to approve the purchase and sale agreement calling for the use of Open Space funds to make an offer for the fee title acquisition of the River Ranch Holdings Ltd 21.59 acres, Alpenglow Development LLC 22.32 acres, and Mexican Dam LLC 20.40 acres located at the northerly terminus of Golden Eagle Lane, APN's 10-121-42, 10-121-43, and 10-121-44 respectively.

**Explanation for Recommended Board Action:** The owners have agreed to sell to Carson City for the appraised value which is \$1.65 million. Carson City Municipal Code, Section 21.07.040, grants the Board of Supervisors authority to use funding from the Quality of Life special revenue fund to acquire open space. In accordance with Section 13.06.060, on January 28, 2008, the Open Space Advisory Committee took action to recommend to the Board of Supervisors the approval of this transaction. Additionally, the Carson River Advisory Committee took action on February 6, 2008, to recommend to the Board of Supervisors the approval of this transaction.

**Applicable Statute, Code, Policy, Rule or Regulation:**

Carson City Municipal Code, Chapter 21.07 - Quality of Life (Sale and Use Tax)

Carson City Municipal Code, Chapter 13.06, Open Space

Nevada Revised Statutes 244.275 Purchase for use of county; appraisal

**Fiscal Impact:** Approximately \$1.65 million from the Open Space Acquisition Account, plus approximately \$2,500 for the close of escrow and title insurance, and \$3,000 for a Phase I Environmental Site Assessment. Approximately \$1,160.77 will be lost from the ad valorem tax.


**Explanation of Impact:** The owners have verbally agreed to sell the three parcels to Carson City for \$1.65 million. The escrow costs and title insurance are to be shared equally, 1/2 between buyer and seller. The total cost of the transaction is estimated at \$1.65 million for the purchase price, plus \$2,500 for covering the City's one-half of the total escrow cost and title insurance, plus approximately \$3,000 for a Phase I Environmental Site Assessment.

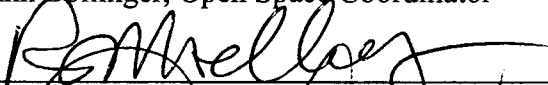
**Funding Source:** Open Space Acquisition Account 254-5047-452-7401


**Alternatives:** Not to approve the purchase agreement.


**Supporting Material:**

Letter dated January 29, 2008, from Lyn C. Norberg, MAI, updating the appraisal  
Staff report from February 6, 2008 Carson River Advisory Committee  
Purchase and Sale Agreement  
Preliminary Title Report  
Appraisal

**Prepared By:**  **Date:** 3/11/08  
Ann Bollinger, Open Space Coordinator

**Reviewed By:**  **Date:** 3/11/08  
Roger Moellendorf, Parks & Recreation Director

 **Date:** 3/11/08  
Larry Werner, City Manager

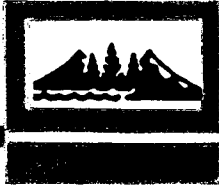
 **Date:** 3/11/08  
District Attorney's Office

 **Date:** 3/11/08  
Finance Department

**Board Action Taken:**

Motion: \_\_\_\_\_ 1: \_\_\_\_\_ Aye/Nay  
2: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Vote Recorded By)



# LYN C. NORBERG, MAI

APPRAISER/CONSULTANT

1761 EAST COLLEGE PARKWAY, SUITE 111

CARSON CITY, NEVADA 89706

TELEPHONE 775-883-6655

FAXCIMILE 775-883-8594

January 29, 2008

Mr. Juan Guzman, Open Space Manager  
Carson City Parks & Recreation  
3303 Butti Way, Bldg #9  
Carson City, NV 89701

Re: Mexican Dam, LLC Appraisal

Mr. Guzman,

I am writing in response to our conversation of yesterday, and your inquiry relative to another appraisal or appraisal update on the above referenced property. Slightly less than a year ago I completed an appraisal on the 64.31 acre Mexican Dam property for your office. The results of my study were furnished in report dated March 23, 2007, that incorporated an effective date of value of March 6, 2007. The value opinion at the time was \$1,650,000.

As you are aware I am currently working on three other appraisals for Carson City. In conjunction with these assignments I have been researching local records for additional land sales and listings, and in this regard my data base is up-to-date. Although the housing market has softened over the course of the last year, I have yet to uncover any market data that would support using value regression adjustments in the unimproved land market. In turn it is my opinion that an appraisal update is unnecessary, at least at present. As long as there has been no material change in the character of the subject property, or its development approvals, it is unlikely that my value opinion would change, (based on the data that is currently known to me).

Naturally if you need an update I will be glad to oblige, yet I believe this type of an action would be premature. Please let me know what you decide.

Sincerely,

Lyn C. Norberg, MAI

**CARSON RIVER ADVISORY COMMITTEE  
STAFF REPORT**

**MEETING DATE:** February 6, 2008

**AGENDA ITEM NUMBER:** 3F

**STAFF:** Juan F. Guzman

**REQUEST:** Action to recommend to the Board of Supervisors that the Board of Supervisors make a formal offer to purchase Mexican Dam LLC properties with Question 18 Open Space acquisition funds not to exceed \$1.7 million dollars located south of Silver Saddle Ranch and north of Golden Eagle Lane terminus.

**GENERAL DISCUSSION:**

**1) Total Project Cost**

Title Report	\$750
Environmental Phase 1	\$4,000
Appraisals	\$8,000
Escrow	\$1,000
Appraisal Value	\$1,650,000
Total:	\$1,663,750

The Open Space Program and the Carson City Board of Supervisors will not pay any more than the appraised value as determined by a self-contained appraisal evaluation prepared in accordance with the Nevada Revised Statutes.

The loss of tax revenue for three parcels equals \$1,160.77 per annum.

**2) Project Description**

These three separate legal parcels, approximately 64.31 acres, are owned by three different corporations comprised of the same people. These lands are adjacent to the west shore of the Carson River, south of the Mexican Dam and Silver Saddle Ranch, east of Prison Hill, and near to lands recently acquired by the Bureau of Land Management as part of the Southern Nevada Public Land Management Act. The three parcels contain riparian vegetation and one of the healthiest cottonwood forests within the Carson City reach of the Carson River. The three parcels are required in order to complete the network of trails connecting Silver Saddle Ranch to other areas in Carson City and south towards Douglas County. Similarly, these acquisitions will facilitate the construction of a non-motorized multi-purpose trail around Prison Hill in accordance with the Unified Pathways Master Plan. The parcels enjoy magnificent views of the surrounding terrain and the flood plain of the Carson River. Acquisition would advance the conservation of natural resources and increase opportunities for recreation and public access along the Carson River. This fee acquisition is in keeping with the goals and objectives of the Carson River Master Plan, the Bureau of Land Management Interface Plan, and

the Open Space component to the Carson City Master Plan. The Carson River is one of Carson City's priority areas for land conservation, especially for the purpose of habitat protection and recreation opportunities.

The Carson River serves as an important biological link between the lowlands and the surrounding mountains, supporting a diverse wildlife corridor. Numerous river channels and sloughs create vital wetland and riparian habitats throughout the Carson River corridor. Freshwater wetlands provide nesting and migratory sites for redhead and cinnamon teal ducks, long-billed curlew, willet, bald and golden eagles, sandhill cranes, and numerous other bird species which nest in the valley's wet meadows, pastures, and patchwork of wetlands. The Carson River's riparian corridor is vital for migratory songbirds. More than 200 bird species occur in the Carson Valley and adjoining areas, representing one of the most diverse sites in the entire state of Nevada. Shy wildlife species, including mountain lions, bears, and other mammals, also depend on the Carson River corridor for water, food, and shelter.

The Nature Conservancy of Nevada has identified the Carson River and its surrounding flood plain as a high priority area for conservation through its ecoregional planning process. Proper functioning of this riparian system requires that, as much as possible, open flood-prone land should be protected from development. It is of significance to note that the Bureau of Land Management, The Nature Conservancy, and Carson City work hand-in-hand towards the conservation of properties within the Carson River drainage.

### 3) Implementation Schedule

The acquisition of these properties requires a Phase 1 Environmental Analysis, a self-contained appraisal conducted by a qualified appraiser (already completed), and probably a 35-day escrow in order to verify there are no objections with title. This transaction must be completed prior to or on March 31, 2008 as requested by the Seller. **There is extreme urgency towards this acquisition. The owners have obtained conditional approval for two parcel maps to divide the land into 10 parcels. If this acquisition is not completed, the land will be subdivided.**

### 4) Summary of the Proposed Operation and Maintenance Plan

In accordance with the provisions of the Carson City Municipal Code, acquisition of land with Open Space Program funding is primarily for passive recreation and is permanent in nature. As part of the budget approval process for the Open Space Program, a budget line item was provided and funded in order to satisfy the stewardship requirements provided by the Open Space Master Plan and the Carson City Municipal Code. The Carson City Open Space Program will be responsible for the management of the land and provide for its maintenance including noxious weed abatement in cooperation with the weed abatement program, police and fire protection, and the future development of trails and recreation-oriented facilities.

RECOMMENDED ACTION: Move to recommend to the Board of Supervisors that the Board of Supervisors make a formal offer to purchase Mexican Dam LLC properties with Question 18 Open Space acquisition funds not to exceed \$1.7 million dollars located south of Silver Saddle Ranch and north of Golden Eagle Lane terminus.

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PURCHASE AND SALE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2008, by and between the River Ranch Holdings Ltd, Alpenglow Development LLC, and Mexican Dam LLC, located at the northerly terminus of Golden Eagle Lane, Carson City, Nevada, 89701 ("SELLER"), and Carson City, a consolidated municipality of the State of Nevada by and through its Board of Supervisors, of 201 North Carson Street, Suite 2, Carson City, Nevada 89701 ("BUYER"). SELLER and BUYER are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. SELLER is the fee simple owner of all that land and real property lying and situated in Carson City, Nevada, more particularly described on Exhibit "A" attached hereto and incorporated herein by this reference (herein sometimes referred to as "Property") and SELLER desires to sell and BUYER desires to acquire the Property. It is understood that this purchase agreement includes three (3) specific parcels of real property comprising approximately 21.59 acres, 22.32 acres, and 20.4 acres, for a total of 64.31 acres, and specifically designated as APN 10-121-42, APN 10-121-43, and APN 10-121-44, respectively, and more specifically set forth in the Preliminary Title Report attached hereto as "Exhibit A" and incorporated herein by this reference. There are no known water rights appurtenant to this property.

B. The Parties desire and intend by this Agreement to memorialize their agreements by this writing.

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions herein contained, the Parties hereby agree as follows:

1. REPRESENTATIONS AND WARRANTIES: NO PERSON IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF BUYER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, WARRANTY, GUARANTY OR

PROMISE EXCEPT AS SET FORTH HEREIN; AND NO AGREEMENT, STATEMENT, REPRESENTATION OR PROMISE MADE BY ANY SUCH PERSON WHICH IS NOT CONTAINED HEREIN SHALL BE VALID OR BINDING ON SELLER. THE ONLY REPRESENTATIONS OR WARRANTIES OUTSTANDING WITH RESPECT TO THE SUBJECT MATTER OF THIS TRANSACTION, EITHER EXPRESS OR IMPLIED BY LAW, ARE SET FORTH HEREIN, AND BUYER EXPRESSLY WAIVES THE RIGHT TO ANY WARRANTY IMPLIED BY LAW. THE PARTIES ACKNOWLEDGES THAT BUYER AND SELLER HAVE MADE THE SUBJECT PROPERTY AVAILABLE FOR THE OTHER'S INDEPENDENT INSPECTION.

2. PURCHASE AND SALE OF PROPERTY: SELLER agrees to convey the Property, together with all rights, title and interest in accordance with the terms of this Agreement the following which shall comprise the sale contemplated in this Agreement:

a. All of the real property lying and situated in Carson City, Nevada, consisting of 64.31 acres, more or less, and described in "Exhibit A."

b. Any and all licenses, encroachment permits, ways, easements of whatever type or kind, together with all mineral rights, oil rights, gas rights, geothermal rights, sands and gravels which are appurtenant to or associated in anyway with the Property which are owned by SELLER.

The foregoing listed elements of the Property in this Paragraph 2 are hereinafter collectively referred to as the "Property".

3. PURCHASE PRICE: The purchase price for the above described Property shall be One Million Six Hundred Fifty Thousand and 00/100 dollars (\$1,650,000), which shall be paid by BUYER to SELLER in accordance with the terms of this Agreement.

4. ESCROW, CONVEYANCE, AND TITLE INSURANCE: Escrow shall be with NORTHERN NEVADA TITLE CO. ("Escrow Holder"), which is located at 307 W. Winnie Lane, Suite 5, Carson City, Nevada, 89703.

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a. Escrow shall open as of the date upon which Escrow Holder has received a fully signed original, or counterpart originals, of this Agreement, accompanied by the sums and documents required herein. The date all such items have been delivered to Escrow Holder shall be referred to herein as the "Opening of Escrow" and reported by letter to the Parties by Escrow Holder, and the date escrow actually closes and the deed is recorded shall be referred to as "Close of Escrow." If Close of Escrow does not occur prior to March 31, 2008, this transaction shall terminate and SELLER shall be released from any further obligation to convey the Property to Buyer. Escrow Holder is hereby authorized and instructed to act in accordance with the provisions of this Agreement, which Agreement, together with Escrow Holder's standard escrow instructions, shall constitute Escrow Holder's escrow instructions. As between the Parties, if there is a conflict between Escrow Holder's standard instructions and this Agreement, this Agreement will control.

b. Ad valorem property taxes for the current fiscal year shall be prorated as of the Close of Escrow.

c. All assessments, and/or special taxes, including the full principal amount of all bonded indebtedness encumbering the Property, if any, shall be prorated to the close of escrow. To the extent such amounts can be identified or reasonably estimated by Escrow Holder they shall be accordingly paid (or reserved for payment) at Close of Escrow.

d. BUYER and SELLER shall each pay one half (1/2) of the cost for a C.L.T.A. owner's policy of title insurance ("Title Insurance") in the full amount of the purchase price issued by NORTHERN NEVADA TITLE COMPANY, subject only to those exceptions disclosed herein or otherwise not objected to by BUYER or the preliminary title report, and SELLER shall procure and furnish such Title Insurance to BUYER.

e. Title to the Property shall be conveyed by Grant, Bargain and Sale Deed AND MUST CONTAIN THE FOLLOWING LANGUAGE: "This land was purchased with Quality of Life Sales and Use Tax Funds and is subject to the provisions of the Carson City Municipal Code Section 13.06."



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5. PAYMENT OF PURCHASE PRICE: The Purchase Price for the Property described in Paragraph 3 above and detailed on the Exhibits hereto shall upon satisfaction of the conditions set forth in Paragraph 6 be paid by BUYER to Escrow Holder for SELLER as follows:

The sum of One Million Six Hundred Fifty Thousand and 00/100 dollars (\$1,650,000) shall be paid into Escrow on or before the date set for the Close of Escrow, as described in Paragraph 4a above, in cash, fed funds or other readily available funds.

6. BUYER'S CONDITIONS ON CLOSE OF ESCROW: Close of Escrow shall be subject to the following conditions: SELLER and BUYER shall diligently attempt to achieve the satisfaction of these conditions without undue delay. If any of these conditions cannot be met, then, unless waived by BUYER, Escrow Holder, upon receipt of notification from BUYER or from SELLER that it cannot or will not be able to satisfy a condition, shall immediately cancel the escrow and if such cancellation occurs before March 31, 2008, return the respective documents to SELLER and BUYER, and each party shall be responsible for one-half (½) of the escrow costs incurred, and thereafter neither Party shall have any further obligation, rights, or liability under this Agreement.

a. Except as otherwise approved by BUYER, title to the Property shall be conveyed to BUYER free of liens and encumbrances. SELLER shall, at its expense, furnish BUYER with a preliminary title report and, upon request, copies of all recorded exceptions to title referred to therein within fifteen (15) days after Opening of Escrow. Within twenty (20) days of receipt of: (i) the preliminary title report and all documents referred to in it; or (ii) any supplemental or amendatory report and the documents referred to as exceptions thereto, BUYER shall give SELLER notice specifying those matters which are unacceptable conditions of title. Said preliminary title report as supplemented and/or amended is hereinafter referred to as the "Title Report." All exceptions in the Title Report not specifically disapproved by BUYER within twenty (20) days after receipt of the initial submittal and/or, as applicable, supplementary or amendatory materials by BUYER, shall be deemed to have been approved. SELLER shall

remove such objectionable items within fifteen (15) days thereafter, but in any event prior to the Close of Escrow and if SELLER fails to remove such objectionable items within said period, and/or if the Title Policy will not be issued in the exact form approved by BUYER, SELLER shall notify BUYER in writing of such fact, and BUYER shall have the election to be exercised in writing within five (5) days after delivery to BUYER of such notice of SELLER of either:

1) terminating this Agreement, in which event Escrow Holder shall return the documents deposited herein to the Party depositing same; or

2) accepting the Property subject to the objectionable items.

b. To the extent that the same exists, SELLER shall furnish BUYER with any and all land surveys, engineering information, environmental assessments, planning or zoning information or other evaluations of the Property in SELLER's possession, within twenty (20) days after Opening of Escrow, if any exist. Should BUYER fail to close escrow for whatever reason, BUYER shall promptly return all such land surveys, engineering information, environmental assessments, planning or zoning information or other evaluations of the Property to SELLER and treat as confidential all information contained therein.

c. BUYER shall perform and approve, at its sole cost and expense, a Phase I Site Assessment.

d. BUYER's signature on this Agreement warrants that the Carson City Board of Supervisors has approved this Agreement.

In the event that any of the conditions to close are not met within the time frames set forth herein the SELLER or the BUYER may cancel and terminate this Agreement and the Escrow attendant hereto or the transaction does not close by March 31, 2008, then in either of such events, this Agreement shall become null and void and the parties shall be returned to their original pre-Agreement condition. The parties will be released from any further obligation to each other and neither will be liable to the other for costs of partial performance or failure to perform. BUYER will be entitled to the return of all monies paid by it to the Escrow less one-half of the reasonable charges incurred by the Escrow Agent.

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7. SELLER'S REPRESENTATIONS, COVENANTS, WARRANTIES AND OBLIGATIONS:

a. SELLER represents to BUYER that to the best knowledge of SELLER, the title to be conveyed to BUYER will not be encumbered by any easements, persons in possession, government patents or other rights, other than those items disclosed on the Title Report or which would be disclosed by a physical inspection of the Property. To the best knowledge of SELLER, there is no hazardous, toxic or radioactive material on the Property. SELLER agrees BUYER and/or its agents may make all disclosures and file all reports which, may be required by law with respect to discovery of any hazardous, toxic or radioactive materials on the Property as a result of such investigations and hereby releases and holds BUYER harmless with respect to liability arising out of such disclosure.

b. To best knowledge of SELLER, SELLER warrants there are no threatened or pending annexation or condemnation proceedings against or affecting any part of the Property.

c. SELLER shall not commit knowingly or suffer to be committed any waste in or upon the Property. Waste shall include, but not be limited to, any injury to the Property which renders it in a condition materially different from its condition at the date of this Agreement.

d. To the best knowledge of SELLER, SELLER has complied, and the Property is in compliance, with all laws relating to the storage, use and disposal of hazardous, toxic or radioactive materials (collectively, "Toxic Materials").

e. To the best knowledge of SELLER, the execution and consummation of this Agreement pursuant to its terms will not result in a material breach of, contravene any provisions of, violate, or constitute a default under any articles of incorporation, charter, bylaw, mortgage, contract agreement to which SELLER is subject.

f. From the date of this Agreement to the Close of escrow, the SELLER will continue to provide BUYER full access to all of the Property and information relating to the historical use and operation of the Property.

8. POSSESSION: Possession of the Property shall be given to the BUYER at Close of Escrow, but during the term of this Agreement BUYER and its agents may enter upon the Property for the purpose of performing environmental or engineering, surveying or soil testing. BUYER agrees to pay, defend, indemnify and hold SELLER harmless from all liability, claims, costs and expense, except such as might accrue from the mere discovery of hazardous or toxic material, resulting from BUYER's activities on the Property during the escrow period. Should the BUYER fail to acquire the Property, then it is agreed that SELLER shall receive copies of all studies, test results and engineering generated by BUYER.

9. GOOD FAITH AND FAIR DEALING: During the term of this transaction the parties hereto agree and covenant, one unto the other, to act in good faith and to fairly and openly deal with each other to accomplish the goals and objectives of the respective parties in closing the escrow envisioned herein.

10. BINDING EFFECT: This Agreement shall bind and inure to the benefit of the respective heirs, representatives, successors and assigns of BUYER and SELLER.

11. NOTICES: No notice, request, demand, instruction or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) delivered by air courier next-day delivery (e.g., Federal Express), or delivered by U.S. mail, sent by registered or certified mail, return receipt requested as follows:

If to SELLER, to:

Keith Ruben  
P.O. Box 704  
Minden, NV 89423

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If to BUYER, to:

Carson City, a Consolidated Municipality  
Attn: Juan F. Guzman  
3303 Butti Way, Building #9  
Carson City, Nevada 89701

Notices delivered by air courier shall be deemed to have been given the next business day after deposit with the courier and notices mailed shall be deemed to have been given on the second day following deposit of same in any United States Post Office mailbox in the state to which the notice is addressed or on the third day following deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees, for the purpose of this Paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address and addressee stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

12. TIME: Time is of the essence for each provision of this Agreement of which time is a factor, and if this transaction is not completed prior to March 31, 2008, it shall terminate and SELLER shall be relieved of any further obligation to convey the Property to BUYER. SELLER has requested that this transaction be completed prior to March 31, 2008.

13. ATTORNEYS' FEES: In the event of any action or proceeding to enforce or interpret the terms of this Agreement, including an arbitration by either Party against the other under this Agreement, the prevailing Party shall be entitled to recover its reasonable costs and expenses, including its reasonable attorneys' fees, incurred in the prosecution or defense of such a proceeding or action. In the event that both parties prevail in such an action or proceeding, by varying degrees or in different respects, then the Court or arbiter shall determine whether and to what extent any costs, expenses, and fees will be awarded to the Parties.

14. COMPUTATION OF PERIODS: All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holiday, unless the period of time specifies business days, provided that if the date to perform any act or give any notice

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with respect to this Agreement, shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

15. INTERPRETATION: The Parties hereto acknowledge and agree that each has been given the opportunity to review this Agreement with legal counsel independently, and/or has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. The Parties have equal bargaining power, and intend the plain meaning of the provisions herein. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Agreement shall not be resolved by any rule of interpretation providing for interpretation against the Party who causes the uncertainty to exist or against the draftsman. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged and integrated into this Agreement.

16. SURVIVABILITY: All covenants of BUYER or SELLER which are intended hereunder to be performed in whole or in part after Close of Escrow and all representations, warranties and indemnities by either Party to the other, shall survive Close of Escrow and delivery of the Grant, Bargain, and Sale Deed, and be binding upon and inure to the benefit of the respective Parties.

17. MUTUAL INDEMNITY: To the extent permitted by law, including, but not limited to, the provisions of NRS Chapter 41, each party shall indemnify, hold harmless and defend, not excluding the other's right to participate, the other party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorney's fees and costs, arising out of any alleged negligent or willful acts or omissions of the indemnifying party, its officers, employees and agents, arising from or relating to the indemnifying party's covenants, representations, and warranties, as contained in this Agreement.

18. AUTHORITY OF PARTIES: Any corporation signing this Agreement, and each agent, officer, director, or employee signing on behalf of such corporation, but in his individual capacity, represents and warrants that said Agreement is duly authorized by and binding upon said corporation. Any individual signing this Agreement on behalf of a partnership or business entity other than a corporation represents that such other entity has power and authority to enter into this Agreement, and by such person's act is bound hereby.

19. COUNTERPART: This Agreement and any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different Parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when one or more counterparts of this Agreement have been signed by each Party and delivered to the other Parties.

IN WITNESS WHEREOF, SELLER and BUYER have fully executed this Agreement as of the date first above written:

"SELLER"

"BUYER"

Keith Ruben, Manager

Juan F. Guzman, Opn Spacc  
CARSON CITY

3-10-08

DATE

DATE

**PRELIMINARY REPORT**

**Northern Nevada Title Company**  
307 W Winnie Lane #5  
Carson City, NV 89703-4103  
(775)-883-7513 FAX (775)-887-5065

To: **Carson City**  
**Attn: Juan Guzman**

Escrow No. CC-1080070-LS  
Title No. 1080070  
Your No.

Property Address  
2980 Snyder Avenue, as to Parcel 3  
None Available, as to Parcels 1 and 2  
Carson City, NV 89701

Assessor's Parcel Number  
010-121-43, as to Parcel 1  
010-121-42, as to Parcel 2  
010-121-44, as to Parcel 3

In response to the above referenced application for a policy of title insurance, Old Republic National Title Insurance Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulation of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are available from the office which issued this report. Copies of the Policy forms should be read.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated: **February 1, 2008** at 7:30 A.M.

  
Carey Rotoli, Title Officer

The form of policy of title insurance contemplated by this report is: **CLTA Owners**

The estate or interest in the land hereinafter described or referred to covered by this report is: **A fee, as to Parcels 1, 2 and 3 and an easement as to Parcels 1A and 2A**

Title to said estate or interest at the date hereof is vested in:

**Alpenglow Development, LLC, A Nevada Limited Liability Company, as to Parcel 1 and River Ranch Holdings, LTD, A Nevada Limited Liability Company, as to Parcel 2 and Mexican Dam LLC, A Nevada Limited Liability Company, as to Parcel 3**

The land referred to in the report is situate in the State of Nevada, County of Carson City and is described as follows:

**SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF**



CC-1080070-LS  
1080070

**EXHIBIT "A" ATTACHED TO PRELIMINARY TITLE REPORT DATED FEBRUARY 1, 2008**

**EXHIBIT "A"**

All that certain real property situate in the County of Carson City, State of Nevada, described as follows:

**PARCEL 1:**

A tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286, being the true point of beginning;

Thence North  $89^{\circ}59'47''$  West for a distance of 551.47 feet to a No. 5 rebar capped by PLS 2280; Thence North  $00^{\circ}06'00''$  East for a distance of 1315.77 feet to a No. 5 rebar without a cap; Thence North  $89^{\circ}56'33''$  East for a distance of 549.56 feet to a No. 5 rebar capped by PLS 5286; Thence South  $00^{\circ}01'00''$  West for a distance of 1316.35 feet to a No. 5 rebar capped by PLS 5286, being the true point of beginning.

Along with a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 509.02 feet to a No. 5 rebar capped by PLS 7880, being the true point of beginning; Thence North  $89^{\circ}59'47''$  West for a distance of 261.63 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 628.38 feet to a point; Thence South  $38^{\circ}25'29''$  East for a distance of 255.15 feet to a No. 5 rebar capped by PLS 7880, being the beginning point of a curve to the right; Thence along a curve to the right, an arc distance of 318.55 feet, with a radius of 475.00 feet, a delta angle of  $38^{\circ}25'27''$ , on a chord of South  $19^{\circ}12'46''$  East for a distance of 312.61 feet, to a No. 5 rebar capped by PLS 7880; Thence South  $00^{\circ}00'02''$  East for a distance of 133.31 feet to a No. 5 rebar capped by PLS 7880, being the true point of beginning.

Along with a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 1068.42 feet to a point, being the true point of beginning; Thence North  $00^{\circ}01'00''$  East for a distance of 247.93 feet to a No. 5 rebar capped by PLS 5286; Thence North  $89^{\circ}56'33''$  East for a distance of 262.67 feet (previously recorded as 6.60 feet in File #170840), to a point on the Westerly Mean High Water line of the Carson River, as verified by State Lands; Thence South  $27^{\circ}07'14''$  East for a distance of 31.77 feet to a No. 5 rebar capped by PLS 7880, being a course along the Westerly Mean High Water line of the Carson River; Thence South  $51^{\circ}34'31''$  West for a distance of 353.86 feet to a point, being the true point of beginning.

Continued...

## EXHIBIT "A" CONTINUED

Along with a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, Thence North  $89^{\circ}59'47''$  West for a distance of 1322.12 feet to a No. 5 rebar capped by PLS 2280; Thence North  $00^{\circ}06'00''$  East for a distance of 1315.77 feet to a No. 5 rebar with no cap, being the true point of beginning; Thence North  $00^{\circ}09'29''$  East for a distance of 62.82 feet to a No. 5 rebar capped by PLS 7880; Thence South  $89^{\circ}50'31''$  East for a distance of 49.95 feet to a No. 5 rebar capped by PLS 7880, being the beginning point of a curve to the right, where the tangent bears North  $00^{\circ}09'29''$  East; Thence along a curve to the right, an arc distance of 30.45 feet, with a radius of 60.00 feet, a delta angle of  $29^{\circ}04'32''$ , on a chord of North  $14^{\circ}41'45''$  East for a distance of 30.12 feet, to a No. 5 rebar capped by PLS 7880; Thence South  $60^{\circ}45'59''$  East for a distance of 112.72 feet to a No. 5 rebar capped by PLS 7880; Thence North  $51^{\circ}34'31''$  East for a distance of 533.74 feet to a No. 5 rebar capped by PLS 7880, being a point on the Westerly Mean High Water line of the Carson River, verified by State Lands; Thence South  $28^{\circ}59'47''$  East for a distance of 156.88 feet to a point on the Mean High Water line; Thence South  $38^{\circ}28'59''$  East for a distance of 221.62 feet to a point on the Mean High Water line; Thence South  $22^{\circ}50'41''$  East for a distance of 61.81 feet to a point, being the last point on the Westerly Mean High Water line of the Carson River; Thence South  $89^{\circ}56'33''$  West for a distance of 262.67 feet (previously recorded as 6.60 feet in File #170840), to a No. 5 rebar capped by PLS 5286; Thence South  $89^{\circ}56'33''$  West for a distance of 549.56 feet to a No. 5 rebar with no cap, being the true point of beginning.

Excepting therefrom a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 628.38 feet to a point, being the true point of beginning; Thence North  $38^{\circ}25'29''$  West for a distance of 262.51 feet to a No. 5 rebar capped by PLS 7880, being the beginning point of a curve to the right; Thence along a curve to the right, an arc distance of 85.50 feet, with a radius of 175.00 feet, a delta angle of  $27^{\circ}59'40''$ , on a chord of North  $24^{\circ}25'39''$  West for a distance of 84.66 feet, to a No. 5 rebar capped by PLS 7880; Thence North  $51^{\circ}34'31''$  East for a distance of 253.10 feet to a point; Thence South  $00^{\circ}01'00''$  West for a distance of 440.03 feet to a point, being the true point of beginning;

Said land is further depicted as Lot 1 of that certain Record of Survey Map No. 2596 to Support a Boundary Line Adjustment for Alpenglow Development LLC, River Ranch Holdings, LTD and Mexican Dam LLC, recorded in the office of the Carson City Recorder, State of Nevada, on March 10, 2006 in Book 9 of Maps at Page 2596 as Document No. 350810, Official Records.

Note: Legal Description previously contained in Document No. 350809 recorded on March 10, 2006.

### PARCEL 1A:

Roadway and utility rights of way as described in Grant of Easement recorded in the office of the County Recorder of Carson City, State of Nevada, on October 1, 1984 in Book 377 at Page 233 through 244 and Page 249 through 252 as Document No.'s 30615, 30616, 30617 and 30619 and Grant of Easements recorded on May 1, 2000 as Document No.'s 247956 and 247957, Official Records.

Continued...

EXHIBIT "A" CONTINUED...

PARCEL 2:

A tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Beginning at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 1316.35 feet to a No. 5 rebar capped by PLS 5286; Thence North  $89^{\circ}56'33''$  East for a distance of 262.67 feet (previously recorded as 6.60 feet in File # 170840), to a point on the Westerly Mean High Water Line of the Carson River, as verified by State Lands; Thence South  $27^{\circ}07'14''$  East for a distance of 31.77 feet to a No. 5 rebar capped by PLS 7880, being a point on the Westerly Mean High Water Line of the Carson River; Thence South  $27^{\circ}07'14''$  East for a distance of 76.83 feet to a point on the Mean High Water line; Thence South  $31^{\circ}14'15''$  East for a distance of 134.18 feet to a point on the Mean High Water line; Thence South  $36^{\circ}21'37''$  East for a distance of 193.78 feet to a point on the Mean High Water line; Thence South  $46^{\circ}09'46''$  East for a distance of 131.59 feet to a point on the Mean High Water line; Thence South  $47^{\circ}50'17''$  East for a distance of 231.88 feet to a point on the Mean High Water line; Thence South  $39^{\circ}29'12''$  East for a distance of 156.84 feet to a point on the Mean High Water line; Thence South  $30^{\circ}14'41''$  East for a distance of 93.22 feet to a point on the Mean High Water line; Thence South  $43^{\circ}56'54''$  East for a distance of 108.95 feet to a point on the Mean High Water line; Thence South  $43^{\circ}55'48''$  East for a distance of 121.85 feet to a point on the Mean High Water line; Thence South  $52^{\circ}37'17''$  East for a distance of 158.56 feet to a point on the Mean High Water line; Thence South  $57^{\circ}49'34''$  East for a distance of 66.37 feet to a point on the Mean High Water line; Thence South  $43^{\circ}38'09''$  East for a distance of 154.80 feet to a point on the Mean High Water line; Thence South  $24^{\circ}11'05''$  East for a distance of 101.44 feet to a point on the Mean High Water line; Thence North  $89^{\circ}51'48''$  West for a distance of 630.57 feet (previously recorded as 437.72 feet in File #170840), to the true point of beginning.

Along with a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 628.38 feet to a point, being the true point of beginning; Thence North  $38^{\circ}25'29''$  West for a distance of 262.51 feet to a No. 5 rebar capped by PLS 7880, being the beginning point of a curve to the right; Thence along a curve to the right, an arc distance of 85.50 feet, with a radius of 175.00 feet, a delta angle of  $27^{\circ}59'40''$ , on a chord of North  $24^{\circ}25'39''$  West for a distance of 84.66 feet, to a No. 5 rebar capped by PLS 7880; Thence North  $51^{\circ}34'31''$  East for a distance of 253.10 feet to a point; Thence South  $00^{\circ}01'00''$  West for a distance of 440.03 feet to a point, being the true point of beginning;

Excepting therefrom a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 509.02 feet to a No. 5 rebar capped by PLS 7880, being the true point of beginning; Thence North  $89^{\circ}59'47''$  West for a distance of 261.63 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 628.38 feet to a point; Thence South  $38^{\circ}25'29''$  East for a distance of 255.15 feet to a No. 5 rebar capped by PLS 7880, being the beginning point

Continued...

**EXHIBIT "A" CONTINUED...**

of a curve to the right; Thence along a curve to the right, an arc distance of 318.55 feet, with a radius of 475.00 feet, a delta angle of  $38^{\circ}25'27''$ , on a chord of South  $19^{\circ}12'46''$  East for a distance of 312.61 feet, to a No. 5 rebar capped by PLS 7880; Thence South  $00^{\circ}00'02''$  East for a distance of 133.31 feet to a No. 5 rebar capped by PLS 7880, being the true point of beginning.

Excepting therefrom a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, NV, Thence North  $89^{\circ}59'47''$  West for a distance of 770.65 feet to a No. 5 rebar capped by PLS 5286; Thence North  $00^{\circ}01'00''$  East for a distance of 1068.42 feet to a point, being the true point of beginning; Thence North  $00^{\circ}01'00''$  East for a distance of 247.93 feet to a No. 5 rebar capped by PLS 5286; Thence North  $89^{\circ}56'33''$  East for a distance of 262.67 feet (previously recorded as 6.60 feet in File #170840), to a point on the Westerly Mean High Water line of the Carson River, as verified by State Lands; Thence South  $27^{\circ}07'14''$  East for a distance of 31.77 feet to a No. 5 rebar capped by PLS 7880, being a course along the Westerly Mean High Water line of the Carson River; Thence South  $51^{\circ}34'31''$  West for a distance of 353.86 feet to a point, being the true point of beginning.

Said land is further depicted as Lot 2 of that certain Record of Survey Map No. 2596 to Support a Boundary Line Adjustment for Alpenglow Development LLC, River Ranch Holdings, LTD and Mexican Dam LLC, recorded in the office of the Carson City Recorder, State of Nevada, on March 10, 2006 in Book 9 of Maps at Page 2596 as Document No. 350810, Official Records.

Note: Legal Description previously contained in Document No. 350809 recorded on March 10, 2006.

**PARCEL 2A:**

Roadway and utility rights of way as described in Grant of Easement recorded in the office of the County Recorder of Carson City, State of Nevada, on October 1, 1984 in Book 377 at Page 233 through 244 and Page 249 through 252 as Document No.'s 30615, 30616, 30617 and 30619 and Grant of Easements recorded on May 1, 2000 as Document No.'s 247956 and 247957, Official Records.

**PARCEL 3:**

A tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South  $\frac{1}{4}$  corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, Thence North  $89^{\circ}59'47''$  West for a distance of 1322.13 feet to a No. 5 rebar capped by PLS 2280; Thence North  $00^{\circ}06'00''$  East for a distance of 1315.77 feet to a No. 5 rebar with no cap, being the true point of beginning; Thence North  $89^{\circ}56'33''$  East for a distance of 549.56 feet to a No. 5 rebar capped by PLS 5286; Thence North  $89^{\circ}56'33''$  East for a distance of 262.67 feet (previously recorded as 6.60 feet in file #170840), to a point on the Westerly Mean High Water line of the Carson River, as verified by State Lands; Thence North  $22^{\circ}50'41''$  West for a distance of 61.81 feet to a point on the Mean High Water line; Thence North  $38^{\circ}28'59''$  West for a distance of 221.62 feet to a point on the Mean High Water line; Thence North

Continued...

EXHIBIT "A" CONTINUED....

28°59'47" West for a distance of 156.88 feet to a point on the Mean High Water line; Thence North 28°59'47" West for a distance of 80.88 feet to a point on the Mean High Water line; Thence North 23°56'30" West for a distance of 68.88 feet to a point on the Mean High Water line; Thence North 07°20'32" West for a distance of 114.80 feet to a point on the Mean High Water line; Thence North 12°50'28" East for a distance of 88.00 feet to a point on the Mean High Water line; Thence North 34°29'28" East for a distance of 110.28 feet to a point on the Mean High Water line; Thence North 44°40'48" East for a distance of 85.11 feet to a point on the Mean High Water line; Thence North 40°11'27" East for a distance of 58.77 feet to a point on the Mean High Water line; Thence North 59°12'53" East for a distance of 85.66 feet to a point on the Mean High Water line; Thence South 35°05'12" East for a distance of 17.19 feet to a point on the Mean High Water line; Thence North 79°36'20" East for a distance of 6.04 feet to a point on the Mean High Water line; Thence continuing North-Easterly along the Westerly Mean High Water line of the Carson River to a point on the Northerly line of Parcel "C" of the Record of Survey Map Document No. 4398; Thence South 89°57'17" West along the Northerly line of said Parcel "C" for a distance of 1,282.20 feet more or less to the Northwesterly corner of said Parcel "C", being a No. 5 rebar capped by PLS 2280; Thence South 00°09'29" West for a distance of 1316.04 feet to the true point of beginning.

EXCEPTING THEREFROM a tract of land located in Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, being more particularly described as follows:

Commencing at the South ¼ corner of Section 35, Township 15 North, Range 20 East, M.D.B.&M., Carson City, Nevada, Thence North 89°59'47" West for a distance of 1322.12 feet to a No. 5 rebar capped by PLS 2280; Thence North 00°06'00" East for a distance of 1315.77 feet to a No. 5 rebar with no cap, being the true point of beginning; Thence North 00°09'29" East for a distance of 62.82 feet to a No. 5 rebar capped by PLS 7880; Thence South 89°50'31" East for a distance of 49.95 feet to a No. 5 rebar capped by PLS 7880, being the beginning point of a curve to the right, where the tangent bears North 00°09'29" East; Thence along a curve to the right, an arc distance of 30.45 feet, with a radius of 60.00 feet, a delta angle of 29°04'32", on a chord of North 14°41'45" East for a distance of 30.12 feet, to a No. 5 rebar capped by PLS 7880; Thence South 60°45'59" East for a distance of 112.72 feet to a No. 5 rebar capped by PLS 7880; Thence North 51°34'31" East for a distance of 533.74 feet to a No. 5 rebar capped by PLS 7880, being a point on the Westerly Mean High Water line of the Carson River, verified by State Lands; Thence South 28°59'47" East for a distance of 156.88 feet to a point on the Mean High Water line; Thence South 38°28'59" East for a distance of 221.62 feet to a point on the Mean High Water line; Thence South 22°50'41" East for a distance of 61.81 feet to a point, being the last point on the Westerly Mean High Water line of the Carson River; Thence South 89°56'33" West for a distance of 262.67 feet (previously recorded as 6.60 feet in File #170840), to a No. 5 rebar capped by PLS 5286; Thence South 89°56'33" West for a distance of 549.56 feet to a No. 5 rebar with no cap, being the true point of beginning.

Said land is further depicted as Lot 3 of that certain Record of Survey Map No. 2596 to Support a Boundary Line Adjustment for Alpenglow Development LLC, River Ranch Holdings, LTD and Mexican Dam LLC, recorded in the office of the Carson City Recorder, State of Nevada, on March 10, 2006 in Book 9 of Maps at Page 2596 as Document No. 350810, Official Records.

Note: Legal Description previously contained in Document No. 350809 recorded on March 10, 2006.

NORTHERN NEVADA TITLE COMPANY  
PRELIMINARY REPORT

Escrow No. CC-1080070-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

**EXCEPTIONS FROM COVERAGE**

The policy, with the exception of any ALTA Lenders policy, contemplated to be issued hereunder will not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

**PART I**

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.  
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by public records.

**PART II**

- 1) Taxes for the year 2007-2008, including any secured personal property taxes and any special taxes, a lien, now due and payable.

TOTAL AMOUNT:	\$371.35
FIRST INSTALLMENT:	\$95.35 Paid
SECOND INSTALLMENT:	\$92.00 Delinquent plus penalties and costs
THIRD INSTALLMENT:	\$92.00 Delinquent plus penalties and costs
FOURTH INSTALLMENT:	\$92.00 Open
ASSESSORS PARCEL NO.:	010-121-43
SAID MATTER AFFECTS:	Parcel 1
TOTAL AMOUNT:	\$446.54
FIRST INSTALLMENT:	\$113.54 Paid
SECOND INSTALLMENT:	\$111.00 Delinquent plus penalties and costs
THIRD INSTALLMENT:	\$111.00 Delinquent plus penalties and costs
FOURTH INSTALLMENT:	\$111.00 Open
ASSESSORS PARCEL NO.:	010-121-42
SAID MATTER AFFECTS:	Parcel 2

Continued...

**NORTHERN NEVADA TITLE COMPANY  
PRELIMINARY REPORT**

Escrow No. CC-1080070-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

TOTAL AMOUNT:	\$342.88
FIRST INSTALLMENT:	\$87.88 Paid
SECOND INSTALLMENT:	\$85.00 Delinquent plus penalties and costs
THIRD INSTALLMENT:	\$85.00 Delinquent plus penalties and costs
FOURTH INSTALLMENT:	\$85.00 Open
ASSESSORS PARCEL NO.:	010-121-44
SAID MATTER AFFECTS:	Parcel 3

- 2) The lien, if any, for taxes for improvements completed or in progress, but which were not shown on the tax bill for the current year.
  - 3) Liens levied by the Carson City Water and Sewer District for water, sewer and storm water utilities, by reason that subject property is located within said district. To verify payments, delinquencies or liens, contact Carson City Utilities at (775) 887-2355 extension 1020.
  - 4) Lack of ingress and/or egress to said land, access may be provided by the United States Department of the Interior, Bureau of Land Management over that portion of the West ½ of Lot 2 within the Northwest ¼ of Section 2, Township 14 North, Range 20 East.
  - 5) Any easement or claims of easement or rights of access based on prescription or by implied dedication to the public over said land or any part thereof, for access (or recreational purposes) to or upon the Carson River.
  - 6) Any adverse claim based upon the assertion that:
    - a) "Said land or any part thereof is now, or at any time has been, below the ordinary high water mark of the Carson River."
    - b) "Some portion of said land has been created by artificial means or has accreted to such portions so created."
    - c) "Some portion of said land has been brought with the boundary thereof by an avulsive movement of the Carson River or has been formed by accretion to any such portion."
  - 7) Such rights and easements for navigation and fishery which may exist over that portion of said land lying beneath the waters of Carson River.
  - 8) Lack of record access to a public roadway.
- SAID MATTER AFFECTS: Parcel 3
- 9) Rights of the public, county and/or city in that portion of the herein described property lying within any street or road.
  - 10) Notes, easements and recitals as set forth on Parcel Map No.'s 704 and 1035, and Record of Survey Map No.'s 894, 1306, 1307, 2085, 2596 and 2633, and Lot Line Adjustment Document Nos. 170839 and 350809.

Continued...

NORTHERN NEVADA TITLE COMPANY  
PRELIMINARY REPORT

Escrow No. CC-1080070-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

11) Easement, together with the rights incidental thereto,

RESERVED BY: H.F. Dangberg Land and Live Stock Company,  
a Nevada Corporation  
PURPOSE: Rights of other users of common ditches,  
canals, streams in accordance with, but not  
limited to historical custom and usage  
RECORDED: March 30, 1978  
BOOK: 227, Official Records  
PAGE: 612  
DOCUMENT NO.: 78173  
AFFECTS: A portion of said land, exact location is not  
defined of record

12) Rights of way, easement and conditions as set forth in those certain Grants of Easements,

RECORDED: October 1, 1984  
BOOK: 377, Official Records  
PAGE: 233 thru 244 and 249 thru 252  
DOCUMENT NO.'S: 30615, 30616, 30617 and 30619  
SAID MATTER AFFECTS: Parcels 1 and 2 and other property

13) Terms, conditions and fees as set forth in Decision for Right-of-Way Grant, over that portion of the West 1/2 of Lot 2 within the Northwest 1/4 of Section 2, Township 14 North, Range 20 East.

FILE CASE NO.: N-39520  
RECORDED: October 3, 1984  
BOOK: 377, Official Records  
PAGE: 368  
DOCUMENT NO.: 30685

Assignment of Right-of-Way Grant,

RECORDED: February 4, 1985  
BOOK: 386, Official Records  
PAGE: 276  
DOCUMENT NO.: 33372  
SAID MATTER AFFECTS: Parcels 1 and 2 and other property

Continued...



NORTHERN NEVADA TITLE COMPANY  
PRELIMINARY REPORT

Escrow No. CC-1080070-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

14) Agreement, on the terms and conditions contained therein.

PURPOSE: Road Maintenance Agreement  
EXECUTED BY: William L. Desormier, Eli H. Keeran, Jack  
Foerschler and John J. Stein  
RECORDED: March 16, 1989  
DOCUMENT NO.: 82797, Official Records  
SAID MATTER AFFECTS: Parcels 1 and 2 and other property

15) Covenants, and agreements, as contained in Grants of Easements,

EXECUTED BY: William Desormier and Patricia L. Desormier  
RECORDED: May 1, 2000  
DOCUMENT NO.'S: 247956 and 247957

(deleting therefrom any restrictions indicating any preference, limitation or discrimination based on race, color, religion, sex, handicap, familial status or national origin)

SAID MATTER AFFECTS: Parcels 1 and 2

16) Deed of Trust, to secure an indebtedness of the amount stated therein.

ORIGINAL AMOUNT: \$285,468.00  
DATED: June 20, 2005  
RECORDED: June 20, 2005  
DOCUMENT NO.: 338323, Official Records  
TRUSTOR: Alpenglow Development, LLC, a Nevada  
Limited Liability Company  
TRUSTEE: Western Title Company, Inc.  
BENEFICIARY: Dieter Bulin and Cherisse Hollingsworth,  
husband and wife as joint tenants  
SAID MATTER AFFECTS: A portion of Parcels 1 and 2

Continued...

NORTHERN NEVADA TITLE COMPANY  
PRELIMINARY REPORT

Escrow No. CC-1080070-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

17) Deed of Trust, to secure an indebtedness of the amount stated therein.

ORIGINAL AMOUNT: \$343,282.00  
DATED: June 20, 2005  
RECORDED: June 20, 2005  
DOCUMENT NO.: 338325, Official Records  
TRUSTOR: River Ranch Holdings, Ltd., a Nevada limited liability company  
TRUSTEE: Western Title Company, Inc.  
BENEFICIARY: Dieter Bulin and Cherrisse Hollingsworth, husband and wife as joint tenants

SAID MATTER AFFECTS: A portion of Parcels 1 and 2

18) Easement, shown or dedicated on Record of Survey Map 2633, together with the rights incidental thereto.

PURPOSE: Proposed 25 foot wide easement for fire access  
AFFECTS: Westerly 25 feet of Parcel 1

PURPOSE: Rights of ways and easement  
AFFECTS: Southerly portions of Parcels 1 and 2

PURPOSE: Existing irrigation ditch  
AFFECTS: Portion of Parcel 3

19) The requirement that the following be submitted prior to the issuance of a title policy.

- a) Resolutions authorizing this transaction.
- b) Copies of Articles of Organizations showing who can execute on behalf of the limited liability companies.

20) Prior to the issuance of a Title Policy, the allocation of liability as to each parcel shall be set forth in writing by all parties to this transaction.

NOTE: Said property was last insured in June of 2005.

oOo

**Northern Nevada Title Company**

**512 N. Division Street**

**Carson City, NV 89703**

Privacy Policy Notice  
as of September 20, 2005

**PURPOSE OF THIS NOTICE**

Northern Nevada Title Company (NNTC) and its Underwriters share your concerns about privacy. Each Company is committed to respecting the privacy of our policyholders. Therefore, in accordance with Federal and State laws and regulations, we are providing you with this notice of how we might use the information about you which we gather in the process of issuing a policy of title insurance.

Title V of the Gramm-Leach-Bliley Act (GLBA) and the laws of the State in which you reside generally prohibit us from sharing non public personal information about you with a third party unless we provide you with this notice of our privacy policies and practices, such as the type of information that we collect about you and the categories of persons or entities to whom that information may be disclosed. In compliance with the GLBA and the laws of this State, we are providing you with this document, which notifies you of the privacy policies and practices of NNTC and its Underwriters.

**OUR PRIVACY POLICIES AND PRACTICES**

**I. Information we collect and sources from which we collect it:**

We do not collect any nonpublic personal information about you other than the following:

Information we receive from you or from your attorney or other representatives on applications or other forms;

Information about your transactions with us, our affiliates or our Underwriters.

In addition, we may collect other non public personal information about you from individuals and companies other than those proposed for coverage.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional information will be collected about you.

**II. Information we disclose to third parties:**

In the course of our general business practices, we may disclose the information that we collect (as described above) about you or others without your permission to the following types of institutions for the reasons described:

To a third party such as a surveying, real estate tax research or municipal data firm if the disclosure will enable that party to perform a business, professional or insurance function for us;

To an insurance institution, agent, or credit reporting agency in order to detect or prevent criminal activity, fraud or misrepresentation in connection with an insurance transaction;

To an insurance institution, agent, or credit reporting agency for either this Company or the entity to whom we disclose the information to perform a function in connection with an insurance transaction involving you;

To an insurance regulatory authority, law enforcement, or other governmental authority in order to protect our interests in preventing or prosecuting fraud, or if we believe that you have conducted illegal activities;

To an actuarial or research organization for the purpose of conducting actuarial or research studies.

The disclosures described above are permitted by law.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH AFFILIATES OR NON-AFFILIATED THIRD PARTIES FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

**III. Your right to access and amend your personal information:**

You have the right to request access to the personal information that we record about you. Your right includes the right to know the source of the information and the identity of the persons, institutions or types of institutions to whom we have disclosed such information within 2 years prior to your request. Your right includes the right to view such information and copy it in person, or request that a copy of it be sent to you by mail (for which we may charge you a reasonable fee to cover our costs). Your right also includes the right to request corrections, amendments or deletions of any information in our possession. The procedures that you must follow to request access to or an amendment of your information are as follows:

To obtain access to your information from Northern Nevada Title Company: You should submit a request in writing Northern Nevada Title Company, 512 N. Division Street, Carson City, Nevada 89703. The request should include your name, address, policy number, telephone number, and the information to which you would like access. The request should state whether you would like access in person or a copy of the information sent to you by mail. Upon receipt of your request, we will contact you within 30 business days to arrange providing you with access in person or the copies that you have requested.

To obtain access to your information from the Underwriter: You should submit your written request including the specified information to the address stated above. The request should include the same information mentioned above for requests to NNTC. The request will be forwarded to the Underwriter which insured your transaction

To correct, amend, or delete any of your information: You should submit a request in writing to the address referenced directly above. The request should include your name, address, policy number, telephone number, the specific information in dispute, and the identity of the document or record that contains the disputed information. Upon receipt of your request, we will contact you within 30 business days to notify you either that we have made the correction, amendment or deletion, or that we refuse to do so and the reasons for the refusal which you will have an opportunity to challenge.

**IV. Our practices regarding information confidentiality and security:**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

**v. Our policy regarding dispute resolution:**

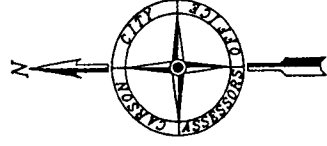
Any controversy or claim arising out of or relating to our privacy policy, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

**VI. Reservation of the right to disclose information in unforeseen circumstances:**

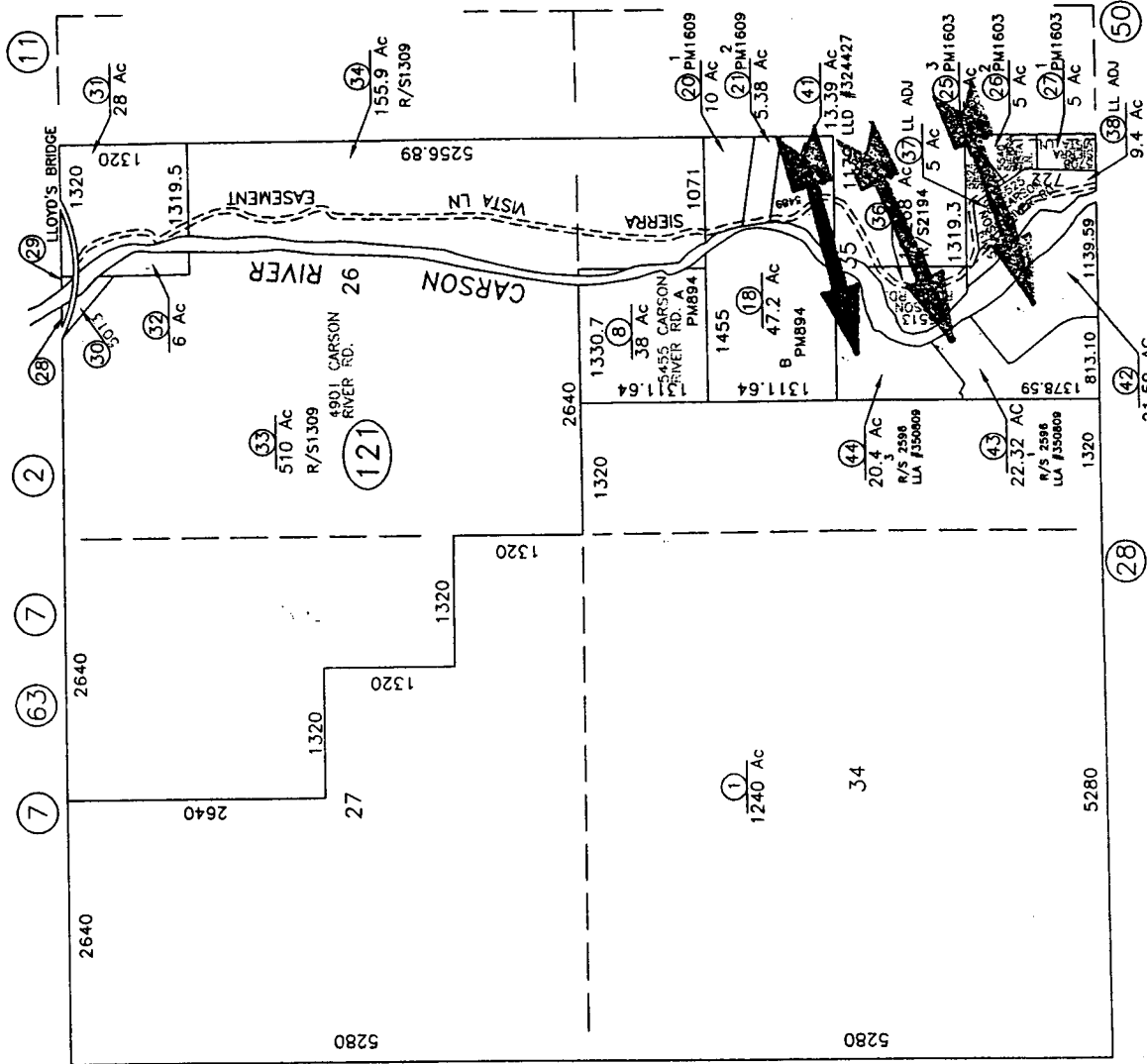
In connection with the potential sale or transfer of its interests, Northern Nevada Title Company, its Underwriters and their respective affiliates reserve the right to sell or transfer your information (including but not limited to your address, name, age, sex, zip code, state and country of residency and other information that you provide through other communications) to a third party entity that (1) concentrates its business in a similar practice or service; (2) agrees to be a successor in interest of Northern Nevada Title Company or the Underwriter with regard to the maintenance and protection of the information collected; and (3) agrees to the obligations of this privacy statement.

10-12

PORTION T.15 N., R.20 E.,  
M.D.B. & M.



Scale: 1" = 1200'  
Revised 3/28/2006



NOTE  
SOME PARCELS DELINEATED HEREON MAY NOT  
BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION  
DUE TO DISCREPANCIES BETWEEN LOT LINES.

CARSON CITY, NEVADA  
THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY  
ASSESSOR'S OFFICE AND IS NOT INTENDED FOR  
ANY OTHER PURPOSES. IT DOES NOT REPRESENT A SURVEY, NO LIABILITY  
IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE  
DATA DELINEATED HEREON FOR ANY PURPOSE. PRINTED BY  
NORTHERN NEVADA TITLE COMPANY, CARSON CITY, NV  
www.northernnevadacity.com/assessor

Northern Nevada Title Company does not represent this  
plat as a survey of the land indicated hereon, although  
believed correct, no liability is assumed as to the  
accuracy thereof.

**RECORD OF SURVEY  
TO SUPPORT A BOUNDARY LINE ADJUSTMENT  
FOR  
ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD &  
MEXICAN DAM LLC**

LOCATED IN  
**SECTION 35, T.15N., R.20E., M.D.B.&M.,  
CARSON CITY, NEVADA**

**MEAN HIGH WATER LINE**  
THE VERTICAL MEAN HIGH WATER LINE SHOWN ON THIS RECORD OF SURVEY IS THE LINE OF BOUNDARY BETWEEN TERRESTRIAL VEGETATION AND AQUATIC VEGETATION. THIS LINE IS TO BE USED TO DETERMINE THE LOCATION OF THE MEAN HIGH WATER LINE AND ANY LAND GRASSES, ALSO BEING THE MOST WATER WARD OF SUCH VEGETATION. ADVISORY VEGETATION IS DEFINED AS VEGETATION THAT IS COMMON TO BOTH TERRESTRIAL AND AQUATIC VEGETATION. USUALLY BEING SEASONAL PLANTS THAT CAN SPROUT AND MATURE IN A FEW MONTHS.

- LEGEND:**
- (1) RECORD BEARINGS & DISTANCES PER ROS MAP FROM FILE #178A, BOOK 7, PAGE 20A.
  - (2) RECORD BEARINGS & DISTANCES PER ROS MAP FROM FILE #178B, BOOK 7, PAGE 20B.
  - (3) FOUND NOS BEARS CAPPED BY PLS SIGN, UNLESS OTHER WISE NOTES.
  - (4) FOUND BULL BEARS CAP OTHER WISE NOTES.
  - (5) SET A NOS BEAR CAPPED BY PLS SIGN, UNLESS OTHER WISE NOTES.

**TOTAL AREA OF LOTS 1 & 2 IS 6.31 ACRES PLUS OR MINUS.**

**BASES OF BEARINGS**  
THE MERIDIAN OF THIS SURVEY IS THE MERIDIAN OF THE STATE OF NEVADA AS SHOWN ON THE ADJACENT ATTACHED BEARINGS MAP 1895951-V.

**NOTE:**  
THIS MAP IS BEING FILED TO REPLICATE ADJUSTED BEARINGS AND DISTANCES AS SHOWN IN BEARINGS MAP 1895951-V. THIS MAP IS NOT TO BE USED FOR ANY OTHER PURPOSES WITHOUT THE WRITTEN CONSENT OF THE SURVEYOR.

**PLANNING & COMMUNITY DEVELOPMENT CONTRACT:**  
THIS BOUNDARY LINE ADJUSTMENT IS HEREBY APPROVED AND ACCEPTED BY CARSON CITY.

*Valerie O. Sullivan*  
**PLANNING & COMMUNITY DEVELOPMENT  
VALERIE SULLIVAN, DIRECTOR**

**BOUNDARY LINE ADJUSTMENT**  
THIS BOUNDARY LINE ADJUSTMENT IS HEREBY APPROVED AND ACCEPTED BY CARSON CITY.

*Valerie O. Sullivan*  
**PLANNING & COMMUNITY DEVELOPMENT  
VALERIE SULLIVAN, DIRECTOR**

**BOUNDARY LINE ADJUSTMENT**

DATE: 08-09-2010  
DRAWN BY: CONN  
DATE: 08-09-2010  
SHEET 1 OF 2

**REMARKS:**  
THE BOUNDARY LINE ADJUSTMENT IS THE RESULT OF A FIELD SURVEY CONDUCTED BY THE SURVEYOR ON 08/09/2010. THE SURVEY WAS CONDUCTED IN ACCORDANCE WITH THE NEVADA SURVEYING ACT AND THE NEVADA BOARD OF SURVEYING AND MAPPING. THE SURVEY WAS CONDUCTED IN ACCORDANCE WITH THE NEVADA SURVEYING ACT AND THE NEVADA BOARD OF SURVEYING AND MAPPING.

- OFF-SITE ACCESS & UTILITY EASEMENTS FOR THE BENEFIT OF THESE PARCELS:**
- 1) B.M. 100-10-30, APPLICATION, DOC-33372, MC-304, PG-27A.
  - 2) ROADWAY, UTILITY & SLOPE EASEMENT, DOC-33372, MC-304, PG-27A.
  - 3) PERMANENT EASEMENT & B.M., DOC-33372, MC-304, PG-27A.
  - 4) PERMANENT EASEMENT & B.M., DOC-33372, MC-304, PG-27A.
  - 5) PERMANENT EASEMENT & B.M., DOC-33372, MC-304, PG-27A.
  - 6) PERMANENT EASEMENT & B.M., DOC-33372, MC-304, PG-27A.
  - 7) PERMANENT EASEMENT & B.M., DOC-33372, MC-304, PG-27A.

**NOTICE:**  
THIS SURVEY WAS CONDUCTED AT THE REQUEST OF ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD & MEXICAN DAM LLC. THE SURVEY WAS CONDUCTED IN ACCORDANCE WITH THE NEVADA SURVEYING ACT AND THE NEVADA BOARD OF SURVEYING AND MAPPING.

**BOUNDARY LINE ADJUSTMENT**  
THIS BOUNDARY LINE ADJUSTMENT IS HEREBY APPROVED AND ACCEPTED BY CARSON CITY.

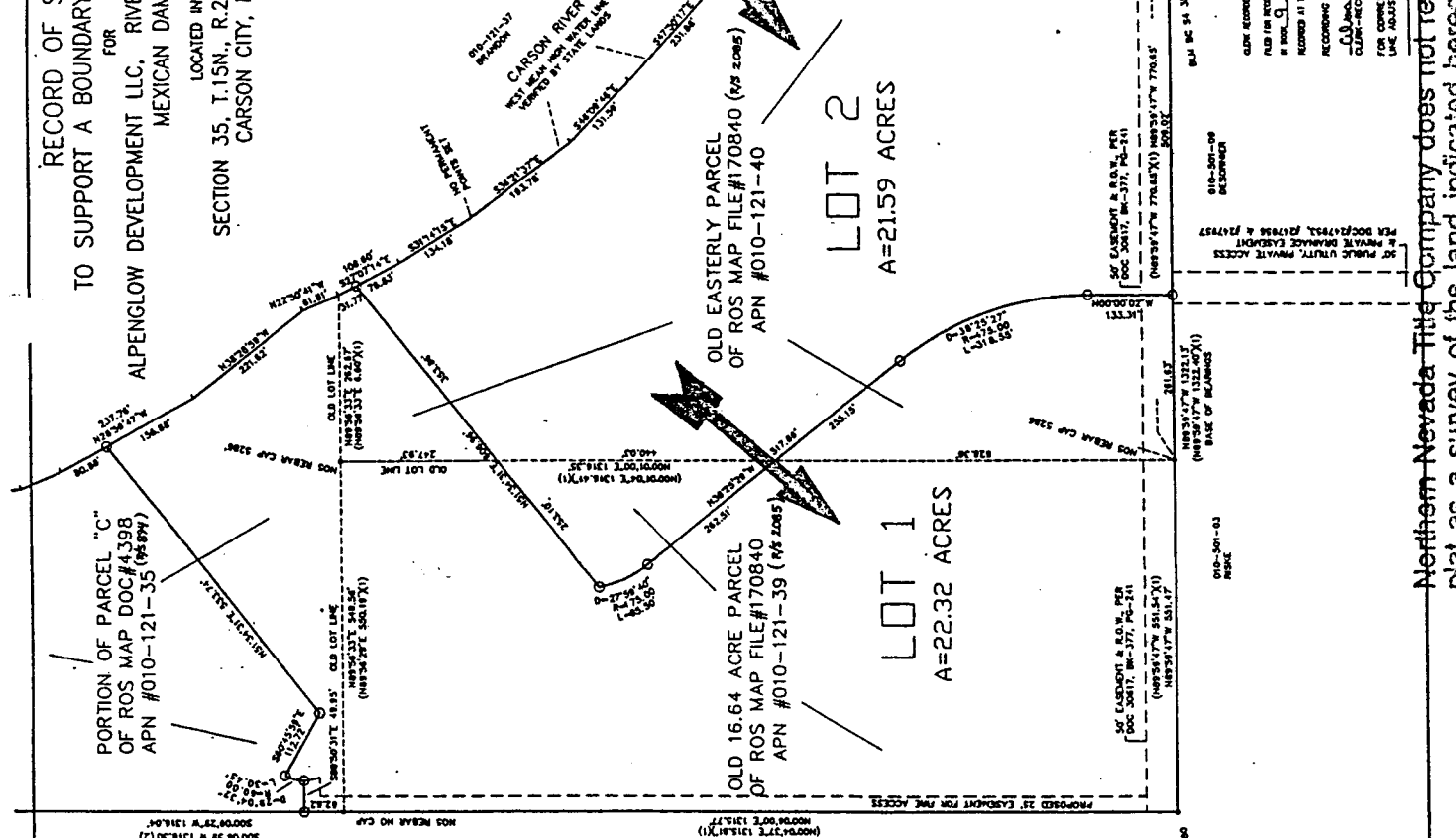
*Valerie O. Sullivan*  
**PLANNING & COMMUNITY DEVELOPMENT  
VALERIE SULLIVAN, DIRECTOR**

**BOUNDARY LINE ADJUSTMENT**  
THIS BOUNDARY LINE ADJUSTMENT IS HEREBY APPROVED AND ACCEPTED BY CARSON CITY.

*Valerie O. Sullivan*  
**PLANNING & COMMUNITY DEVELOPMENT  
VALERIE SULLIVAN, DIRECTOR**

**BOUNDARY LINE ADJUSTMENT**

DATE: 08-09-2010  
DRAWN BY: CONN  
DATE: 08-09-2010  
SHEET 1 OF 2

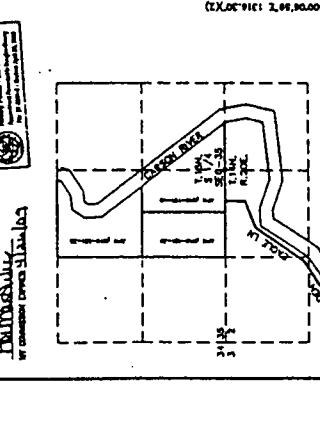


**REPORT DATE:** 08-09-2010  
**DATE:** 08-09-2010  
**DATE:** 08-09-2010

**DATE OF MEASUREMENT:** 08-09-2010

**DATE OF SURVEY:** 08-09-2010

**DATE OF RECORDING:** 08-09-2010



**LAND SURVEYOR'S CERTIFICATE:**  
I, CONN, A PROFESSIONAL LAND SURVEYOR, DO HEREBY STATE THAT:  
1) I HAVE PERFORMED A FIELD SURVEY SUBJECT TO LOCAL AND COUNTY PROVISIONS FOR BOUNDARY LINE ADJUSTMENT.  
2) THIS SURVEY WAS CONDUCTED AT THE REQUEST OF ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD & MEXICAN DAM LLC.  
3) THE LAND SURVEYED IS WITHIN SECTION 35, T.15N., R.20E., M.D.B.&M., CARSON CITY, NEVADA.  
4) ALL CORNERS AND ANGLE POINTS OF THE ADJUSTED BOUNDARY LINE ADJUSTMENT HAVE BEEN RECORDED IN THE PUBLIC RECORDS AS REQUIRED BY NEVADA LAW.  
5) THIS MAP IS NOT IN CONFLICT WITH THE PROVISIONS OF NEVADA LAW, INCLUDING, BUT NOT LIMITED TO, NEVADA REVISED STATUTES, CHAPTER 624, AND ALL LOCAL ORDINANCES.

**CLD SURVEYING**  
FIELD SHEETS & MAPS

**CONN**  
P. O. BOX 3116  
CLD, NEVADA 89403

**CLD SURVEYING**  
FIELD SHEETS & MAPS

**CONN**  
P. O. BOX 3116  
CLD, NEVADA 89403

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

0596-A











**SURVEYOR'S CERTIFICATE:**

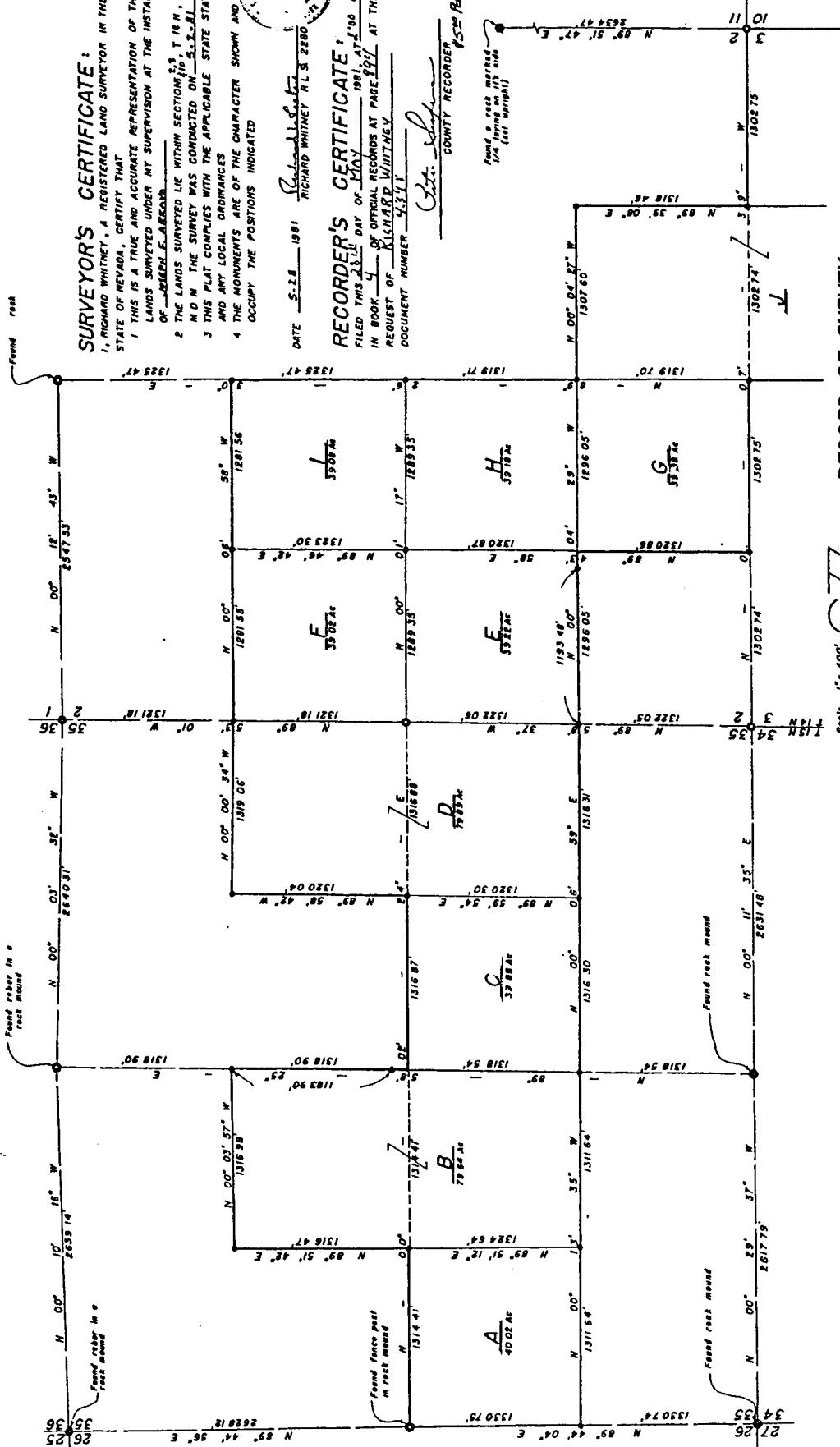
1. RICHARD WHITNEY, A REGISTERED LAND SURVEYOR IN THE STATE OF NEVADA, CERTIFY THAT THIS IS A TRUE AND ACCURATE REPRESENTATION OF THE LANDS SURVEYED UNDER MY SUPERVISION AT THE INSTANCE OF MICHAEL E. ARCOVA.
2. THE LANDS SURVEYED LIE WITHIN SECTION 35, T. 14 N., R. 20 E., M. D. IN THE SURVEY WAS CONDUCTED ON 2-22-81.
3. THIS PLAT COMPLIES WITH THE APPLICABLE STATE STATUTES AND ANY LOCAL ORDINANCES.
4. THE MONUMENTS ARE OF THE CHARACTER SHOWN AND OCCUPY THE POSITIONS INDICATED.

DATE 5-2-81 1981  
 RICHARD WHITNEY R.L.S. 2280  
 COUNTY RECORDER

**RECORDER'S CERTIFICATE:**

FILED THIS 23<sup>RD</sup> DAY OF MAY 1981 AT 1:06 P.M.  
 IN BOOK 4 OF OFFICIAL RECORDS AT PAGE 297 AT THE  
 REQUEST OF RICHARD WHITNEY  
 DOCUMENT NUMBER 43311

*Richard Whitney*  
 COUNTY RECORDER



**RECORD OF SURVEY**  
 for Joseph F. Arroyo

being portions of Section 35, T. 14 N., R. 20 E. and Sections 2, 3 and 10, T. 14 N., R. 20 E., M.D.M. County of Carson City, Nevada

Scale - 1" = 400'

**LEGEND**

- found Brass Cap monument
- found Rock Mound as noted
- set 5/8" rebar with cap, R.L.S. 2280

**BASIS OF BEARING**

The Basis of Bearing of this map is the west line of Section 2 which is N 00° 07' 39" W

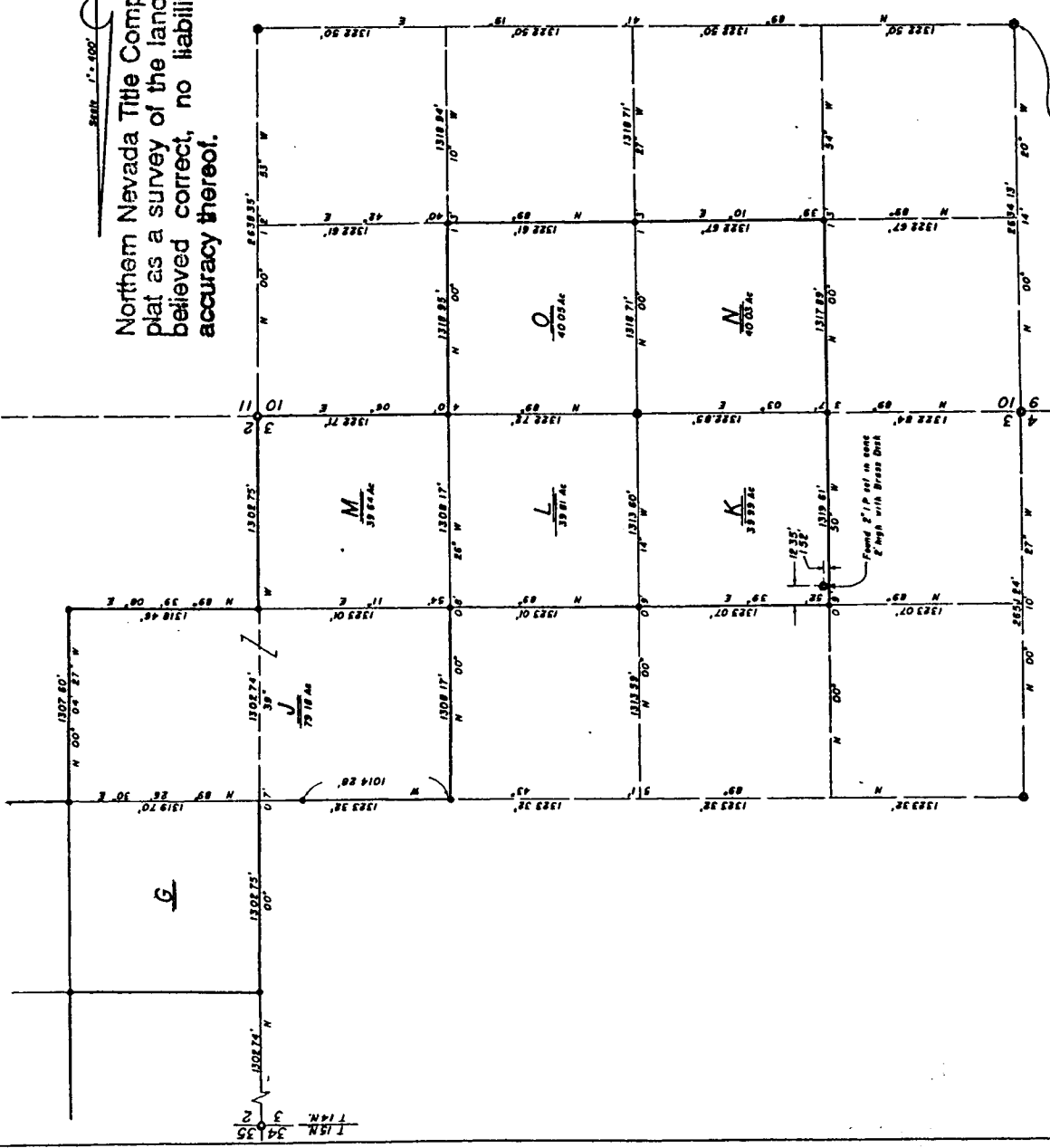
Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

MARTIN ENGINEERING  
 P.O. BOX 616  
 ZEPHYR COVE, NEVADA 89446  
 (702) 588-4587

Scale 1" = 500'

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.



**LEGEND**

- found Brass Cap monument
- ⊙ found Rest Monument as noted
- 1st 5/8" rebar with cap, R.L.S. 2280

**RECORD OF SURVEY**  
for Joseph F. Arroyo  
being portions of Section 35, T.15N, R.20E. and  
Sections 2, 3 and 10, T.14N, R.20E, M.D.M  
County of Carson City, Nevada

MARTIN ENGINEERING  
P.O. BOX 616  
ZEPHYR COVE, NEVADA 89448  
(702) 588-4587

Found 2" IP set in concrete  
2" high with Brass Disk  
no markings

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.











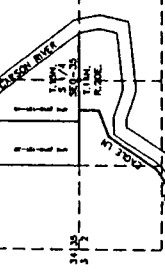
**SWIFT CERTIFICATE**

1. I, the undersigned, being a duly qualified and sworn Surveyor of the State of Nevada, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in my office.

DATE 03-01-04  
DATE 02-01-06  
DATE 03-01-04

STATE OF NEVADA  
COUNTY OF CLATSOP

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of my office at Carson City, Nevada, this 1st day of March, 2004.



LAND SURVEYOR CERTIFICATE  
I, DAVID J. LIPP, A PROFESSIONAL LAND SURVEYOR, DO HEREBY STATE THAT:

1. I HAVE PERFORMED A FIELD SURVEY SUPPORTED TO THE MAXIMUM EXTENT POSSIBLE BY THE PROPOSED BOUNDARY LINE ADJUSTMENT.
2. THIS BOUNDARY LINE ADJUSTMENT IS THE DISTANCE OF ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD. AND MERCANT DAM LLC.
3. THE LAND SURVEYED IS WITHIN SECTION 35, T.15N., R.20E., S.17E., CARSON CITY, NEVADA AND THE SURVEY WAS COMPLETED ON AUGUST 4, 2003.
4. ALL CORNERS AND ANGLE POINTS OF THE ADJUSTED BOUNDARY HAVE BEEN IDENTIFIED BY MONUMENTS OR WELL MARKED BY THE FIELD BOOK DOCUMENT OF RECORD AS REQUIRED BY THE FIELD BOOK.
5. THIS MAP IS NOT TO BE CONSIDERED WITH THE RECORD OF THIS SURVEY UNLESS IT IS ACCOMPANIED BY THE PROFESSIONAL LAND SURVEYOR'S SEAL AND LOCAL ORDINANCES.

DATE 1-17-04  
DATE 1-17-04  
DATE 1-17-04

OLD SURVEYING  
TITLER MATTHEW J. LIPP  
P. O. BOX 7318  
CARSON CITY, NEVADA 89602

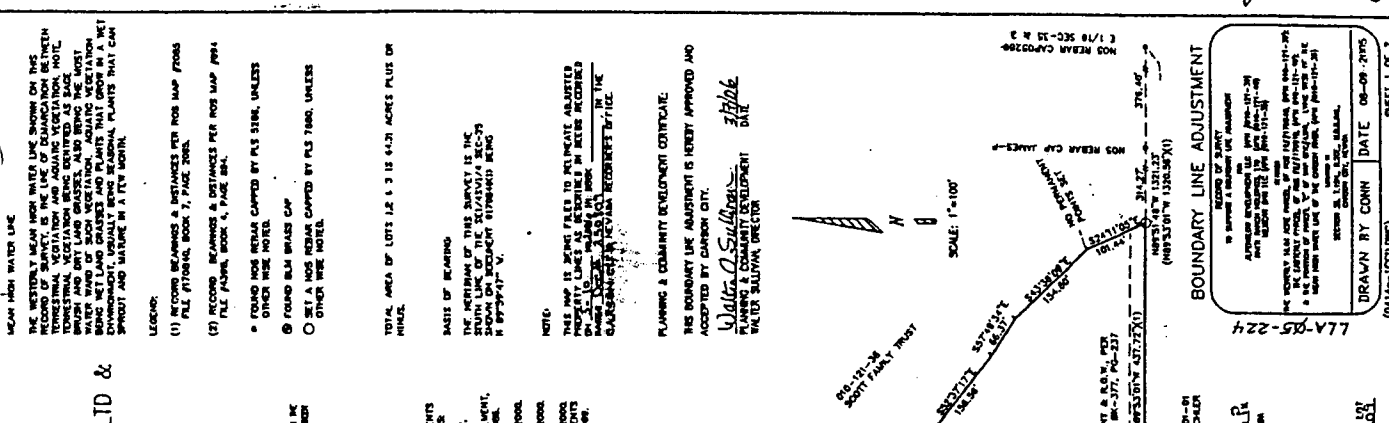
**RECORD OF SURVEY  
TO SUPPORT A BOUNDARY LINE ADJUSTMENT  
FOR  
ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD &  
MEXICAN DAM LLC**

LOCATED IN  
SECTION 35, T.15N., R.20E., M.D.B.&M.,  
CARSON CITY, NEVADA

OLD EASTERLY PARCEL  
OF ROS MAP FILE #170840 (R/S ZONE)  
APN #010-121-40  
A=21.59 ACRES

OLD 16.64 ACRE PARCEL  
OF ROS MAP FILE #170840  
APN #010-121-39 (R/S ZONE)  
A=22.32 ACRES

PORTION OF PARCEL "C"  
OF ROS MAP DOC #4398  
APN #010-121-35 (R/S ZONE)



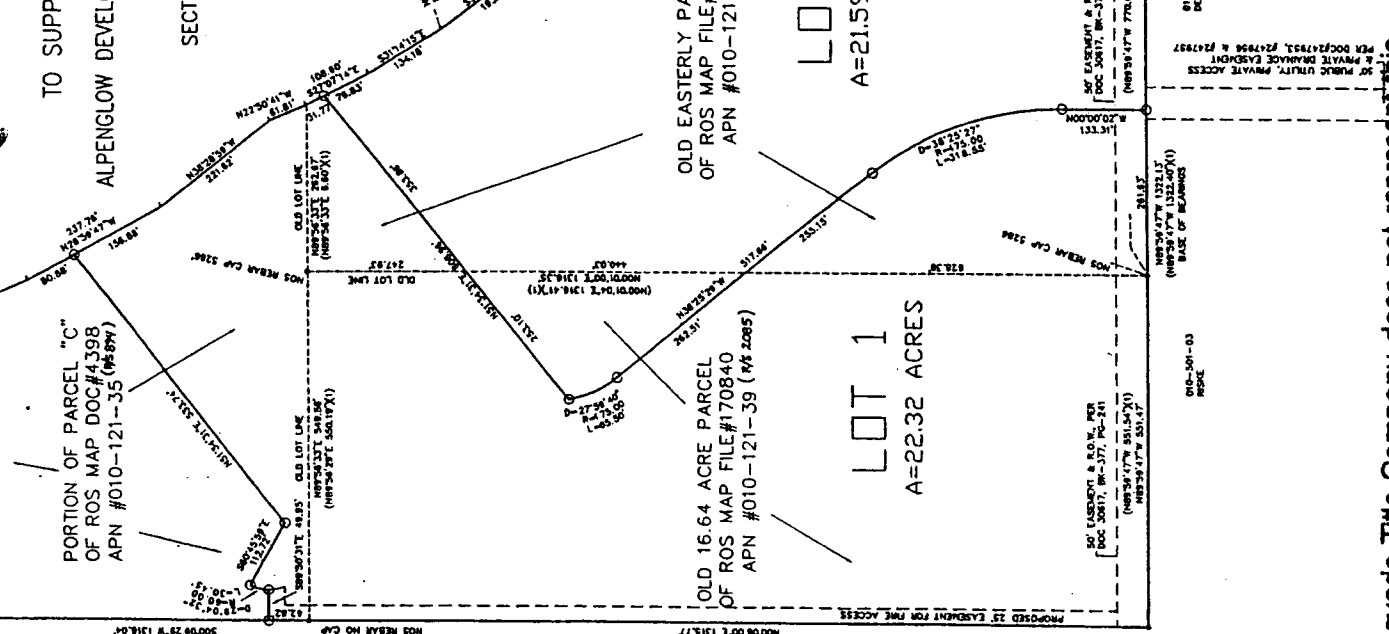
**MEAN HIGH WATER LINE**  
THE INTERSECTION OF MEAN HIGH WATER LINE BEING ON THE RECORD OF SURVEY IS THE LINE OF DEMARCATION BETWEEN TERRESTRIAL VEGETATION AND AQUATIC VEGETATION. NOTE: TERRESTRIAL VEGETATION IS THE VEGETATION GROWING ON THE WETLANDS OF SUCH VEGETATION. AQUATIC VEGETATION BEING NETLAND GRASSES AND PLANTS THAT GROW IN A NET AND MAINTAIN IN A TYPICAL MANNER.

**LEGEND:**  
(1) RECORD BEARINGS & DISTANCES PER ROS MAP FROM FULL PLAT BOOK 4, PAGE 208.  
(2) RECORD BEARINGS & DISTANCES PER ROS MAP FROM FULL PLAT BOOK 4, PAGE 211.  
(3) FOUND MONUMENT CAPED BY PLS SIGN, UNLESS OTHERWISE NOTED.  
(4) FOUND BLM BRASS CAP.  
(5) SET A MONUMENT CAPED BY PLS SIGN, UNLESS OTHERWISE NOTED.

**NOTE:**  
THIS MAP IS BEING FILED TO PRELIMINATE ADJUSTED BOUNDARY LINE ADJUSTMENT. THE ADJUSTED BOUNDARY LINE ADJUSTMENT WILL BE RECORDED IN THE COUNTY CLERK'S OFFICE. THE ADJUSTED BOUNDARY LINE ADJUSTMENT IS SUBJECT TO THE REQUIREMENTS OF NEVADA RECYCLED PAPER ACT.

**PLANNING & COMMUNITY DEVELOPMENT CERTIFICATE**  
THIS BOUNDARY LINE ADJUSTMENT IS HEREBY APPROVED AND ADOPTED BY CARSON CITY.  
Walter D. Sullivan  
PLANNING & COMMUNITY DEVELOPMENT  
VALLEY MUNICIPAL DIRECTOR

**BOUNDARY LINE ADJUSTMENT**  
APPROVED BY THE BOARD OF SUPERVISORS OF THE COUNTY OF CLATSOP, NEVADA, ON 03-01-04.  
DATE 03-01-04



**SWIFT CERTIFICATE**  
I, the undersigned, being a duly qualified and sworn Surveyor of the State of Nevada, do hereby certify that the foregoing is a true and correct copy of the original plat as recorded in my office.

DATE 03-01-04  
DATE 02-01-06  
DATE 03-01-04

STATE OF NEVADA  
COUNTY OF CLATSOP

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of my office at Carson City, Nevada, this 1st day of March, 2004.

LAND SURVEYOR CERTIFICATE  
I, DAVID J. LIPP, A PROFESSIONAL LAND SURVEYOR, DO HEREBY STATE THAT:

1. I HAVE PERFORMED A FIELD SURVEY SUPPORTED TO THE MAXIMUM EXTENT POSSIBLE BY THE PROPOSED BOUNDARY LINE ADJUSTMENT.
2. THIS BOUNDARY LINE ADJUSTMENT IS THE DISTANCE OF ALPENGLOW DEVELOPMENT LLC, RIVER RANCH HOLDINGS, LTD. AND MERCANT DAM LLC.
3. THE LAND SURVEYED IS WITHIN SECTION 35, T.15N., R.20E., S.17E., CARSON CITY, NEVADA AND THE SURVEY WAS COMPLETED ON AUGUST 4, 2003.
4. ALL CORNERS AND ANGLE POINTS OF THE ADJUSTED BOUNDARY HAVE BEEN IDENTIFIED BY MONUMENTS OR WELL MARKED BY THE FIELD BOOK DOCUMENT OF RECORD AS REQUIRED BY THE FIELD BOOK.
5. THIS MAP IS NOT TO BE CONSIDERED WITH THE RECORD OF THIS SURVEY UNLESS IT IS ACCOMPANIED BY THE PROFESSIONAL LAND SURVEYOR'S SEAL AND LOCAL ORDINANCES.

DATE 1-17-04  
DATE 1-17-04  
DATE 1-17-04

OLD SURVEYING  
TITLER MATTHEW J. LIPP  
P. O. BOX 7318  
CARSON CITY, NEVADA 89602

2596-A

Northern Nevada Title Company does not represent this plat as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

2596-B

2596-B

**BOUNDARY LINE ADJUSTMENT**

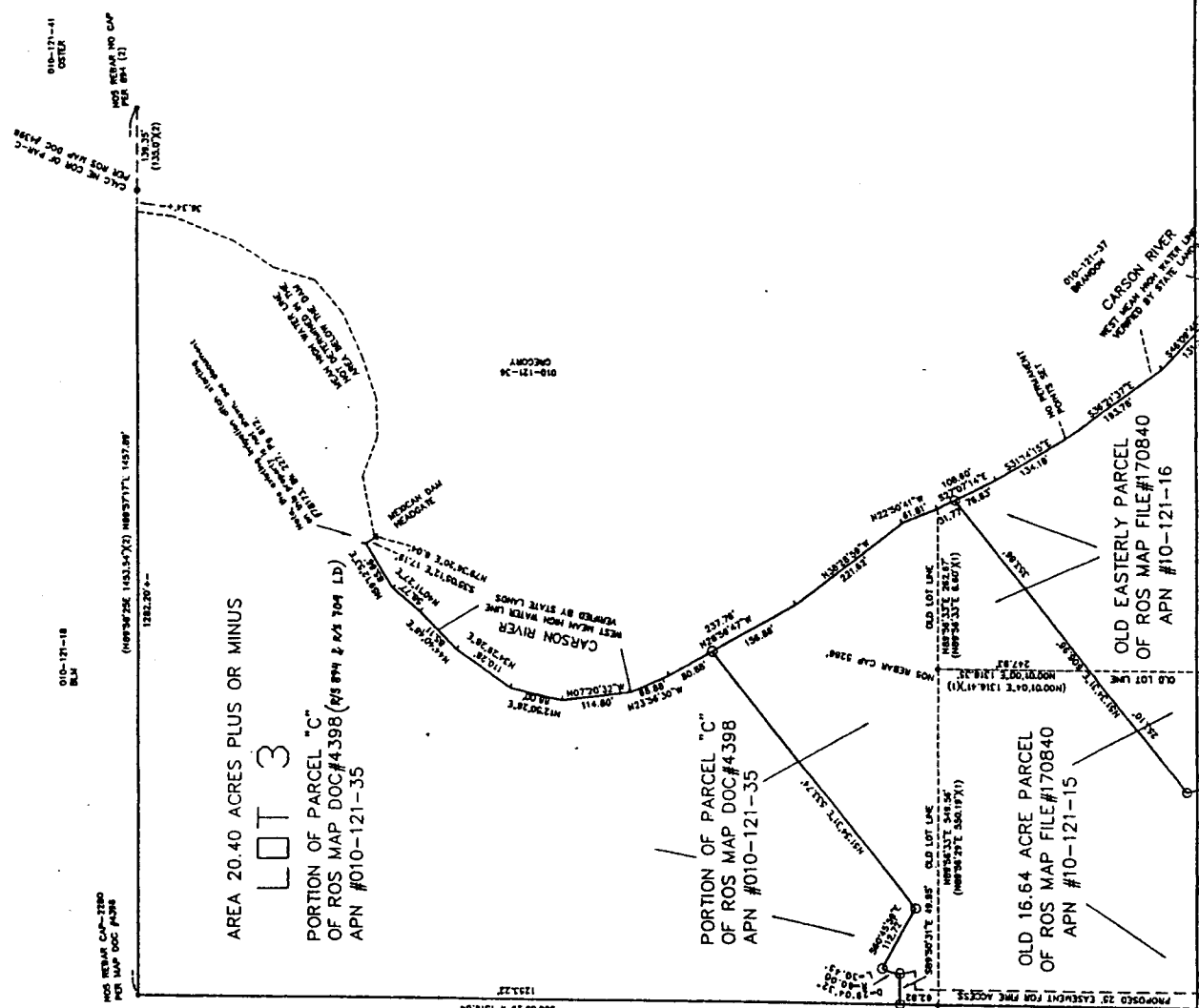
RECORD OF SURVEY  
 as provided by the State of Nevada  
 as required by Nevada law  
 and approved by the State Engineer  
 on the 28th day of August, 1905

APN #010-121-35  
 APN #010-121-35  
 APN #010-121-35  
 APN #010-121-35

DATE 08-28-05  
 DRAWN BY CONN  
 (01144-1000/100)

SHEET 2 OF 2

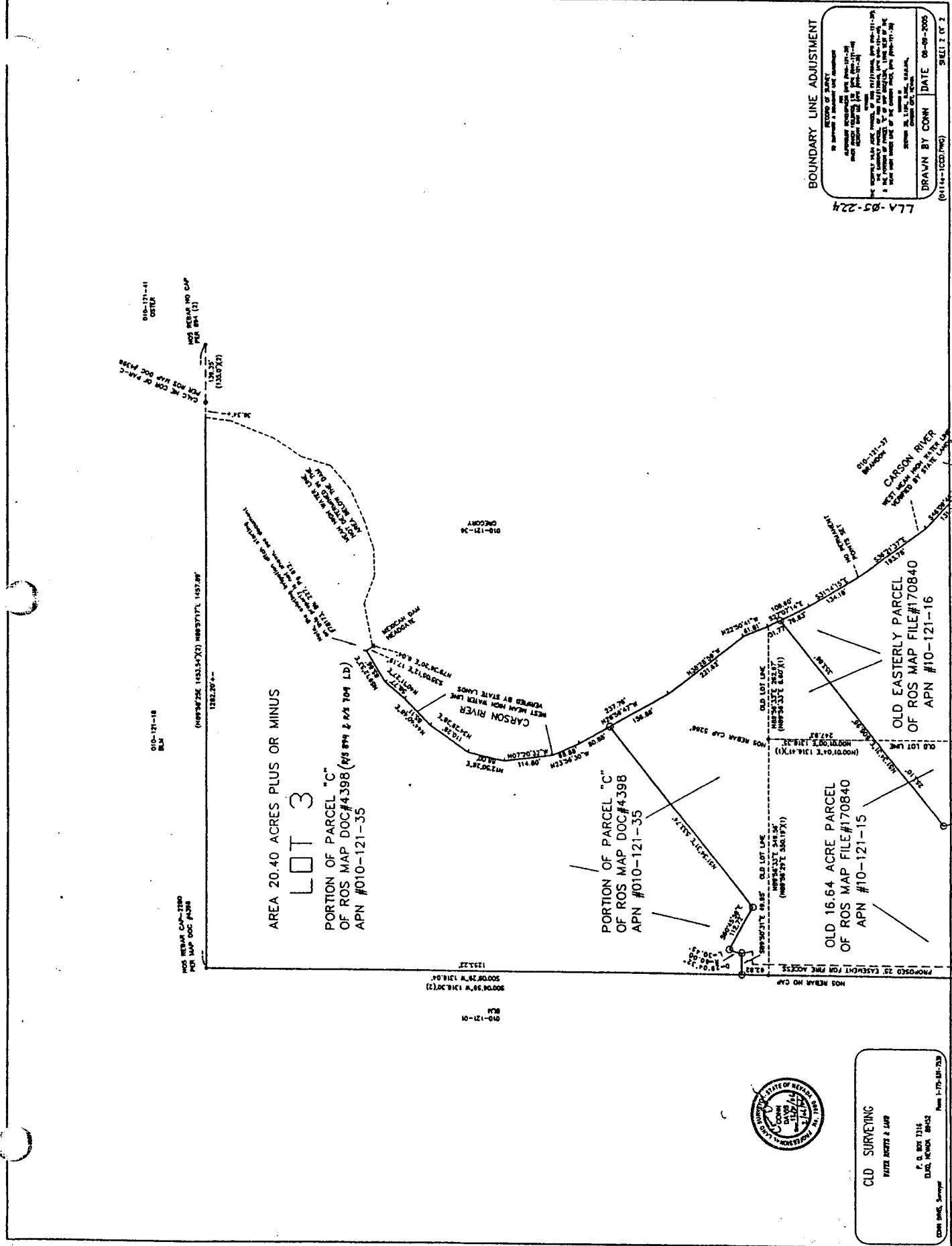
LLA-05-224



Northern Nevada Life Company does not represent this  
 plat as a survey of the land indicated hereon, although  
 believed correct, no liability is assumed as to the  
 accuracy thereof.



OLD SURVEYING  
 PATRICK HAYES & JAMES  
 P. O. BOX 1214  
 ELKO, NEVADA 89801  
 Phone 1-775-635-2300



**A SUMMARY APPRAISAL REPORT ADDRESSING:**

**64.31 ACRES OF UNIMPROVED  
RESIDENTIAL SUBDIVISION LAND  
LOCATED AT THE NORTHERLY  
TERMINUS OF GOLDEN EAGLE LANE  
IN CARSON CITY, NEVADA  
CC-CONTRACT #0607-047**

**CURRENTLY VESTED IN:  
MEXICAN DAM, LLC  
RIVER RANCH HOLDINGS, LTD.  
ALPENGLOW DEVELOPMENT, LLC**

**FOR THE PURPOSE OF PROVIDING  
AN OPINION OF MARKET VALUE**

**AS OF  
MARCH 6, 2007**

**Prepared By:**

**LYN C. NORBERG, MAI  
1761 EAST COLLEGE PARKWAY, SUITE 111  
CARSON CITY, NEVADA 89706**

**Prepared On:  
MARCH 23, 2007**

**Prepared For:  
MR. JUAN GUZMAN  
CARSON CITY OPEN SPACE MANAGER**



# LYN C. NORBERG, MAI

APPRAISER/CONSULTANT

March 23, 2007

1761 EAST COLLEGE PARKWAY, SUITE 111

CARSON CITY, NEVADA 89706

TELEPHONE 775-883-6655

FAXCIMILE 775-883-8594

Mr. Juan Guzman, Open Space Manager  
Carson City Parks & Recreation Department  
3303 Butti Way, Building #9  
Carson City, NV 89701

RE: A Summary Appraisal Report Addressing the Market Value of 64.31 Acres of  
Unimproved Residential Subdivision Land, Located at the Northerly Terminus of  
Golden Eagle Lane in Carson City, Nevada (i.e., Mexican Dam, LLC, et al.)

Dear Mr. Guzman:

As per your request and authorization I have completed an inspection and analysis of the above-referenced property, which is more specifically identified in the following report.

My purpose was to develop an opinion of market value for a fee estate in 64.31 acres of unimproved land located along the Carson River in southeast Carson City. The property currently consists of three adjacent legal tracts that are vested in Mexican Dam, LLC; River Ranch Holdings, Ltd.; and Alpenglow Development, LLC. Two of the parcels host tentative parcel map approvals for eight lots. Combined with the third parcel, the subject encompasses nine approved but unbuilt lots at present. Given the ownership's zoning one or two more lots might be possible, yet physical constraints would factor into this equation.

The following report presents a review of all pertinent data analyzed, and supporting descriptive material utilized in developing my opinions of market value. Although currently vested in three different ownerships the property has been appraised as a single ownership, as the appraiser was informed that the owners intend to develop the properties in a collaboration fashion.

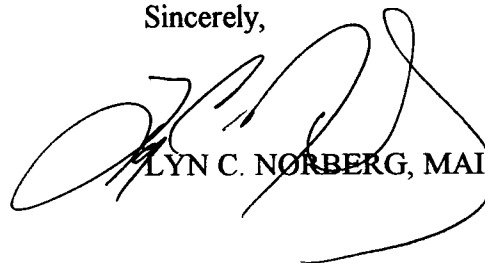
Based on the examination and study made, and an effective date of value of March 6, 2007 (i.e., the date of the inspection), I have reached the following opinion as to the market value of the subject property:

**ONE MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS**  
**(\$1,650,000)**

Mr. Juan Guzman  
March 23, 2007  
Page 2

Your attention is now directed to the body of the report for a more detailed description of the property, and the market data I relied upon in developing in the opinion of value.

Sincerely,



LYN C. NORBERG, MAI

LCN:vld  
07-04/Mexican Dam Parcel

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LYN C. NORBERG, MAI  
SUBJECT PROPERTY PHOTOGRAPHS

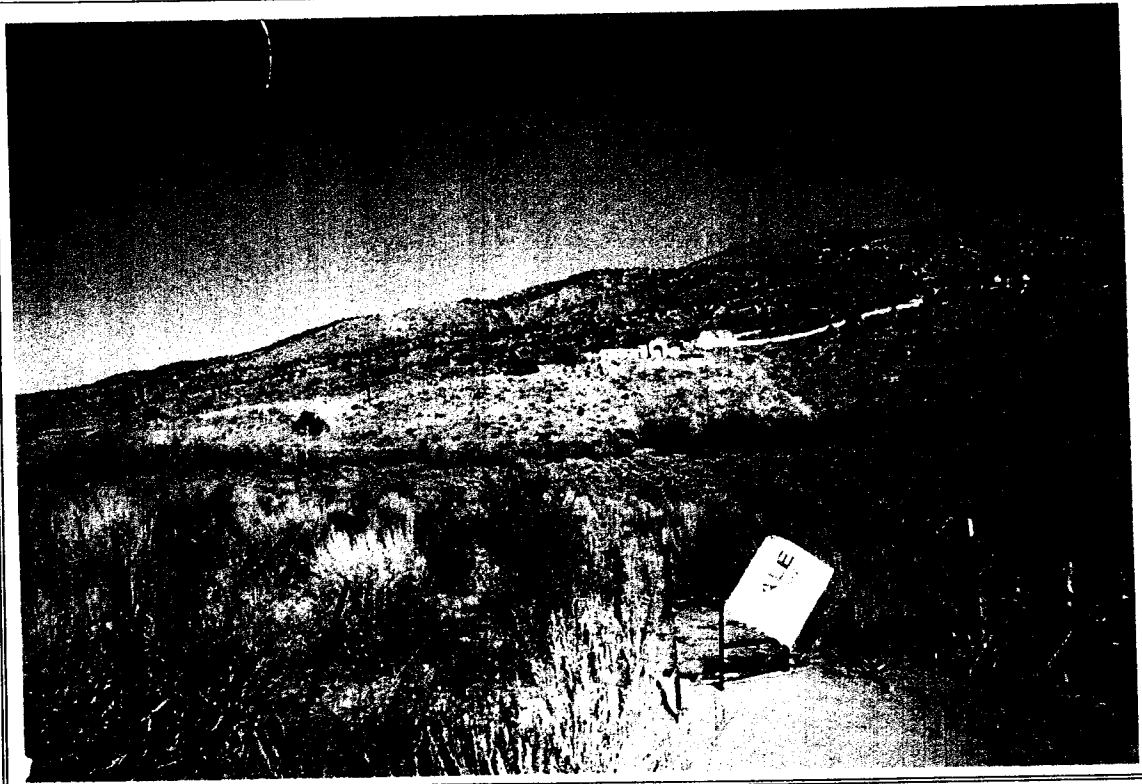


Looking westerly along the subject's south boundary from Golden Eagle Lane.



View of the Mexican Dam and Mexican Ditch near the north end of the subject.

LYN C. NORBERG, MAI  
SUBJECT PROPERTY PHOTOGRAPHS



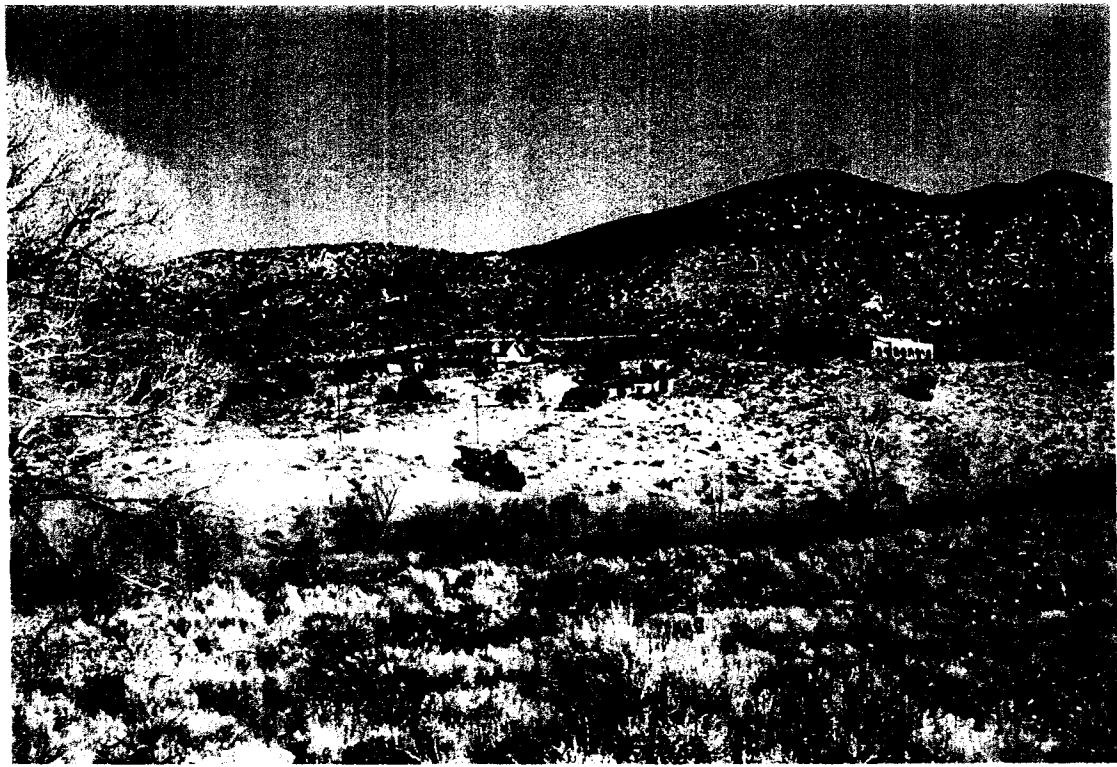
Looking northeasterly at the subject from the current terminus of Golden Eagle Lane.



Looking easterly at the subject's south boundary from Golden Eagle Lane.



LYN C. NORBERG, MAI  
SUBJECT PROPERTY PHOTOGRAPHS



Looking easterly across the subject towards 5 acre lots in the Sierra Vista neighborhood.



River frontage along the subject's east/central boundary.

**SUMMARY OF FACTS, FINDINGS AND OPINIONS**

**REAL ESTATE APPRAISED**

Refer to the legal descriptions provided in Addenda Exhibit "A".

**REAL PROPERTY INTEREST APPRAISED**

Fee estate, subject to easements and other matters of title as outlined in the title reports furnished in Addenda Exhibit "A".

**PROPERTY LOCATION**

At the northerly terminus of Golden Eagle Lane, in southeast Carson City.

**JURISDICTIONAL AUTHORITIES**

Carson City, Nevada (a consolidated municipality).

**GROSS LAND AREA**

64.31 Acres.

**HIGHEST AND BEST USE**

Subdivision Into 9 or 10 Residential Lots.

**MARKET VALUE OPINION**

\$1,650,000.

**SUMMARY OF FACTS AND DISCLOSURES**

**REAL ESTATE APPRAISED**

Refer to Addenda Exhibit "A" for formal legal descriptions of the appraised property.

**CLIENT**

Carson City.

**PURPOSE OF THE APPRAISAL**

To develop a current opinion of market value.

**INTENDED USE OF THE APPRAISAL**

As an aid relative to the potential acquisition of the subject by the Carson City Open Space Committee.

**INTENDED USERS OF THE APPRAISAL**

Carson City (various departments).

**EXTRAORDINARY ASSUMPTION AND HYPOTHETICAL CONDITIONS**

None.

**TYPE OF APPRAISAL REPORT**

Summary.

**EFFECTIVE DATE OF VALUE**

March 6, 2007 (corresponding with the date of the most recent inspection).

**EFFECTIVE DATE OF REPORT**

March 23, 2007, a date coinciding with the completion of the appraiser's investigation and the preparation of this report.

**DATE OF INSPECTIONS**

January 24, 2007, by Lyn C. Norberg in the company of Mr. Mike Gilbert and Mr. Matt Bernard (owners and entity representatives), and on March 6, 2007, by Lyn C. Norberg.

**DEFINITION OF VALUE**

"Value means the most probable price which a property would bring in a competitive and open market under the condition of a fair sale, without the price being affected by undue stimulus, whereby the sale is consummated on a specified date and the title to the property is passed from the seller to the buyer under the following conditions:<sup>1</sup>

- a) The buyer and seller are acting prudently and knowledgeably;
- b) The buyer and seller are typically motivated;
- c) The buyer and seller are well informed or well advised and acting in what they consider are their own best interests;
- d) A reasonable time is allowed to expose the property for sale on the open market;
- e) Payment is made with United States dollars in cash or pursuant to another financial arrangement comparable thereto; and
- f) The sale price represents the normal consideration for the property and is unaffected by special or creative financing or sales concessions granted by any person associated with the sale.

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<sup>1</sup> NRS 37.009(6). Please note that as used in this report, the terms "value" and "market value" can be deemed synonymous.

**DEFINITION OF FEE SIMPLE ESTATE**

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>2</sup>

**DEFINITION OF WATER RIGHT**

A right to a definite or conditional flow or quantity of water, usually for use at stated times and in stated quantities, e.g., for irrigation or for hydroelectric power development; may be a right acquired by prescription, e.g., arising from the open, notorious, and undisputed use of water for the statutory term of years; a right acquired by appropriation, e.g., a grant from an agency of government with the right to distribute the unappropriated surplus waters of the state; or a riparian right under the common law doctrine of riparian ownership of waters that wash land.

**LIMITING CONDITIONS**

In acceptance of this appraisal assignment and completion of the appraisal report submitted herewith, it has been assumed by the appraiser:

1. That the title to the property is marketable.
2. That no responsibility is assumed for matters which are legal in nature, and for the purpose of this appraisal report, it is assumed that the title is clear, merchantable, and unencumbered.
3. That the legal description, as given, is correct.
4. That those opinions, estimates, data, and statistics furnished by others in the course of investigation are correct.

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<sup>2</sup> The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4<sup>th</sup> ed., Chicago: The Appraisal Institute 2002, p. 113.

5. That no survey was made, and the sketches in this report are for illustration only.
6. That no right to expert testimony is included without prior arrangements and proper compensation.
7. Disclosure of the contents of this report is governed by the Bylaws and Regulations of the Appraisal Institute and those of the State of Nevada. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations, and/or news.
8. That information obtained for use in this appraisal is believed to be true and correct to the best of the appraiser's ability; however, no responsibility is assumed for errors or omissions nor for other information not disclosed which might otherwise affect the value estimate.
9. That the estimates of value presented in this report are based on the market evidence, economic conditions, and trends existing at the date of appraisal and are valid only on the effective date stated in this report.
10. That values in this appraisal are based upon the property having no environmental contamination or having any sources of environmental contamination. If contamination or contaminates are found, the values in this appraisal are subject to change.
11. That this appraisal addresses a surface estate in the subject only. The status of the subsurface estate is not known, nor does it appear to be an issue relative to value in the market under study.
12. That it is assumed the subject has legal access via one means or another, sufficient in quality to accommodate further divisions in conjunction with tentative parcel map approvals.

**SALES/LISTING HISTORY**

The subject property was bought via three separate (but interrelated) deeds that were recorded on or about June 20, 2005. A summary of these acquisitions:

<u>Document</u>	<u>Grantee</u>	<u>Indicated Price</u>	
338324	River Ranch Holdings	\$ 343,282	
338326	Mexican Dam, LLC	\$ 595,000	
338322	Alpenglow Development	<u>\$ 285,468</u>	(Recorded Doc. 346908)
	Total:	\$1,223,750	

At the time Carson City Assessor records were disclosing a gross land area of 65.89 acres for the three parcels collectively. A subsequent survey and boundary line adjustment produced a revised land area quantity of 64.31 acres. On this basis the combined sales produce a unit price of \$19,029/acre. In the appraiser's opinion the purchase is best viewed in the context of a single sale. The three purchasing entities were evidently formed for accounting, tax purposes, or other reasons that are not germane relative to price. It is the appraiser's understanding that the property was not actively listed for sale with a real estate broker at the time of sale, although it was evidently offered "for sale" by the prior owners.

Prior to the June 2005 sale the subject had been assembled by the seller (Dieter Bulin, et al.) via the two purchases that follow:

<u>Document</u>	<u>Recording Date</u>	<u>Indicated Price</u>	<u>Size</u>	<u>Unit Price</u>
257297	1/27/01	\$ 44,000	22.00 acres	\$2,000/acre
316008	3/26/04	\$330,000	43.89 acres	\$7,519/acre

Relative to the above purchases it should be noted that the first sale in 2001 involved a landlocked property (a constraint that was subsequently cured by merging the two parcels). The significant difference in price between these sales and the most recent sale can also be explained, at least in part, by the dramatic increases in subdivision land values that occurred between 2001 and 2005 in the market under study.

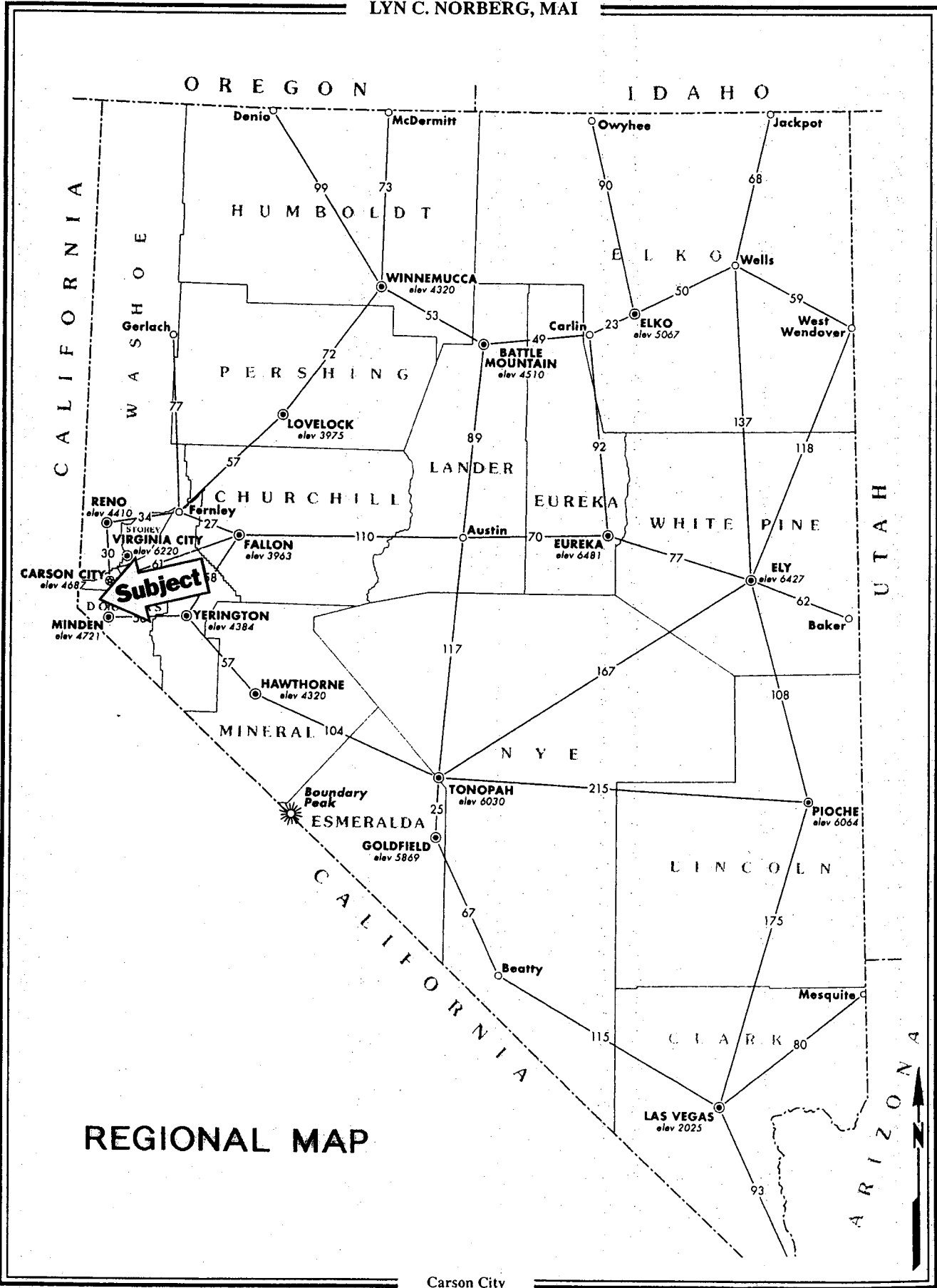
### **SCOPE OF WORK**

The appraiser was retained on November 2, 2006, to conduct an appraisal of the property described in this report. The appraiser's client is Carson City, and the request was submitted through Juan Guzman, Open Space Manager. The subject was inspected by the appraiser on January 24, 2007, in the company of Mike Gilbert and Matt Bernard, two individuals who own partial interests in the subject. At the time it was reported that there are actually six investors in the three entities that own this property. The appraiser's search for comparable market evidence was initiated over the winter of 2006/2007. The Sales Comparison Approach was deemed the most practical manner in which to address this appraisal problem, although an abbreviated Income Capitalization Approaches is provided as a crosscheck to the value opinions developed.

The subject property was most recently reinspected on March 6, 2007. Following the inspection of the property and an investigation into the market, this report was written to document the appraiser's findings and opinions. The photographs of the subject provided in this report were taken on January 24, 2007.



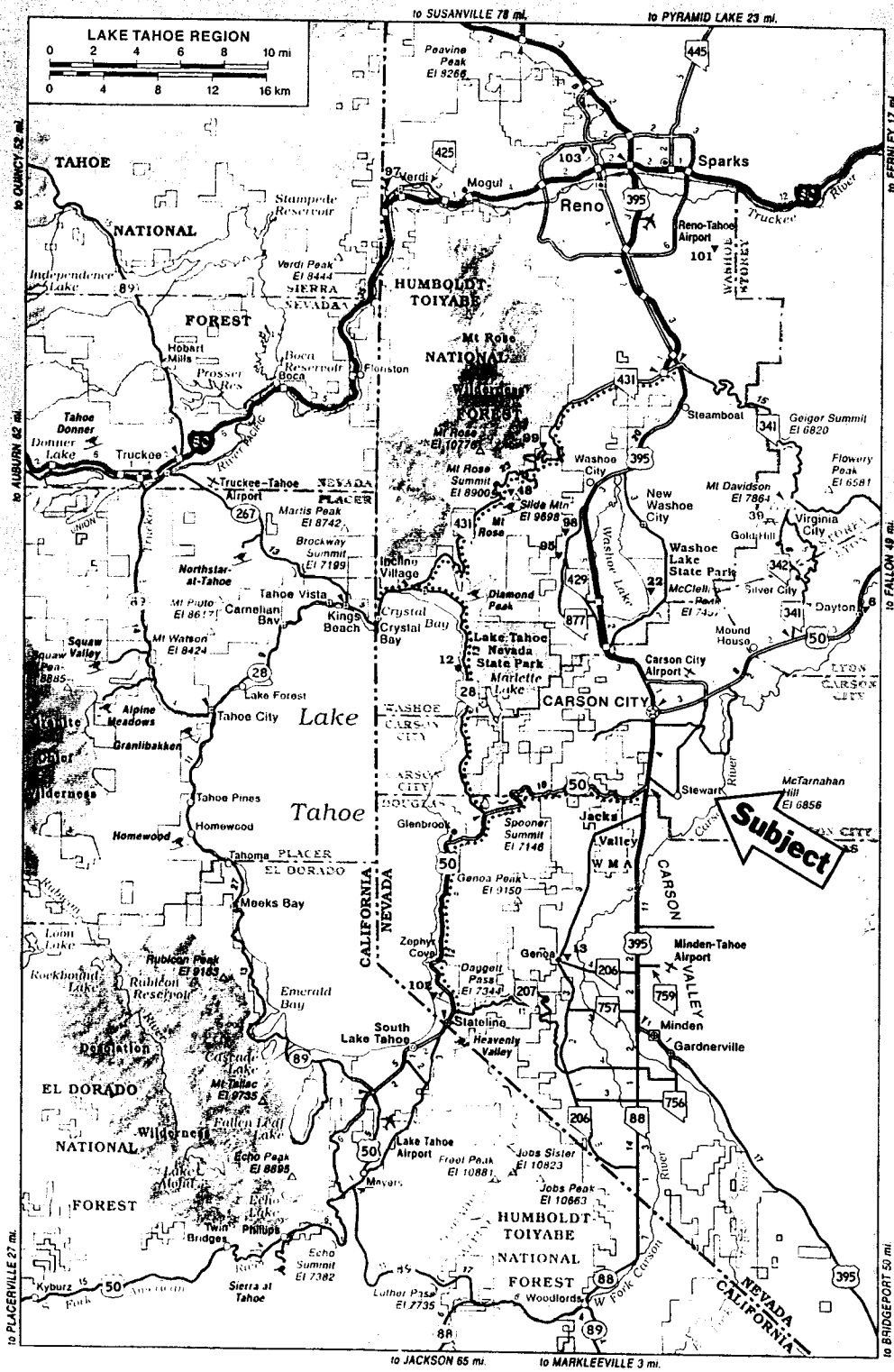
LYN C. NORBERG, MAI



REGIONAL MAP

Carson City

# Area Map



**REGIONAL DESCRIPTION**

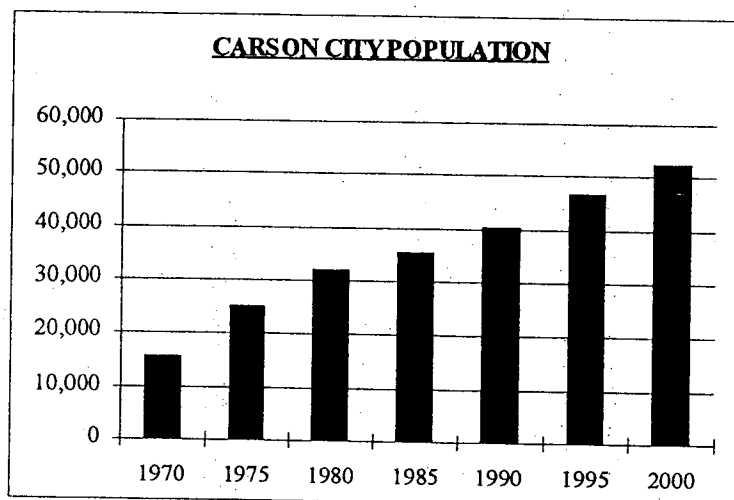
**LOCATION**

Carson City, the capital of Nevada, is located on the east slope of the Sierra Nevada Mountains. This community is found thirty miles south of the largest Western Nevada community, (Reno/ Sparks), and ten miles to the east of Lake Tahoe. Carson is a relatively small metropolitan area, having only passed the 50,000 resident threshold in 1997. Major urban centers and their proximity to Carson are:

Reno	30 miles north (via U.S. #395)
Sacramento	134 miles west (via I-80)
San Francisco	219 miles west (via I-80)
Los Angeles	445 miles south (via U.S. #395)
Salt Lake City	540 miles east (via I-80)

**POPULATION**

Population changes from 1970 are illustrated as follows.



<u>Year</u>	<u>Carson City Population</u>	<u>Absolute Change</u>	<u>Percentage Change</u>
1970	15,468		
1971	17,158	+1,690	+11%
1972	18,862	+1,704	+10%
1973	20,547	+1,685	+ 9%
1974	22,944	+2,397	+12%
1975	25,000	+2,056	+ 9%
1976	26,500	+1,500	+ 6%
1977	29,500	+2,000	+ 7%
1978	30,800	+2,300	+ 7%
1979	31,959	+1,159	+ 4%
1980	32,022	+ 63	+ .02%
1981	33,200	+1,178	+ 4%
1982	33,930	+ 730	+ 2%
1983	34,430	+ 500	+ 1%
1984	34,750	+ 320	+ 1%
1985	35,400	+ 650	+ 2%
1986	36,040	+ 640	+ 2%
1987	36,650	+ 610	+ 2%
1988	37,715	+1,065	+ 3%
1989	38,780	+1,065	+ 3%
1990	40,443	+1,663	+ 4%
1991	41,520	+1,077	+ 3%
1992	42,240	+ 720	+ 2%
1993	42,910	+ 670	+ 2%
1994	44,620	+1,160	+ 3%
1995	46,770	+2,150	+ 5%
1996	49,320	+2,550	+ 5%
1997	50,410	+1,090	+ 2%
1998	51,860	+1,450	+ 3%
1999	52,620	+ 760	+ 1%
2000	52,457	- 163	0%
2001	54,171	+1,714	+ 3%
2002	54,844	+ 673	+ 1%
2003	55,220	+ 376	+ 1%
2004	56,146	+ 926	+ 2%
2005	57,104	+ 958	+ 2%

The 1970, 1980, 1990, and 2000 figures are based on the census, with intervening years based on state estimates. The local population increased 107% during the 1970's, offering a compounded growth rate of 7.5% per year. The rate of growth slowed in the 80's, offering a decade change of only 26%, or a compounded growth rate of 2.4%/year. Over the 1990's the change equated to 29.7%, or a compounded growth rate of 2.6% per year. In absolutes the change has been more stable, with the consolidated municipality increasing by 1,655 people per year (on average) over the 70's, 842 per year in the 80's, 1,201 per year in the 90's, and 929 per year thus far in the 2000's.

City growth can be attributed primarily to an immigration of both in-state and out-of-state individuals, stimulated by expanding job opportunities in the governmental service sector and an immigration of retirees. The limited growth of the early to mid 80's can be attributed to local water and sewer capacity problems. Carson City resolved its sewer problems with an expansion of the municipal treatment facility in the mid 80's, and acquired sufficient water resources in the early 90's to support urban growth nearly through build-out.

### CLIMATE

Carson City is situated at an elevation of 4,675' on the east side of the Sierras. The area offers a semi-desert climate, with warm/dry summers and fairly cold winters. A moderate amount of snow falls over the course of the winter. The variation in temperature between the daytime high and the nighttime low is substantial (30° to 40°), a common occurrence in northern Nevada where cold mountain air settles to the valley floors at night. The coldest month is January with a mean minimum temperature of 19° and a mean maximum of 45°. The hottest month is July with a mean maximum temperature of 89° and a mean minimum temperature of 50°. The average annual temperature is 50°. Precipitation averages 11.8"

annually, with 31.6" of snow falling during the winter months. Sunshine days are abundant, averaging 266 days per year. Moderate winds are common in all seasons.

**HOUSING STOCK**

With an expanding population Carson City's housing stock increased by 165% between 1970 and 1980, and +24% between 1980 and 1990. The 2000 Census offered a total of 21,221 housing units equating to a +28% gain over 1990. The three most recent Censuses classified the local housing stock as follows:

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Single Family Homes	6,917	8,927	12,872
Multi-Family Homes			
2-4 Units	803	1,132	1,522
5-9 Units	487	837	830
10 or More	<u>2,810</u>	<u>2,681</u>	<u>3,012</u>
Total Multi-Family	4,100	4,650	5,364
Mobile Homes	<u>2,351</u>	<u>3,051</u>	<u>2,985</u>
Total Housing Units:	13,368	16,628	21,221

Favorable mortgage rates in the latter half of the 1990's and early 2000's stimulated an expansion in home ownership and generally slowed multi-family construction. Presently the housing market is offering a reasonable balance, although the pace of sales slowed in 2006 and price declines have been noted in some neighborhoods. Prior thereto the demand for housing was strong between 2000 and 2005, a period over which local housing prices approximately doubled. Carson was not alone in this regard, as similar increases occurred in most other western Nevada markets.

The fact that the local housing stock grew slowly over the 1980's can be attributed to resource issues (specifically water service), an issue that plagued Carson for nearly a decade. Even though job opportunities in governmental, manufacturing, and professional service sectors were expanding at healthy rates, housing starts paled in comparison. During this era the demand for additional housing units was being met by adjacent valleys (different water basins) that are within a short commuting distance of Carson. These other areas include:

Washoe Valley	(Washoe County)
Dayton Valley	(Lyon County)
Carson Valley	(Douglas County)

All these areas are located less than fifteen miles from downtown Carson City, and even though Carson maintains prominence relative to being a trade and employment center, housing growth shifts between these regions is fairly common. Carson City encompasses a relatively small area geographically, and the supply of land available to accommodate future development is limited. In turn some of Carson's major builders/developers have shifted their focus to the Dayton/Mark Twain area, a region found across the Lyon County line about 10 miles to the east of Carson. Residential growth has also been fairly robust in nearby Douglas County, and is likely to intensify in the future unless growth caps are adopted in this jurisdiction. With only a couple of exceptions future residential growth in Carson will relate principally to in-fill projects, as only a few large tracts of developable terrain remain.

**LABOR FORCE**

The employment situation in Carson City is defined primarily by state government positions, although the community supports manufacturing and tourism industries as well. State statistics disclose the following number of jobs within the city, based on an annual average:

<u>Year</u>	<u>County Employment (i.e., jobs)</u>
1990	20,987
1991	21,573
1992	21,483
1993	22,403
1994	24,170
1995	25,649
1996	27,017
1997	27,700
1998	28,900
1999	30,300
2000	31,100
2001	31,400
2002	31,000
2003	31,000
2004	31,900
2005	32,600
2006	32,800

The above figures reference jobs in Carson City, not the resident workforce. In actuality there are more jobs in Carson City than there are workers. As such, many of the positions referenced above are held by Lyon, Douglas, or Washoe County residents.

The size of the resident workforce is identified on the following chart:



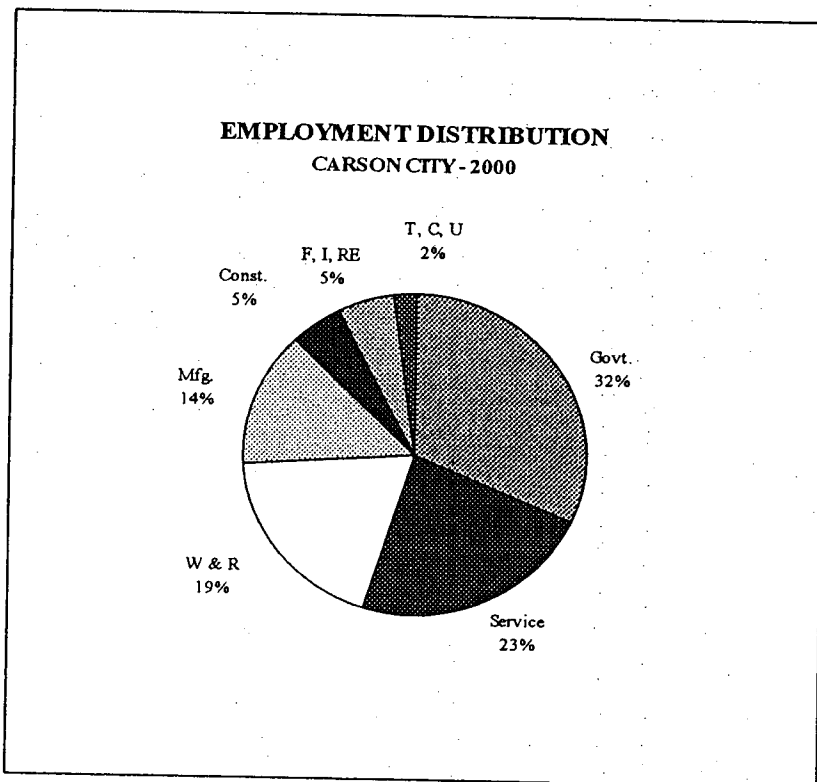
<u>Year</u>	<u>Carson Labor Force</u>	<u>Local Unemployment Rate</u>
1992	23,010	8.0%
1993	21,590	10.2%
1994	21,340	7.6%
1995	21,320	7.9%
1996	21,680	8.2%
1997	21,950	6.0%
1998	22,680	5.7%
1999	21,970	4.1%
2000	22,740	3.4%
2001	24,350	6.1%
2002	24,170	5.0%
2003	24,600	6.0%
2004	24,800	5.1%
2005	27,301	4.6%

It is somewhat interesting to compare these charts, in that the first (county employment) indicates that about 12,000 jobs have been added since 1990, with the latter disclosing only a  $\pm 4,500$  increase in the size of the local labor force. This is likely a truism, in turn suggesting that more and more of Carson's jobs are being taken by residents of neighboring counties. The relationship also suggests that the demand for more housing created by job growth in Carson is being met by projects in neighboring jurisdictions.

The current unemployment rate is reasonably favorable. Historically, Carson City has suffered from somewhat higher unemployment rates than that of its nearby neighborhoods (i.e., Washoe and Douglas County).

The major employer in this area is governmental services. By industry (excluding the agricultural sector), Carson City jobs were distributed as follows in the 2000 Census:

	<u>Positions</u>
Government	9,756
Service	7,046
Wholesale & Retail Trade	5,933
Manufacturing	4,184
Construction	1,561
Financing, Insurance, & Real Estate	1,610
Transportation, Communications & Utilities	639
Mining	<u>18</u>
Total	30,746



Further growth in governmental service is reasonably assured since Carson is Nevada's capital. Growth in the hospitality and tourism sectors is also anticipated, noting that Carson is located at the junction of two major highways (U.S. #395 and U.S. #50).

### TRANSPORTATION

Two major highways intersect in Carson City. U.S. Highway 50 runs from San Francisco via Lake Tahoe through Carson City to points east. U.S. Highway 395 is an inland route from the Canadian border to Mexico following along the east side of the Sierra in western Nevada.

Interstate 80, which is found 30 miles to the north, extends from San Francisco to points east through Reno. Reno also has rail service and an international airport with about fifteen major carriers. Carson City residents rely on Reno for commercial air and rail transportation.

Carson is served by bus lines and hosts a general aviation airport with a 5,900' runway equipped for nighttime landings.

Major truck lines serve the area with overnight delivery available to San Francisco, Los Angeles, Portland, Las Vegas, Salt Lake City, etc.

### CITY CHARACTERISTICS

The government of Carson City administers all the affairs of the city with a city/county manager set-up. The city/county offices were consolidated in 1969 for more efficient administration. Prior to that point in time Carson City was located in Ormsby County. Zoning ordinances cover municipal, suburban, and rural locations. Development plans must be approved by the Planning Commission, City Council, Chief Engineer, Fire Marshall, Building Department, etc.

The consolidated municipality of Carson City has one school district which is separate from the city/ county government. The school district is governed by a separate board of elected trustees. The Carson City Public School District includes a high school, two middle schools, and seven elementary schools. Three private parochial schools also serve the city and there is one school for the mentally retarded. The Western Nevada Community College is located on the west side of town, with the University of Nevada-Reno campus ±30 miles to the north.

### ECONOMY

The economic base for this area includes Carson City, Reno, and Douglas County, as local citizens commonly commute between the areas. The major employers in Carson City, in approximate order of magnitude, are government employment, tourist and general services, wholesale/ retail trade, and manufacturing. Governmental employment opportunities on state, federal and county levels provide a stable economic base. Tourist commercial enterprises, although viable and stable, have always been overshadowed by the larger hotel/casinos of Reno and Lake Tahoe. Carson's lesser reliance on tourism as compared to the other counties in Western Nevada is quite evident in service industry employment figures. As gleaned from the 2000 Census the differences are:

<u>Community</u>	<u>Service Industry as % of Employment (2000)</u>
Carson City	23%
Washoe County	39%
Douglas County	57%

Each of the major private sectors addressed separately:

INDUSTRY (MANUFACTURING)

Adequate land for industry is available in Carson City, but it is forced to compete with the Reno/Sparks industrial districts. This places Carson City at a disadvantage due to the lack of rail and air transportation. The Reno/Sparks industrial areas have access to rail service, major air carriers, and are located close to Interstate 80, a route that is used extensively by truck carriers when delivering goods to California or those of California origins.

With some vacant industrial land remaining in Reno/Sparks, and with new industrial parks being developed further to the east of Reno along I-80 (TRIC and Fernley), the transportation disadvantage of Carson will continue to impact industrial absorption for years to come, at least in the storage and distribution sector. To offset Reno's advantage Carson has been focusing its promotion programs more towards R & D firms, light manufacturing and fabricating, etc. (i.e., enterprises that are somewhat less reliant on shipping). The community actively recruits smaller non-polluting industries. The city-owned Industrial Air Park encompasses 176 acres that was divided into seventy-five 1-acre to 4-acre lots decades ago. All of these lots have now been transferred into the private sector. Paved streets and full utilities are available in this park. Numerous smaller parks have been developed by private concerns, both surrounding the Air Park, and also in South Carson (along Fairview Drive), and in the Moundhouse/New Empire and Deer Run Road areas. Industrial growth

has been slow in Carson for the last 5 to 6 years suggesting that there may now be some pent-up demand. Major industrial employers in the area include AMF Reinforced Plastics, Astromec, American Steel Buildings, Mallory Electric, Impact International, Thomas-Barben Instruments, Industrial Micro Systems, Inc., Redco, Dura-bond, California Gear, Duro Manufacturing, New Life Bakery, Chromalloy Nevada, LPS Industries, etc.

The last 10 to 15 years has seen a shift in the type of company occupying many of the buildings in the industrial neighborhoods. Historically, most of the tenants (or owners) involved small firms with local origins and clients. These firms usually occupied buildings of 20,000 sq.ft. or less. The relocating manufacturers of the 1990's (mostly from California) involved larger firms with more employees, and a moderate level of new construction in the 40,000 sq.ft. plus size range became commonplace. The new companies also disclosed a preference for build-to-suit/owner-occupied facilities. Industrial leases are less common in Carson than they are in Reno, and whereas Reno's industrial neighborhoods are largely occupied by storage and distribution firms, Carson tends to cater to the manufacturer. Carson/Dayton/Carson Valley will never be able to compete with Reno in the storage and distribution arena due to transportation issues, but the satellite districts have been fairly successful in attracting relocating manufacturing firms.

The economic balance of this sector of the market is reasonably good at present. New construction has been soft, but exposure periods on buildings offered for sale are reasonable, and industrial vacancy levels are acceptable.

TOURISM/GAMING

Carson City hosts a small but stable tourism industry, centered around the city's gambling halls (casinos). The area benefits from the city's capital status and its proximity to Lake Tahoe. Carson casinos have always been overshadowed by the larger name recognition clubs of Reno and Lake Tahoe, but they do offer visitors gambling opportunities in addition to inexpensive food and lodging. The five larger clubs are the Carson Nugget, Carson Station, Ormsby House, Piñon Plaza, and Casino Fandango. Another club that caters principally to the local trade also opened a few years ago (Slot World), and at least one new casino is in the planning stages (at the previous location of Bodine's). Due to financial difficulties the Ormsby House was closed in 1993, which was followed thereafter by a sale out of bankruptcy. The hotel/casino reopened in early 1995, experienced financial problems once again, and was managed by a trustee for a couple of years before it was sold once again. The hotel has now been closed for renovation for quite some time, but as of late substantial progress has been made on the exterior of the building.

The economic health of the gaming industry is most easily measured by monitoring changes in gross gaming revenues. The trend in this measure over the last  $\pm 30$  years:

<u>Year</u>	<u>Total Gaming Revenues (Calendar Year)</u>	<u>% Change</u>
1970	\$ 3,710,000	NA
1975	\$ 13,685,000	NA
1980	\$ 32,194,000	NA
1981	\$ 32,449,000	+ 7.92%
1982	\$ 33,011,000	+ 1.73%
1983	\$ 34,736,000	+ 5.23%
1984	\$ 39,301,000	+15.70%
1985	\$ 39,206,000	- 0.24%
1986	\$ 38,534,000	- 1.71%
1987	\$ 35,664,000	- 7.54%
1988	\$ 37,004,534	+ 3.76%
1989	\$ 38,585,000	+ 4.27%
1990	\$ 39,995,000	+ 3.65%
1991	\$ 41,728,000	+ 4.43%
1992	\$ 43,399,000	+ 4.01%
1993	\$ 60,624,000*	N/A
1994	\$ 61,565,000	+ 1.55%
1995	\$ 66,280,000	+ 7.66%
1996	\$ 71,313,000	+ 7.59%
1997	\$ 73,759,000	+ 3.42%
1998	\$ 81,011,000	+ 9.83%
1999	\$ 88,029,000	+ 8.66%
2000	\$ 89,961,437	+ 2.19%
2001	\$ 93,249,454	+ 3.65%
2002	\$ 97,186,332	+ 4.22%
2003	\$102,961,022	+ 5.94%
2004	\$112,587,881	+ 9.35%
2005	\$124,600,000	+10.67%

Source: Nevada Gaming Control Board

\* Large increase attributable to change in the manner of computation; includes Carson Valley casinos (Douglas County) from 1993 forward.



Gaming revenues in Carson were stagnant in the mid 80's, but have shown steady increases from 1988 forward. Much of the recent growth would be attributable to the success of Casino Fandango. There would appear to be little impetus for new construction in this sector; yet the casino industry tends to parallel cycles common to most forms of real estate, in that properly conceived and capitalized newer clubs will often prosper at the expense of older facilities (which falter and fail).

Another indication of the economic health of the tourism industry is available from room tax collections, which have been:

<u>Year</u>	<u>Collections</u>	<u>% Change</u>
89/90	\$ 676,367	-
90/91	\$ 680,676	+ .6%
91/92	\$ 656,345	- 3.6%
92/93	\$ 669,121	+ 2.0%
93/94	\$ 629,768	- 5.9%
94/95	\$ 661,728	+ 5.1%
95/96	\$ 721,044	+ 9.0%
96/97	\$ 698,936	- 3.1%
97/98	\$ 674,562	- 3.5%
98/99	\$ 772,239	+14.4%
99/00	\$ 807,345	+ 4.5%
00/01	\$ 891,305	+10.4%
01/02	\$ 910,054	+ 2.1%
02/03	\$1,011,098	+11.1%
03/04	\$1,231,004	+21.7%
04/05	\$1,369,446	+11.2%

In viewing this data it appears that visitor nights continue to increase. These figures are impacted by the biennial nature of Nevada legislature however, which convenes every other year (accounting for the up/down pattern in collections).

WHOLESALE/RETAIL TRADE

One of the more positive indicators of local economic health relates to taxable retail sales which experienced fairly consistent upward movements since the early 1980's. This indicator measures not only tourism growth, but local growth and disposable income as well. The growth in the retail trade sector is pertinent to Carson, as the city has become an established trade center for growing bedroom communities in Dayton and Carson Valley.

The trend:

<u>Year</u>	<u>Taxable Sales (Thousands)</u>	<u>% Change</u>
1977	\$122,257	N/A
1978	\$175,643	+ 43.7%
1979	\$220,645	+ 25.6%
1980	\$203,840	- 7.6%
1981	\$206,661	+ 1.4%
1982	\$199,072	- 3.7%
1983	\$192,277	- 3.4%
1984	\$241,426	+ 25.6%
1985	\$267,846	+ 10.9%
1986	\$286,119	+ 6.8%
1987	\$323,848	+ 13.2%
1988	\$346,092	+ 6.9%
1989	\$380,440	+ 9.9%
1990	\$411,952	+ 8.3%
1991	\$416,732	+ 1.2%
1992	\$440,396	+ 5.7%
1993	\$462,391	+ 5.0%
1994	\$495,937	+ 7.3%
1995	\$547,906	+ 10.4%
1996	\$610,819	+ 11.5%
1997	\$638,138	+ 4.4%
1998	\$670,182	+ 5.0%
1999	\$740,960	+ 10.5%
2000	\$754,678	+ 1.2%
2001	\$822,598	+ 9.0%
2002	\$888,249	+ 7.9%
2003	\$861,278	- 3.1%
2004	\$925,500	+ 7.4%
2005	\$979,049	+ 5.7%

Source: Nevada State Department of Taxation

In 1999 Target and Home Depot purchased sites on the Douglas side of the Carson/Douglas border. Thereafter, Carson successfully attracted mega-retailer "Costco", only to lose WalMart who moved out of Carson City to a Douglas County location. A new WalMart opened in north Carson in 2006. The competition between Douglas and Carson for sales tax dollars has reached unusual proportions, and no spirit of cooperation appears to be on the horizon. Carson protested a proposed federal land sale in Douglas County a few years back since much of the acreage was slated for commercial development. The federal tract was located close to the city/county border, and the sale was eventually allowed to move forward. The ±140-acre tract was purchased by two of Carson City's automobile dealers which has intensified Carson's concerns relative to the potential loss of even more sales tax dollars. The loss of the two auto dealers to a different jurisdiction would render a severe financial blow to Carson, but to date no such plans have been announced.

#### SUMMARY

Overall, Carson's tourism industry appears to be stable, and as of late some growth in this sector has been occurring. The appraiser cannot help but express his concern over the future of Nevada's gaming industry. Starting with Atlantic City in about 1980, one state after another has legalized some form of gambling or another, and full-fledged casinos are now found in dozens of states. Even states that are relatively gambling free in the private sector have seen a proliferation of enterprises on Indian lands. This trend (towards nationwide gambling) is not likely to slow, as nearly every state seems to be starved for additional tax revenues, and the public does not generally view gaming losses in the context of a tax. In this regard Carson is likely to weather the storm in better fashion than its more metropolitan counterparts (such as Reno), as it is not extremely gaming dependent to begin with. Further, Carson's proximity to Lake Tahoe will remain a benefit due to the destination aspects of Tahoe. Indirect impacts are possible however. As a state capital this

community is highly dependent on tax revenues, and taxes imposed on casinos provide a significant portion of state revenues.

### TAXES

Historically western Nevada, and Nevada as a whole, has offered a unique tax structure which favors businesses as well as individuals. Nevada's Freeport Law exempts personal property of interstate origin and destination from taxes while located within the state. This tax policy was expanded to include all types of business inventories, and in 1982 the state expanded the exemption to include all inventories in the state regardless of origin. In addition, Nevada presently has no personal income tax, corporate income tax, inheritance tax, or franchise tax.

The state sales tax was raised from 3.5% to 5.75% in 1981 in a "tax shift" designed to reduce real and personal property taxes. Counties and municipalities have the option of raising the levy another  $\pm 2\%$ . The property tax limitation was dropped from \$5.00 per \$100 of assessed valuation to a constitutional limit of \$3.64 per \$100 of assessed value, statewide back in the early 80's as well. Subsequent to this tax shift property tax levies remained stable around \$2.00 to \$2.50/\$100 throughout the early to mid-eighties. Starting in 1987 most Western Nevada counties found it necessary to raise the rates, and in-city levies of about \$3.00 to \$3.50/\$100 are now the norm in most jurisdictions (equivalent to  $\pm 1\%$  of full cash value).

### CONSTRUCTION ACTIVITY

Building permits and utility connections are the primary indications of new construction. Carson's relatively lackluster performance from 1980 through 1984 was not totally attributable to the national economy, as resources were an issue during this time frame. Water for additional service was an issue throughout most of the 80's, and the city did not solve its

sewer capacity problem until late in 1984. From about 1987 forward residential construction was fairly stable in the vicinity of 300 new homes per year. As such the increases and decreases noted on the forthcoming chart are more coincidental than economy motivated. Over the last couple of years single-family construction has slowed due to the lack of unimproved lots and/or approved subdivision projects in Carson. A chart disclosing local building permit activity for the last ±25 years:

<u>Year</u>	<u>SFR Permits</u>	<u>MF Units</u>
1980	100	39
1981	106	32
1982	60	34
1983	215	29
1984	189	16
1985	248	71
1986	424	72
1987	343	68
1988	321	34
1989	378	86
<b>Decade Averages</b>	<b>238 Homes</b>	<b>48 Units</b>
1990	423	68
1991	331	57
1992	374	106
1993	401	94
1994	379	115
1995	334	82
1996	324	119
1997	329	377
1998	264	2
1999	293	50
<b>Decade Averages</b>	<b>345 Homes</b>	<b>107 Units</b>

<u>Year</u>	<u>SFR Permits</u>	<u>MF Units</u>
2001	243	0
2002	306	31
2003	195	6
2004	130	117
2005	110	80
<b>Averages</b>	<b>215 Homes</b>	<b>52 Units</b>

Until just recently growth in the single-family sector was fairly stable from one year to the next, with multi-family construction disclosing a more volatile pattern. Single-family construction was stimulated over the latter half of 1990's and early 2000's by historically low mortgage interest rates, and the drop-off in housing starts from 2003 forward is simply disclosing that Carson is running out of land to develop. This trend is likely to continue, although it should also be noted that at least two major housing projects are on the drawing boards (i.e., Silver Hawk and the Schulz Ranch).

In the past the issuance of building permits was influenced to some degree by the City's Growth Management Ordinance. In effect, Carson limits the number of building entitlements that are issued each year. Past subdivision moratoriums (due to water and sewer problems) limited construction in certain years, and were the primary reason the Growth Management Ordinance was put into effect in the first place.

The purpose of the ordinance was to plan and coordinate future growth in Carson, taking into account historical uses and trends, available water and sewer resources, and future needs. The effect of the ordinance resulted in a planned growth rate of  $\pm 3\%$  per year. Given the fact that there was most often a carryover in entitlements, the 3% cap was virtually never achieved. The allowable entitlements are distributed between large developers, owner/builders, and small contractors. The ordinance was put into effect in

December of 1984 when the city/county once again began reviewing subdivision requests. It should be noted that the State's Division of Water Resources did not approve a subdivision map in Carson City between 1978 and 1989 due to inadequate water resources. It appears that the city is now developing at a fairly stable pace, in accordance with its resources. It is also evident however, that unimproved land suitable to residential development is soon to be all but exhausted. The Lompa Ranch in the center of town is the only large tract of land left in the city that is suitable to development. In-fill development and a few somewhat smaller tracts at the south and west ends of town will continue to support some residential growth over the next decade, but single-family construction in Carson has now most likely passed its peak.

### WATER ISSUES

Water to serve new development were of critical concern to Carson City over most of the 80's. The city imposed a moratorium on building permits (under pressure from the Division of Water Resources) in 1987. This moratorium was later lifted after the city (and state ) commissioned a study to again define and quantify available resources. The Nevada Division of Water Resources is delegated the responsibility of administering waters everywhere within the state, an agency that did not approve a single subdivision in the Eagle Valley Basin (Carson) between 1978 and 1989. Subdivisions created during this period used parcel map procedures (where only four new parcels are created with a single map, a procedure exempt from Division of Water Resources review). Naturally, the intent of state water laws was being circumvented over this era. Carson City resolved most of its water resource problems in the early 1990's via a number of large volume acquisitions, and water for new services should not be an issue for quite some time to come. The day will eventually come when there is no water available to support construction given the finite nature of the resource. The amount of remaining unimproved land in this city/county is also very limited however, and hopefully the utilization of the two resources (land and water)

can be coordinated through build-out. Citywide build-out is forecasted to occur in less than 20 years.

### **FUTURE TRENDS**

In the appraiser's opinion the economic outlook for Carson is fairly good in nearly all sectors. Gaming, the economic mainstay of most metropolitan areas in Nevada, could experience problems in the future as more states continue to legalize casino gambling. Carson's dependency on gaming is limited in comparison with other Nevada communities, suggesting that it could weather a downturn better than most (disregarding the potential for indirect impacts, i.e., tax revenues).

The immigration of relocating manufacturers has declined somewhat, which is likely attributable to the recent increases in housing prices. To date, the city/county, in conjunction with the Northern Nevada Development Authority have been reasonably effective in attracting new firms, and thus Carson has diversified its economic base to some degree. In the appraiser's opinion the substantial run-up in housing prices between 2000 and 2005 may be responsible for slowing industrial growth, as affordable housing is basically disappearing in western Nevada.

A potential problem for the private sector also exists in the professional office market. The state has announced intentions to centralize most all of their operations on state-owned property over time, and the state owns large undeveloped sites to accommodate this purpose. At present, Nevada (through various agencies) is the largest single tenant in the Carson office market, occupying tens of thousands of square feet. If tax revenues are sufficient to fund the centralization projects, and the state proceeds as planned, excessive vacancies in the office market could occur. It would take years, if not decades, for private industry to absorb all the office space occupied by state tenants. Although a concern to the



appraiser given a mid- to long-term forecast this issue has not impacted the local office market to any significant degree. Investors continue to buy Carson office buildings at rates of return consistent with other Western Nevada communities, and developers and builders continue to construct new offices (often for state tenants). There is apparently a perception in the marketplace that the state will not be able to fund all of the projects it has proposed, although construction was recently finished on a  $\pm 125,000$  sq. ft. state office building in the southerly portion of the city.

Following decades of reasonably stable and economically sound increases in local housing values (say 3% to 5%/year), the era between 2001 and 2005 saw a dramatic rise in the average selling price of a Carson City home. As reported by the local assessor residential values increased by  $\pm 11\%$  between 2001/2002,  $+14\%$  between 2002/2003,  $+24\%$  between 2003/2004, and  $+20\%$  between 2004/2005. The stark increases in residential appreciation during this era can be attributed to four forces, specifically:

- 1) Low mortgage interest rates;
- 2) A market perception of impending scarcity;
- 3) Slow growth initiatives and movements (primarily in Douglas County); and
- 4) Something of a nationwide fever for real estate investments given a lack of attractive alternatives.

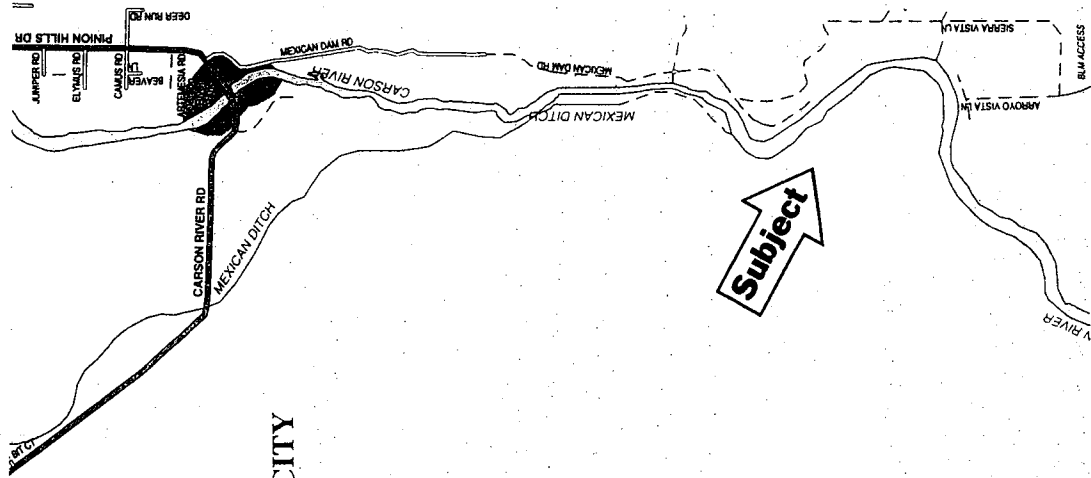
Starting at some point in 2005 investor-oriented buyers began to abandon the housing market, the pace of sales slowed, and price corrections are now occurring (or are on the horizon). Average housing prices in Carson according to the local assessor have been:

<u>Year</u>	<u># of Sales</u>	<u>Average Price</u>
1988	806	\$101,612
1989	787	\$107,052
1990	901	\$114,035
1992	798	\$118,070
1993	951	\$127,528
1994	911	\$130,291
1995	751	\$145,814
1996	786	\$150,596
1997	742	\$152,585
1998	830	\$159,462
1999	952	\$161,901
2000	945	\$167,553
2001	1,058	\$178,541
2002	1,185	\$198,703
2003	1,153	\$227,410
2004	1,083	\$282,995
2005	933	\$339,866

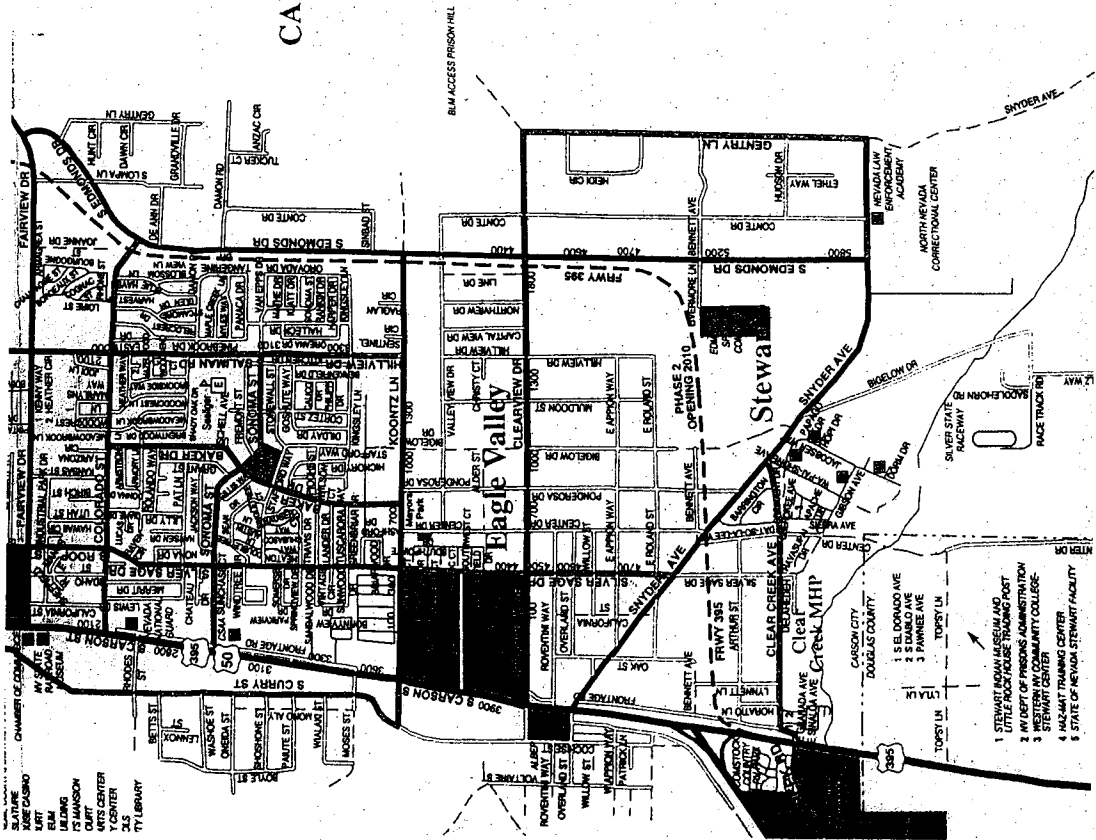
With only moderate changes in home construction costs, much of the increase in residential prices accrued to the value contribution of the residential lot and/or the land. Residential lots basically tripled in price over the last 5 to 6 years, with subdivision land disclosing an even greater rate of appreciation. Locally, regionally, and nationally the housing market overheated as fundamental economic principles were abandoned by various mortgage lenders. As of the date of this report, a painful correction is in full swing nationally. Locally housing prices were flat to slightly declining in 2006, and the outlook for 2007 is flat at best. The scarcity of land in Carson is likely to buoy the local housing market to some degree however.

## PROPERTY DESCRIPTION

LOCATION MAP



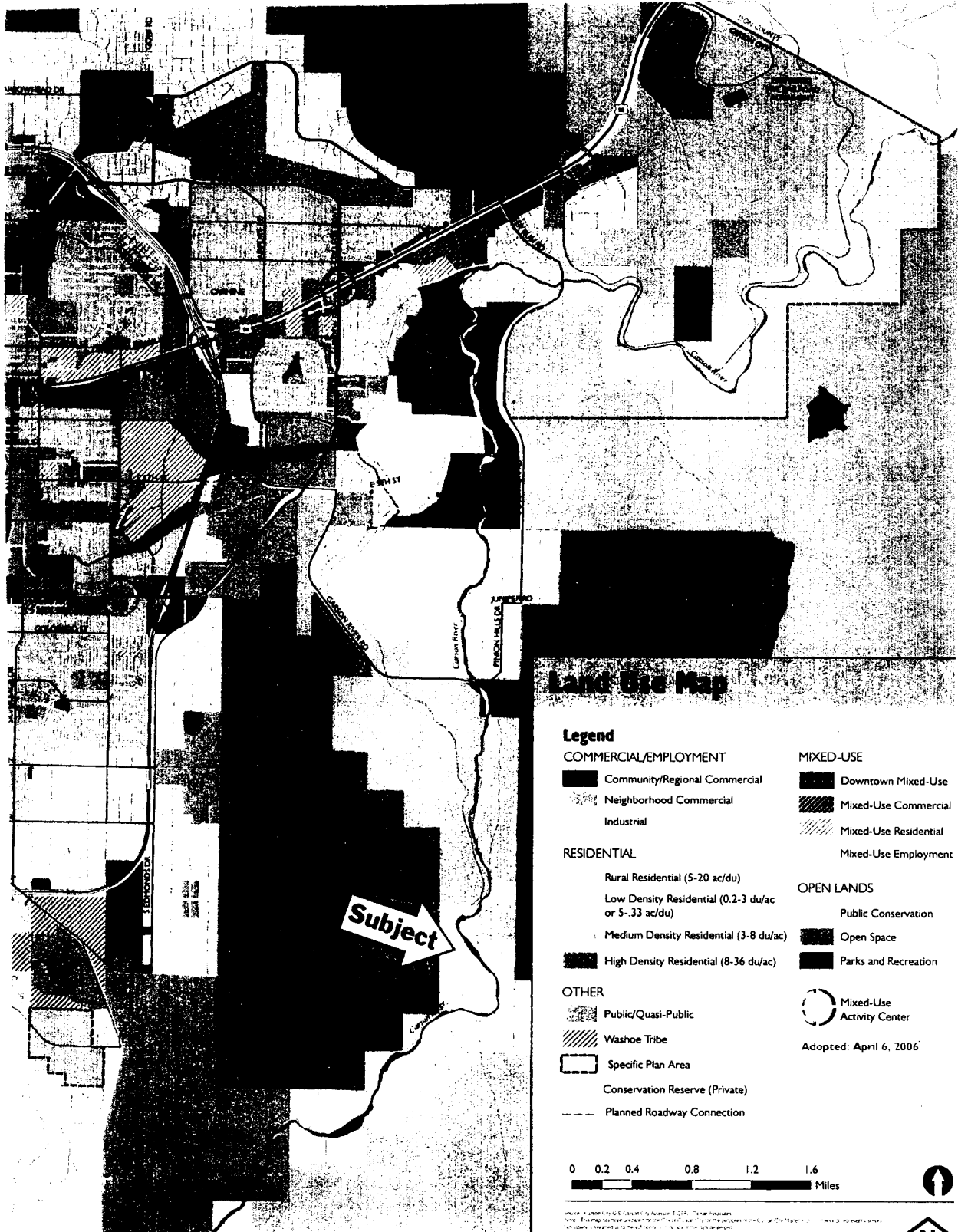
CARSON CITY



- 1 SKATUNE
- 2 MARI CASINO
- 3 ART
- 4 BLDG
- 5 HANSON
- 6 CURT
- 7 CASPER
- 8 VOSKOVIC
- 9 SLS
- 10 TY LIBRARY

- 1 STEWART MALL
- 2 LITTLE ROCK HOUSE TRADING POST
- 3 NV DEPT OF PRISONS ADMINISTRATION
- 4 WESTERN NV COMMUNITY COLLEGE
- 5 STEWART CENTER
- 6 HAZMAT TRAINING CENTER
- 7 STATE OF NEVADA DEPARTMENT FACILITY

# MASTER PLAN



**Subject** →

LYN C. NORBERG, MAI

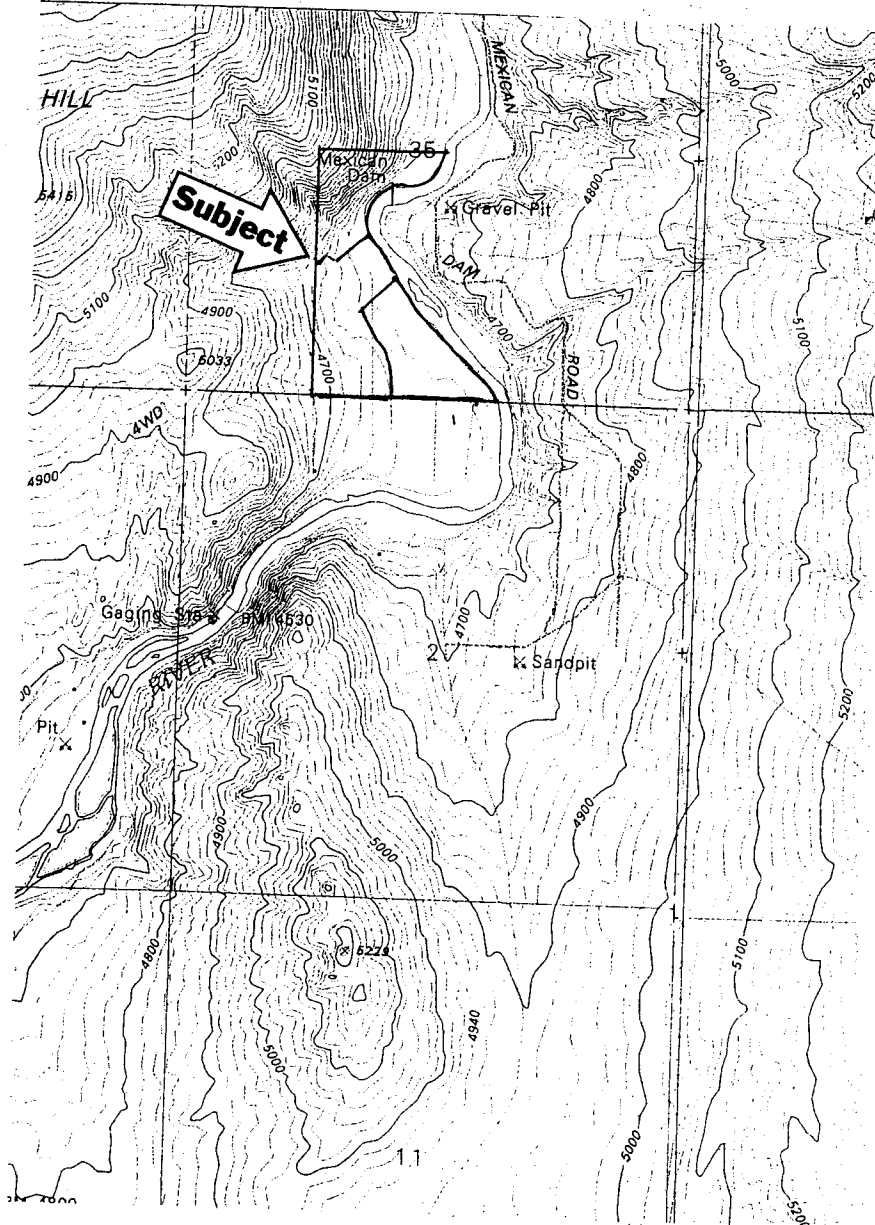
# AERIAL PHOTO



Carson City

LYN C. NORBERG, MAI

# TOPOGRAPHIC MAP



Carson City



# SOILS MAP

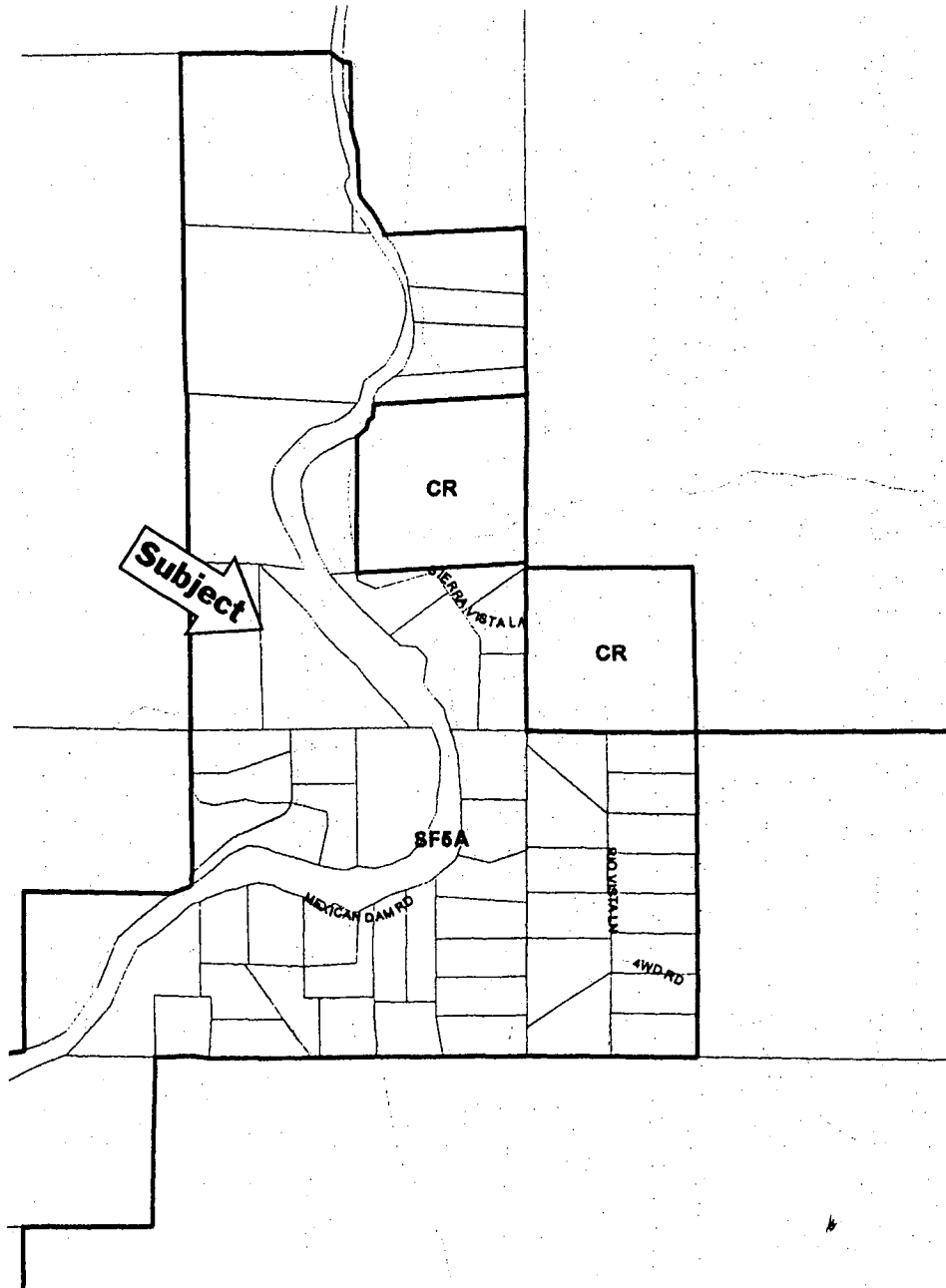








# CARSON CITY ZONING



**PROPERTY DESCRIPTION**

**LEGAL DESCRIPTION**

Refer to Addenda Exhibit "A".

**CURRENT OWNERS**

The vestings associated with the three legal parcels that constitute the subject are:

<u>APN</u>	<u>Current Owner</u>
10-121-42	River Ranch Holdings, Ltd.
10-121-43	Alpenglow Development, LLC
10-121-44	Mexican Dam, LLC

In response to the appraiser's letter of introduction (see Addenda Exhibit "B"), all of the above owners designated Michael Gilbert as their representative. Mr. Gilbert indicated to the appraiser that the three parcels that constitute the subject are actually owned by six investors that have equal (or varying) interests in one or each of the entities. Thus, regardless of the recorded nature of title, the subject is actually owned by an investment group that was formed for the purpose of developing the property in a collaborative fashion. With the concurrence of Mr. Gilbert (owner's representative) and Mr. Juan Guzman (client's representative), the appraiser will be valuing the property as a single ownership.

**PROPERTY LOCATION**

The subject involves a collection of three adjacent tracts that are located in a neighborhood that is known locally as the Mexican Dam region. This neighborhood is found in southeast Carson City on both sides of the Carson River. Snyder Avenue provides the principal

means of access to the portion of the neighborhood west of the river, with the Mexican Dam Road serving the east side. Prison Hill serves as a buffer and/or barrier, setting this neighborhood apart from the balance of Carson City.

The subject is located on the west side of the river, virtually adjacent to the Mexican Dam itself. Maps provided at the beginning of this section are useful in visualizing the location of the property.

**STREET ADDRESS**

The subject consists of three Assessor's parcels. APN 10-121-44 has been assigned a street address of 2980 Snyder Avenue. Street addresses have not been assigned to the other two tracts. As opposed to Snyder Avenue this property is located at the northerly terminus of Golden Eagle Lane.

**DIMENSIONS, AREA, AND SHAPE**

As documented by the maps presented at the beginning of this section the subject has an irregular shape since the Carson River serves as the property's east boundary. As can be seen each individual parcel has a somewhat unusual shape as well. This is the result of a boundary line adjustment map that was filed with the intention of preparing the property for additional divisions. The curvical boundary between the southerly two tracts will become the extension of Golden Eagle Lane, the street that will serve eight proposed residential lots.

The approximate dimensions of the combined ownership are:

North Boundary:	1,282.20' m/l
West Boundary:	2,631.85' m/l
South Boundary:	1,952.69' m/l
East Boundary:	Not determined—Carson River

The gross land area of the property is 64.31 acres, distributed between the three parcels as follows:

APN 10-121-42:	21.59 acres
APN 10-121-43:	22.32 acres
APN 10-121-44:	<u>20.40 acres</u>
Total:	64.31 acres

A gross land area estimate of 64.31 acres will be used throughout the remainder of this report.

### ACCESS

The subject is located in a neighborhood where there still may be some unintentional gaps in legal rights-of-way. From a physical perspective however, the subject is readily accessible, and since city authorities recently granted tentative parcel map approvals to a portion of the subject it appears that Golden Eagle Lane is recognized in the context of a public street.

Golden Eagle Lane is a  $\pm 50'$  wide easement that can be viewed as an extension of Snyder Avenue. Snyder Avenue (a paved street) begins in the heart of Carson City and extends southeasterly from the core around the south end of Prison Hill. Once reaching the Carson River the road veers back to the north, its name changes to Golden Eagle Lane, and the road extends thereafter northerly to the Mexican Dam where it ends. Right next to the Mexican Dam itself a steep and rocky slope is encountered, making the extension of the road difficult and economically unfeasible. The subject, although fronting on Golden Eagle Lane, has an assigned street address of 2980 Snyder Avenue.

In summary the subject is readily accessible in all seasons. The subject's immediate neighborhood exhibits a rural atmosphere, even though it is located only  $\pm 5$  minutes from the heart of a medium-sized city.

#### CURRENT USE

The subject is vacant land that does not disclose any indications of any past uses. It appears that these lands have never been used for anything other than livestock grazing, and/or passive recreation on the part of prior owners or the general public.

#### ZONING

The subject is currently zoned SF5A, a single-family district that imposes a minimum site size of 5 acres for the construction of a residence. Excerpts from the city's Zoning Code relative to this district can be found in Addenda Exhibit "C". The maximum allowable building height in this zone is 40', and building setbacks are as follows:

Front Yard:	100'
Side Yard:	50'
Rear Yard:	50'

A 5-acre residential zoning is common in only two portions of Carson City, specifically in the subject's immediate neighborhood, and also the Old Clear Creek neighborhood on the west side of town straddling the Douglas County border. This circumstance in and of itself will limit the appraiser's ability to find comparable sales of a local origin.

### **UTILITIES**

Public water and sewer is not available in this neighborhood. All of the improved properties in this area rely on individual wells and septic systems. Underground electrical and telephone service is readily available to the subject along the ownership's south boundary.

### **FLOOD ZONES**

Located on the west side of the Carson River about 20% to 30% of the subject falls within the boundaries of the 100-year flood plain. The flood zone extends into the southerly portion of the subject about 100 to 200 yards, and near the north boundary where the terrain is steeper the zone is only 20 to 30 yards wide. This property appears on FEMA flood insurance rate map Panels 320001-0130D (dated 10/96) and 320001-0175C (dated 9/93). Given the minimum lot size imposed by zoning (5 acres), the flood zone associated with the subject exerts no material influence on lot yield.

### **SEISMIC HAZARD**

Virtually all of western Nevada is located within a seismic hazard region. Earthquakes occur with periodic frequency, and properties are often surveyed for faults in conjunction with subdivision or parcel map approvals. To the appraiser's knowledge the hazard associated with the subject is on par with other portions of Carson City, and as such warrants no special consideration in the appraisal process.



**THREATENED AND ENDANGERED SPECIES**

The appraiser has no knowledge of any threatened or endangered species on the subject, and will assume that the property is non-impacted.

**SOILS**

The subject is located on a bend of the Carson River, and past floods combined with alluvium deposits from nearby Prison Hill result in surface soils of a sandy loam composition. Towards the north end of the property where the terrain is steep rock outcroppings are common. In deference to the nature of nearby improved properties, one can assume that the subject's soils are suitable to typical residential construction, and also the installation of septic systems. Some over-excavation may be required in conjunction with installing building foundations to reach load-bearing soils. The subject was identified on the USDA's *Soil Survey of the Carson River Region*. The bottomland soils along the river consist of Incy fine sand with the alluvial uplands being principally Glenbrook-Rock outcrop complex. The potential for wind erosion (blowing sand) is a detrimental aspect of the Incy soil.

**HAZARDOUS MATERIALS/ENVIRONMENTAL CONTAMINATION**

The appraiser has no knowledge of any environmental contamination and/or hazardous materials on or around the subject. As has been referenced it appears that the subject has never been used for anything other than livestock grazing and passive recreation on the part of prior owners and/or the general public. The appraiser is not empowered to offer any formal observations relative to environmental issues however, and the readers are referred back to Limiting Condition #10.

**ASSESSMENTS AND TAXES**

This property is identified in the records of the Carson City Assessor's Office via three assessor parcels (APN's). The assessed value of each and property tax load in the 2006/2007 tax year are:

<u>APN</u>	<u>Acres</u>	<u>Assessed Value—Land</u>	<u>Taxes</u>
10-121-42	21.59	\$19,647	\$ 416.56
10-121-43	22.32	\$20,311	\$ 346.42
10-121-44	<u>20.40</u>	<u>\$18,564</u>	<u>\$ 322.53</u>
Total:	64.31	\$58,522	\$1,085.51

In Nevada assessed values are calculated on the basis of 35% of the local assessor's opinion of market value. Properties are reappraised on a 5-year cycle and indexed for changing market conditions over the intervening years. Given rapidly changing land values over the last several years assessed values are now favorable in relation to actual market value.

**WATER RIGHTS**

There are no water rights appurtenant to the subject.

**TOPOGRAPHY**

Referring the readers back to the topographic map presented at the beginning of this section most of the subject is comprised of mildly sloping lands. The appraiser would estimate that about 70% of the ownership involves mild slopes, with the remaining 30% (to the north) encompassing steep terrain. The steep slopes are not well suited to any form of intensive development, and would therefore be incorporated into one or two oversized residential sites (i.e., either two ±10-acre sites or one ±20-acre site). The subject's steep terrain

influences its achievable lot yield. As opposed to the 12 lots allowed via zoning, the appraiser is inclined to forecast a total project size of no more than 9 to 10 lots at buildout.

### **VEGETATION**

The principal form of vegetation found on the subject is big sagebrush. Close to the river the sagebrush is 6' to 8' tall, indicating that the subject's soils are very productive from an agricultural perspective. Along the river one encounters willow thatches and a few cottonwood trees (one which appears to be  $\pm 150$  years old). The vegetative mix associated with the subject is common to the Carson River corridor. The riparian corridor is quite narrow, often extending no more than  $\pm 50$  yards off the river (before desert vegetation is encountered).

### **TITLE MATTERS**

Three preliminary title reports are furnished in Addenda Exhibit "A", one for each of the three vestings. Combined the title reports reference over 40 exceptions, but naturally contain numerous instances of duplications. For the most part the exceptions can be grouped into the five categories that follow:

- Taxes, Assessments, etc.

These are matters of equity as opposed to value that impact all properties.

- Secured Loans

These are loans secured by trust deeds that are once again a matter of equity as opposed to value.

- Carson River

Exceptions relative to the river fall into two sub-categories. First the public has a right to use the river for navigation, fishing, etc., within the average high water marks. Secondly, if the course of the river is altered by a natural event, the east boundary of the subject would be realigned as well (accretion). These matters impact all riverfront lands and warrant no special consideration in the valuation process.

- Easements and Rights-of-Way

These are exceptions that relate to roadways, rights-of-way, and public utility corridors, that have been established by grant and/or recitals on Division of Land Maps or survey maps.

None of the encumbrances are detrimental or cause for concern relative to value. The covenant referenced in Exception 12 of the River Ranch preliminary title report prohibits commercial enterprises, and is of likewise no concern.

Overall the subject offers a clear and marketable title with no specific issue warranting direct consideration in valuation.