

**City of Carson City
Agenda Report**

Date Submitted: June 12, 2012

Agenda Date Requested: June 21, 2012

Time Requested: 10 Minutes

To: Mayor and Supervisors

From: Parks and Recreation Department - Open Space Division

Subject Title: For possible action to determine the fair market value of APN 008-523-09 containing 1.02 acres is \$115,000 and that the fair market value of easements is \$30,000 for county real estate located in the vicinity of Capitol Loans at 5951 Highway 50 East. (Juan F. Guzman)

Staff Summary: The purpose of this hearing is for the Board of Supervisors to determine the fair market value of property and easements on APN 008-523-09 in accordance with the provisions of N.R.S. 244.2795.1(a). This is an initial step of several needed to sell easements and/or the entire property.

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: I move to determine the fair market value of APN 008-523-09 containing 1.02 acres is \$115,000 and that the fair market value of easements is \$30,000 for county real estate located in the vicinity of Capitol Loans at 5951 Highway 50 East.

Explanation for Recommended Board Action: The value of county real estate may be determined by the Board of Supervisors subject to one appraisal conducted within the six months prior to a sale or lease of county real estate. In accordance with the provisions of N.R.S. 244.2795.1(a) and subject to one public hearing the Board may determine these values.

Applicable Statue, Code, Policy, Rule or Regulation: N.R.S. 244.2795.1(a) and the Omnibus Public Lands Management Act of 2009.

Fiscal Impact: There will be a neutral fiscal impact.

Explanation of Impact: The expenses for the appraisal and the revenue from a future sale of the easements or property will be directed to a special account in accordance with the Omnibus Public Lands Management Act of 2009.

Funding Source: Open Space accounts

Alternatives: Not to set the value

Supporting Material:

Copy of N.R.S. 244.2795

Appraisal for property

Valuation of easement

Prepared By: Juan F. Guzman Date: 6/11/12
Juan F. Guzman, Open Space Manager

Reviewed By: Roger Moellendorf Date: 6/11/12
Roger Moellendorf, Parks & Recreation Director

Lawrence A. Werner Date: 6/12/12
Lawrence A. Werner, City Manager

District Attorney's Office Date: 6/12/12
District Attorney's Office

Nancy Paulson Date: 6/12/12
Finance Department

Board Action Taken:

Motion: _____ 1: _____ Aye/Nay
2: _____

(Vote Recorded By)

NRS 244.279 Sale or lease of right-of-way or water rights to public utility.

1. A board of county commissioners may sell or lease:
 - (a) A right-of-way to a public utility as defined in NRS 704.020; and
 - (b) Water rights to a public utility engaged in the business of furnishing water for municipal, industrial and domestic purposes to customers within the boundaries of the county,
 - ↳ without first offering those rights-of-way or water rights to the public.
2. If a public utility wishes to dispose of any right-of-way or water right acquired pursuant to subsection 1, it must be reconveyed to the county.
(Added to NRS by 1983, 524)

NRS 244.2795 Sale or lease of certain real property: Appraisal required; qualifications and selection of appraisers; disclosure statements; interest of appraiser or related person in property or adjoining property prohibited; effect of sale or lease in violation of section.

1. Except as otherwise provided in NRS 244.189, 244.276, 244.279, 244.2815, 244.2825, 244.2833, 244.2835, 244.284, 244.287, 244.290, 278.479 to 278.4965, inclusive, and subsection 3 of NRS 496.080, except as otherwise required by federal law, except as otherwise required pursuant to a cooperative agreement entered into pursuant to NRS 277.050 or 277.053 or an interlocal agreement in existence on or before October 1, 2004, except if the board of county commissioners is entering into a joint development agreement for real property owned by the county to which the board of county commissioners is a party, except for a lease of residential property with a term of 1 year or less, except for the sale or lease of real property to a public utility, as defined in NRS 704.020, to be used for a public purpose, except for the sale or lease of real property to the State or another governmental entity and except for the sale or lease of real property larger than 1 acre which is approved by the voters at a primary or general election or special election, the board of county commissioners shall, when offering any real property for sale or lease:

(a) Except as otherwise provided in this paragraph, obtain two independent appraisals of the real property before selling or leasing it. If the board of county commissioners holds a public hearing on the matter of the fair market value of the real property, one independent appraisal of the real property is sufficient before selling or leasing it. The appraisal or appraisals, as applicable, must have been prepared not more than 6 months before the date on which the real property is offered for sale or lease.

(b) Select the one independent appraiser or two independent appraisers, as applicable, from the list of appraisers established pursuant to subsection 2.

(c) Verify the qualifications of each appraiser selected pursuant to paragraph (b). The determination of the board of county commissioners as to the qualifications of the appraiser is conclusive.

2. The board of county commissioners shall adopt by ordinance the procedures for creating or amending a list of appraisers qualified to conduct appraisals of real property offered for sale or lease by the board. The list must:

(a) Contain the names of all persons qualified to act as a general appraiser in the same county as the real property that may be appraised; and

(b) Be organized at random and rotated from time to time.

3. An appraiser chosen pursuant to subsection 1 must provide a disclosure statement which includes, without limitation, all sources of income that may constitute a conflict of interest and any relationship with the real property owner or the owner of an adjoining real property.

4. An appraiser shall not perform an appraisal on any real property for sale or lease by the board of county commissioners if the appraiser or a person related to the appraiser within the first degree of consanguinity or affinity has an interest in the real property or an adjoining property.

5. If real property is sold or leased in violation of the provisions of this section:

(a) The sale or lease is void; and

(b) Any change to an ordinance or law governing the zoning or use of the real property is void if the change takes place within 5 years after the date of the void sale or lease.

(Added to NRS by 2005, 1457; A 2005, 2671, 2680; 2007, 2827; 2011, 347, 484)

NRS 244.281 Sale or lease of certain real property: Determination that sale or lease is in best interest of county; notice; appraisal; exceptions; second offering; effect of sale or lease in violation of section.

1. Except as otherwise provided in this subsection and NRS 244.189, 244.276, 244.279, 244.2815, 244.2825, 244.2833, 244.2835, 244.284, 244.287, 244.290, 278.479 to 278.4965, inclusive, and subsection 3 of NRS 496.080, except as otherwise required by federal law, except as otherwise required pursuant to a cooperative agreement entered into pursuant to NRS 277.050 or 277.053 or an interlocal agreement in existence on or before October 1, 2004, except if the board of county commissioners is entering into a joint development agreement for real property owned by the county to which the board of county commissioners is a party, except for a lease of residential property with a term of 1 year or less, except for the sale or lease of real property to a public utility, as defined in NRS 704.020, to be used for a public purpose and except for the sale or lease of real property larger than 1 acre which is approved by the voters at a primary or general election or special election:

(a) When a board of county commissioners has determined by resolution that the sale or lease of any real property owned by the county will be for purposes other than to establish, align, realign, change, vacate or otherwise adjust any street, alley, avenue or other thoroughfare, or portion thereof, or flood control facility within the county and will be in the best interest of the county, it may:

(1) Sell the property in the manner prescribed for the sale of real property in NRS 244.282.

(2) Lease the property in the manner prescribed for the lease of real property in NRS 244.283.

(b) Before the board of county commissioners may sell or lease any real property as provided in paragraph (a), it shall:

(1) Post copies of the resolution described in paragraph (a) in three public places in the county; and

(2) Cause to be published at least once a week for 3 successive weeks, in a newspaper qualified under chapter 238 of

JOHNSON~PERKINS & ASSOCIATES, INC.

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March 30, 2012

Mr. Juan Guzman
Open Space Manager
Carson City Parks and Recreation Department
3303 Butti Way, Building 9
Carson City, Nevada 89701

RE: Valuation of the U.S. Highway 50 East and Sheep Drive (Asphalt Drive) Property,
Carson City, Nevada as Encumbered with Existing and Proposed Easements

Dear Mr. Guzman:

This is in response to your request for a valuation of the property situated on the southwest corner of U.S. Highway 50 and Sheep Drive (Asphalt Drive), Carson City, Nevada. You requested that this valuation address the value of the subject property as encumbered with the existing and proposed easements. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains a total land area of 44,627± square feet or 1.0245± acres of land area. Although there are a number of existing easements encumbering the subject property, Carson City is currently considering granting additional easements which will further encumber the subject property. The proposed easements include a Building Easement, Parking Easement, a Display and Sign Easement, and an Access and Drainage Easement. These new easements will be more thoroughly described in the following sections of this letter.

On July 21, 2011, this firm issued a summary appraisal report addressing the Market Value of the subject property. This appraisal addressed the subject property as encumbered

by the existing easements. Based upon the analysis set forth in this appraisal, the Market Value of the subject property, in its "as-is" condition as of June 23, 2011, was estimated to be \$145,000. As this letter is intended to be an addendum to the summary appraisal, the description of the subject property and the surrounding neighborhood, the valuation methodology, and the valuation analysis of the subject property as encumbered with the existing easements will be utilized as the basis of this valuation. It is assumed that the reader has access to and has carefully reviewed the original summary appraisal report.

For the purposes of this valuation analysis, the effective date of valuation will be June 23, 2011, the date utilized in the summary report.

The purpose of this valuation is to establish the Market Value of the subject property as encumbered by the existing easements and the proposed new easements. The intended use of this valuation is to assist Carson City in establishing a price for possible sale of the subject property as encumbered by the existing easements and further being encumbered by the new proposed easements. This valuation analysis assumes that the new easements are in place and do encumber the subject property. As the original summary appraisal report addressed the market value of the subject property as encumbered by the existing easements, this valuation analysis will focus on establishing the underlying fee interest of the areas within the new proposed easements. Each of the proposed easements will be discussed below and the residual underlying value analyzed.

The proposed easements involve a Building Easement containing 424± square feet, a Parking Easement which will involve 1,169± square feet, a Display and Sign Easement which will encumber 5,555± square feet and an Access and Drainage Easement which will encumber 5,614± square feet. The above land area calculations and all other calculations set forth in this letter have been prepared by Ken Iwamura, P.L.S., with Tri State Surveying LTD, of Carson City, Nevada. For the purposes of this valuation analysis, it is assumed that the land area calculations as provided by Tri State Surveying LTD are accurate.

In the original summary appraisal report the unencumbered fee simple Market Value of the subject land was estimated to be \$8.00 per square foot before addressing the cost of water and sewer extensions. The previously encumbered areas were estimated to reduce the value of the subject property by 50% in those areas. Finally, it was estimated in the original report that the appropriate allowance for the extension of water and sewer to the subject property was \$125,000. The final value established in the appraisal, in its "as-is" condition, was \$145,000.

The proposed Building Easement is a triangular shaped parcel located centrally along the south property line of the subject property. This easement contains 424± square feet of land area and will address a building encroachment by the abutting property owner to the south. It is these appraisers' assumption that this easement will allow for the building encroachment to continue through the remaining life of the building. This easement essentially transfers all of the property rights to the easement holder. The easement holder will control all use of the property with the underlying fee interest only having the distant future potential for receiving the reversion of the underlying land when the building is removed from the property.

As the underlying fee owner will have very little rights associated with this easement area, a residual value of 5% of the unencumbered fee simple value will be utilized. The actual mathematical calculations will be summarized on a chart at the end of this letter.

The proposed Parking Easement is located immediately northwest of and adjacent to the Building Easement. This easement is being established in order to protect parking in front of the adjacent building. It is these appraisers' understanding that this proposed easement will provide exclusive parking to the adjacent building. As a result, there will be very little underlying value associated with this area. As this area was encumbered by existing easements or was felt to have restricted development potential due to the existence of the existing easements, this area was valued at 50% of the unencumbered fee simple value as set

forth in the original summary appraisal report. As the proposed exclusive parking easement will be for the sole use of the adjacent property owner, it is felt that the easement represents a vast majority of the remaining value of this area. As a result, the underlying residual area of the proposed parking easement will be valued at 10% of the remaining 50% value of the unencumbered fee simple interest.

The proposed Display and Sign Easement will contain 5,555± square feet of land area and is situated along the northwest property line, approximately 110 feet northeast of the subject's westerly tip. The proposed easement will have approximately 85 feet of frontage along the highway and will extend to a depth of approximate 65 feet. This easement will allow for the property owner abutting to the south to maintain a display area for his business and will also allow for him to maintain the on-premise sign which is located in this area. It is these appraisers' understanding that this easement will provide the adjacent property owner with exclusive use of this property. As a result, there will be very limited uses or rights which would be available to the underlying fee title owner. Based upon calculations prepared by Tri State Surveying, 3,854 square feet of this proposed easement was previously encumbered. As a result, the underlying value was 50% of the unencumbered fee simple value before the imposition of the new easement. As was previously indicated, it is felt that the proposed easement will essentially encompass most of the remaining rights to this property. For the purposes of this valuation, the underlying residual previously encumbered area will be valued at 10% of the previously encumbered value.

Tri State Surveying has also indicated that 1,701± square feet of the Display and Sign Easement was not previously encumbered. As was indicated above, it is felt that this new easement will essentially encompass most of the property rights associated with this portion of the property. As a result, the value of the underlying residual land will be 10% of the unencumbered fee simple value for this area. The value of the previously encumbered area and the unencumbered area will be totaled to arrive at a value of the underlying residual land

area of the proposed Display and Sign Easement. The mathematical calculations will be set out on a summary chart at the end of this letter.

The proposed Access and Drainage Easement will contain 5,614± square feet of land area. This easement will be located along the northeast and southeast boundaries of the proposed Display and Sign Easement area. This easement will also extend along the northwest line of the proposed Parking Easement and then will extend to the east of the proposed Building Easement, in order to allow for delivery truck access to the building situated south of the subject property. Tri State Surveying has estimated that 4,133± square feet of the proposed easement was previously encumbered with easements, while 1,481± square feet was unencumbered. The proposed easement will allow for access to the building abutting the subject to the south and will also allow for installation of drainage improvements. As the terms of the easement will require that this portion of the subject property remain open for access purposes, there are very few other uses to which the easement area could be put. As a result, it is felt that the new easement will encumber a significant portion of the underlying value of this area. For the purposes of this analysis, the percentage factor which will be utilized for underlying residual land value for this easement area is 20%. For the underlying land value of the previously encumbered area, the value will be established by applying a 50% factor for the existing easements and then applying a 20% factor to the remaining value to address the underlying value of the easement area. For the unencumbered areas, a 20% factor will be applied to the unencumbered fee simple value. These calculations will be summarized at the conclusion of this letter.

In addition to the land areas underlying the proposed easement areas, the subject property will also have areas of unencumbered land remaining and areas which were previously encumbered by easements. Tri State Surveying has estimated that there will be 3,444± square feet of unencumbered land lying east of the new Access and Drainage Easement and west of the 10 foot southwest Gas Easement. They have also estimated that there will be 7,368± square feet of unencumbered land area at the southwest corner of U.S.

Highway 50 and Sheep Drive. Finally, they have estimated that there will be 8,265± square feet of unencumbered land located south of the existing easements and east of the new Access and Drainage Easement. This totals 19,077± square feet of remaining land area which will be unencumbered by any easements. As has previously been indicated, this unencumbered land was estimated to have a Market Value of \$8.00 per square foot. The calculation of the value of the unencumbered remaining land area is set forth on a chart at the end of this letter.

There will also be 12,788± square feet of remaining land which has previously been encumbered by existing easements. This remaining land is valued by applying the \$8.00 per square foot unencumbered value to the remaining land area. A 50% factor is then applied to account for the existing easements. These calculations are summarized at the end of this report.

In the original summary appraisal report, an allowance of \$125,000 was deducted for water and sewer extension considerations. It is felt that this allowance must be deducted from the underlying residual value on a proportional basis. As will be set forth subsequently in this report, the underlying value of the subject property before consideration of water and sewer extensions is \$215,000. Based upon the \$270,000 value established in the original report, the remaining underlying value represents 80% of the value. Applying an 80% factor to the \$125,000 allowance for water and sewer extensions indicates that \$100,000 is applicable to the remaining underlying value. The \$100,000 allowance for water and sewer will be deducted to arrive at the final value of the subject property as encumbered by the existing and proposed easements.

Set out following is a chart summarizing the valuation of the subject property as encumbered by the existing and proposed easements.

Summary of Valuation	
(As Encumbered with Existing and Proposed Easements)	
Value of Remaining Underlying Values	
Proposed Building Easement (424± sf @ \$8.00 x 5%)	\$ 170
Proposed Parking Easement (1,169± sf @ \$8.00 x 50% x 10%)	\$ 468
Proposed Display and Sign Easement	
Previously Encumbered (3,854± sf @ \$8.00 x 50% x 10%)	\$ 1,542
Not Previously Encumbered (1,701± sf @ \$8.00 x 10%)	<u>\$ 1,361</u>
Underlying Value Display and Sign Easement	\$ 2,903
Proposed Access and Drainage Easement	
Previously Encumbered (4,133± sf @ \$8.00 x 50% x 20%)	\$ 3,306
Not Previously Encumbered (1,481± sf @ \$8.00 x 20%)	<u>\$ 2,370</u>
Underlying Value Display and Sign Easement	\$ 5,676
Unencumbered Land Area (19,077± sf @ \$8.00)	\$ 152,616
Remaining Encumbered Land Area (12,788± sf @ \$8.00 x 50%)	<u>\$ 51,152</u>
Total Value (Unencumbered + Encumbered)	\$ 212,985
Rounded To	\$ 215,000
Less Cost of Water and Sewer	<u>\$ (100,000)</u>
Final Property Value Conclusion	<u><u>\$ 115,000</u></u>
(As Encumbered with Existing and Proposed Easements)	

The value of the residual underlying interest in the proposed building easement was estimated to have a value of \$170. The underlying value of the Parking Easement area was estimated to be \$468. The residual value of the area underlying the proposed Display and Sign Easement, was estimated to have a value of \$2,903. The value of the land underlying the proposed Access and Drainage Easement, was estimated to have a residual value of \$5,676. The remaining unencumbered land area is estimated to have a value of \$152,616. The remaining area, which was previously encumbered, was estimated to have a value of \$51,152. The total value of the subject property as encumbered with the existing and proposed easements is \$212,985, which has been rounded to \$215,000. This value does not include consideration of the allocation for the cost of extending water and sewer. Deducting the proportional allowance for water and sewer extension of \$100,000 results in an indicated value of the subject property as encumbered with the existing and proposed easements of \$115,000.

Based upon a careful review and analysis of all data available and these appraisers' understandings of the intent of the proposed easements, it is these appraisers' opinion that the Market Value of the subject property as encumbered with existing and proposed easements, as of June 23, 2011, is \$115,000.

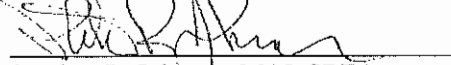
FINAL MARKET VALUE CONCLUSION
(As Encumbered by the Existing and Proposed Easements)

\$115,000

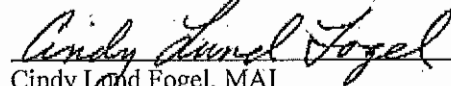
The reader is reminded that this valuation analysis is intended to be an addendum to the original summary appraisal; therefore, this letter should only be utilized in conjunction with the original appraisal.

We appreciate the opportunity of preparing this appraisal and should you have any additional questions, please do not hesitate to contact us.

Respectfully Submitted,



Stephen R. Johnson, MAI, SREA
Nevada Certified General Appraiser
License Number A.0000003-CG



Cindy Lund Fogel, MAI
Nevada Certified General Appraiser
License Number A.0002312-CG

GRAPHIC SCALE 1"=50'



SHEEP DRIVE

7368 S.F. UNENCUMBERED AREA + PUE

10' PUE

10' S.F. 615' EASEMENT

3444 S.F. UNENCUMBERED AREA + PUE

PARCEL 2 0.96 AC

50' P.M. MAP PER FILE NO. 798-53810

8265 S.F. UNENCUMBERED AREA + PUE

10' SPRING TELEPHONE EASEMENT PER FILE NO. 5322, BK. 295 PG. 170.

10' PUE

150' POWER EASEMENT

10' PUE

26' PUE

26' PUE

26' PUE

26' PUE

5' PUE

APN 08-523-10

APN 08-523-08

BUY (TYP.)

PARCEL 1 0.06 AC

PARCEL 3 0.06 AC

PARCEL 4 0.06 AC

PARCEL 5 0.06 AC

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions.

LIMITS OF LIABILITY

This report was prepared by Johnson-Perkins and Associates, Inc. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins and Associates, as employees, not as individuals. The liability of Johnson-Perkins & Associates, Inc. and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser(s). The appraisal report remains the property of the appraisal firm, though it may be used by the client in accord with these assumptions and limiting conditions.

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in

the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

CONFIDENTIALITY

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

INFORMATION SUPPLIED BY OTHERS

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson-Perkins & Associates, Inc. are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction

involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser(s) nor those assisting in the preparation of the report is required to engage in post-appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is

assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser(s) is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations, and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

TOXIC MATERIALS AND HAZARDS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser(s) has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

ARCHEOLOGICAL SIGNIFICANCE

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined

and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.

AUXILIARY AND RELATED STUDIES

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser(s) unless otherwise specified in an agreement for services and so stated in the appraisal report.

DOLLAR VALUES AND PURCHASING POWER

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

ROUNDING

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

QUANTITATIVE ANALYSIS

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report, and are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

ECONOMIC AND SOCIAL TRENDS

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic

factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

EXCLUSIONS

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

SUBSURFACE RIGHTS

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in an excellent workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report, unless otherwise explicitly stated in the appraisal. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

MANAGEMENT OF PROPERTY

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

FEE

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

LEGAL EXPENSES

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

CHANGES AND MODIFICATIONS

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

DISSEMINATION OF MATERIAL

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Professional Designations

MAI - Member Appraisal Institute (Certified through 2012)	1976
SREA - Senior Real Estate Analyst; Society of Real Estate Appraisers	1984

State Licensing and Certification

Certified General Appraiser-State of Nevada License #A.0000003-CG (Certified through 04/30/2013)	1991
Certified General Appraiser-State of California License #AG007038 (Certified through 06/18/2013)	1992

Association Memberships and Affiliations

Member Reno Board of Realtors	
Member Nevada Association of Realtors	
International Right-of-Way Association	
Member Nevada State Board of Equalization - (Appointed by Governor Richard Bryan, January 1984 & 1988)	1984-1991
(Appointed by Governor Kenny C. Guinn, March 2000 & 2004)	2000-2008
Member Nevada Commission of Appraisers of Real Estate - (Appointed by Governor Bob Miller, August 7, 1989)	1989-1994
Commissioner, Nevada Commission of Appraisers of Real Estate (Appointed by Governor Jim Gibbons)	2009-Present

Offices Held

Chairman, National Ethics Administration Division	1995
Vice Chairman, National Ethics Commission	1993/94
Regional Member, Ethics Administration Appraisal Institute, Region I	1989-1992
President, Sierra-Nevada Chapter #60, AIREA -	1989
Vice President, Sierra-Nevada Chapter #60, AIREA -	1988
Secretary, Sierra-Nevada Chapter #60, AIREA -	1987
Vice Governor District 3 (Northern California & Nevada) Society of Real Estate Appraisers (SREA) -	1980-1981
Past President & Membership Chairman - Reno/Carson/Tahoe Chapter #189	
Member 1976 Young Men's Council, SREA, Atlanta, Georgia	
Discussion Leader 1977 Young Men's Council, SREA, Las Vegas, Nevada	

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Offices Held (continued)

Elected 1 of 2 National Representatives to the International Board of Governors of the SREA, representing the Young Men's Council -	1977
International Professional Practice Committee, SREA -	1978-1981
International Conference Committee, SREA -	1978 & 1979
National Candidates Guidance Committee of the American Institute of Real Estate Appraisers (AIREA) -	1978-1981
Chairman National Division of Member and Chapter Services, AIREA -	1981
Board of Directors Northern California Chapter #11, AIREA -1	1980
Admissions Committee, Sierra-Nevada Chapter #60, AIREA	
Board of Directors, Sierra-Nevada Chapter #60, AIREA	1984-1986
Board of Directors, Reno-Carson-Tahoe Chapter	

Appraisal Experience

Independent Fee Appraiser	1976 to present
President, Stephen R. Johnson & Associates	1976-1992
President, Johnson - Wright & Associates	
President, Johnson - Perkins & Associates (Staff of 11 Appraisers)	1994 to present
Alves Appraisal Associates	1972-1976
Alves-Kent Appraisal Associates	1970-1972

Qualified as an Expert Witness

Nevada District Courts:
Washoe County, Carson City, Douglas County,
and Elko County
U.S. Bankruptcy Courts:
Reno, Las Vegas, Sacramento, and Los Angeles
U.S. District Court, San Francisco, California
United States Tax Court
Arizona Superior Court, Maricopa County, Phoenix
Douglas County Board of Equalization
Washoe County Board of Equalization
Nevada State Board of Equalization
King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Formal Education

Reno High School Graduate - 1966
Bachelor of Science Degree in Business Administration
Majoring in Real Estate, from the University of
Nevada, Reno - 1972

Appraisal Education

University of Nevada:
B.A. 430 Real Estate Evaluation 1970
B.A. 432 Real Estate Appraisal Problems 1971
American Institute of Real Estate Appraisers:
Course 1A Basic Appraisal Principles, Methods
& Techniques, San Francisco, CA 1972
Course 1B Capitalization Theory & Techniques,
San Francisco, California 1973
Course 2 Urban Properties,
San Francisco, California
Course 6 Investment Analysis,
Memphis, Tennessee 1976
Society of Real Estate Appraisers:
Course 301 Special Applications of Appraisal
Analysis, Pomona, California 1974

Numerous Continuing Education Seminars and Courses

Appraisal Instructor

Nevada Association of Realtors
Department of Commerce, Real Estate Division, State of Nevada
Appraisal "A" Residential Appraising
Appraisal "B" Apartment and Commercial Property Appraising
Western Nevada Community College
R.E. 206 Real Estate Appraising
Northern Nevada Real Estate School
Real Estate Appraisal

JOHNSON~PERKINS & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON
REPRESENTATIVE APPRAISAL CLIENTS AND PROPERTIES**

BARTON MEMORIAL HOSPITAL
CITY OF RENO
CITY OF SPARKS
COLONIAL BANK
R.J.B. DEVELOPMENT COMPANY CARSON CITY
DOUGLAS COUNTY
LINCOLN COUNTY
LYON COUNTY
WASHOE COUNTY
MINERAL COUNTY
EMERALD BAY POST OFFICE
NEVADA STATE PARK SYSTEM
NEVADA STATE DEPT. OF TRANSPORTATION
NEVADA STATE DIVISION OF LANDS
NEVADA ATTORNEY GENERAL'S OFFICE
U.S. DEPARTMENT OF NAVY
U.S. FOREST SERVICE
FNMA - REGIONAL OFFICE
INTERNAL REVENUE SERVICE
FEDERAL TRADE COMMISSION
WASHOE COUNTY REGIONAL TRANS.
RENO TAHOE AIRPORT AUTHORITY
TAHOE REGIONAL PLANNING AGENCY
CALIFORNIA ATTY GENERAL'S OFFICE
CALIFORNIA TAHOE CONSERVANCY
CITY OF SOUTH LAKE TAHOE
PLACER COUNTY REDEVELOPMENT AGENCY
NEW HAMPSHIRE DEPARTMENT OF JUSTICE
MISSOURI HWY AND TRANS. DEPT COMMISSION
IDAHO TRANSPORTATION DEPARTMENT
COLONIAL BANK
PLUMAS BANK
SECURITY BANK OF NEVADA
LIBERTY BANK
FIRST INDEPENDENT BANK OF NV
NORTHERN NEVADA BUSINESS BANK
NEVADA STATE BANK
UNION BANK
VALLEY BANK OF NEVADA
BANK OF AMERICA
THE BANK OF CALIFORNIA
CROCKER NATIONAL BANK
WELLS FARGO BANK
B OF A TRUST DEPARTMENT
FIRST FEDERAL SAVINGS & LOAN
FIRST WESTERN SAVINGS & LOAN
AMERICAN SAVINGS AND LOAN
NEVADA SAVINGS & LOAN
DILORETO CONST. & DEVELOPMENT
DERMODY PROPERTIES
TRAMMELL CROW CO.
MCKENZIE PROPERTIES
HOMEWOOD HIGH & DRY MARINA
TAHOE KEYS MARINA
TAHOE CITY MARINA

WASHOE MEDICAL CENTER
PLAZA RESORT CLUB
ROYAL BANK OF SCOTLAND
CARSON-TAHOE HOSPITAL
JOHNNY RIBEIRO BUILDER
KEEVER CONSTRUCTION COMPANY
SIERRA PACIFIC POWER COMPANY
SOUTH LAKE TAHOE PUBLIC UTILITY DIST.
TAHOE DOUGLAS SEWER DISTRICT
GLENBROOK WATER COMPANY
TAHOE PARK WATER COMPANY
NORTH FOOTHILL APARTMENTS
MEADOWOOD APARTMENTS
WOODSIDE VILLAGE APARTMENTS
SIERRA WOODS APARTMENTS
AMESBURY PLACE APARTMENTS
SUNDANCE APARTMENTS
KEYSTONE SQUARE SHOPPING CTR.
POZZI MOTORS
CARSON CITY DATSUN-AMC-JEEP
LEMMON VALLEY LAND COMPANY
CONSOLIDATED FREIGHTWAYS
RINGSBY UNITED
SYSTEMS 99
EASTMAN KODAK
HALLMARK CARDS
OSCAR MEYER AND COMPANY
GENERAL ELECTRIC
CHEMETRO
CITY SERVICES MINERAL CO.
SUPERIOR OIL COMPANY
TRAVELERS INSURANCE
FARMERS INSURANCE COMPANY
FIRST AMERICAN TITLE CO. OF NV.
FIDELITY TITLE INSURANCE CO
MERRILL LYNCH RELOCATION
YOUNG ELECTRIC SIGN COMPANY
THE TRUST FOR PUBLIC LANDS
THE TRUCKEE DONNER LAND TRUST
THE CONSERVATION FUND
THE NATURE CONSERVANCY
SUGAR BOWL SKI RESORT
THE FEATHER RIVER LAND TRUST
SKI INCLINE RESORT
KIRKWOOD ASSOCIATES
NORTHSTAR
SQUAW VALLEY U.S.A.
LEWIS HOMES OF NEVADA
SYNCON HOMES
MGM GRAND HOTEL CASINO & THEME PARK
EL DORADO HOTEL - CASINO
COMSTOCK HOTEL - CASINO
LAKESIDE INN HOTEL - CASINO
RAMADA EXPRESS HOTEL - CASINO

**QUALIFICATIONS OF APPRAISER
CINDY LUND FOGEL**

Professional Designations

MAI – Member of the Appraisal Institute 2000

State Licensing and Certification

Nevada Certified General Appraiser
License #A.0002312-CG (Certified through 5/31/10) 1996

Offices Held

President, Reno/Carson/Tahoe Chapter Appraisal Institute 2009/2010
Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2008
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2006
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2003
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2002
President, Reno/Carson/Tahoe Chapter Appraisal Institute 2001
Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2000
Treasurer, Reno/Carson/Tahoe Chapter Appraisal Institute 1999
Secretary, Reno/Carson/Tahoe Chapter Appraisal Institute 1998

Occupational History

Johnson - Perkins & Associates 1994 - Present
Real Estate Appraiser

Johnson - Wright & Associates 1992 - 1994
Real Estate Appraiser

Stephen R. Johnson & Associates 1990 - 1992
Real Estate Appraiser

Admitted as Expert Witness

Washoe County Board of Equalization
Nevada State Board of Equalization

Appraisal Education & Technical Training

Real Estate 103 and 202 1986
Real Estate Financing 1986
American Institute of Real Estate Appraisers 1991
Course 1A-1 "Real Estate Appraisal Principles"
Course 1A-2 "Basic Valuation Procedures"

**QUALIFICATIONS OF APPRAISER
 CINDY LUND FOGEL**

Appraisal Education & Technical Training (Continued)

Course 1BA "Cap Theory & Tech, Part A"	1992
Course 1BB "Cap Theory & Tech, Part B"	
Nevada Law (NRS 645C)	1993
Standards of Professional Practice Parts A & B	1993
Advanced Applications	1993
Report Writing and Valuation Analysis	1995
Case Studies in Law and Ethics	1998
Standards of Professional Practice, Part C	1998
Advanced Income Capitalization	1999
Standards of Professional Practice, Part C	2000 & 2002
7-Hour National USPAP Update Course	2004
7-Hour National USPAP Update Course	2006
Cost Approach to Commercial Appraising	2006
Uniform Appraisal Standards/Federal Land Acquisitions	2007
7-Hour National USPAP Update Course	2007
7-Hour National USPAP Update Course	2008
Business Practices and Ethics	2008
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)	2009

Appraisal Seminars

Forecasting Revenue/Appraising Distressed Commercial Real Estate	2009
Valuation of Easements and Other Partial Interests	2009
Construction Defects and Cost Trends & Feasibility Analysis	2008
Valuation of Detrimental Conditions	2008
Spotlight on Common Errors & Confidentiality USPAP Issues	2008
The Essentials, Current Issues & Misconceptions in Appraising	2007
Attacking & Defending an Appraisal in Litigation	2007
Market Analysis and Site to do Business	2006
Analyzing Distressed Properties	2005
Appraising From Blueprints and Specifications	2005
Appraisal Valuation Modeling	2004
Subdivision Valuation	2004
The Road Less Traveled: Special Purpose Properties	2004
Scope of Work Seminar	2003
Appraisal Consulting: A Solutions Approach for Professionals	2002

Formal Education

University of Nevada-Reno: Bachelor of Arts, College of Arts and Science	1989
Truckee Meadows Community College, Associate in Arts	1984
Sparks High School, Sparks, Nevada	1975

JOHNSON~PERKINS & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

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Lake Tahoe Office: P.O. Box 11430 ■ Zephyr Cove, Nevada 89448 ■ Telephone (775) 588-4787
FAX: Main Office (775) 322-1156 ■ Lake Tahoe Office (775) 588-8295
E-mail: jpreno@johnsonperkins.com ■ jpatahoe@johnsonperkins.com

Stephen R. Johnson, MAI, SREA
Reese Perkins, MAI, SRA
Cynthia Johnson, SRA
Cindy Lund Fogel, MAI
Scott Q. Griffin, MAI
Daniel B. Oaks, MAI
Benjamin Q. Johnson, MAI

Karen K. Sanders
Gregory D. Ruzzine
Chad Gerken

March 30, 2012

Mr. Juan Guzman
Open Space Manager
Carson City Parks and Recreation Department
3303 Butti Way, Building 9
Carson City, Nevada 89701

RE: Valuation of Proposed Easements/ U.S. Highway 50 East and Sheep Drive (Asphalt Drive), Carson City, Nevada

Dear Mr. Guzman:

This is in response to your request for a valuation of the proposed easements which will be placed on the property situated on the southwest corner of U.S. Highway 50 and Sheep Drive (Asphalt Drive), Carson City, Nevada. The subject property is identified as Carson City Assessor's Parcel Number 008-523-09 and is owned by Carson City. The subject site contains a total land area of 44,627± square feet or 1.0245± acres of land area. Although there are a number of existing easements encumbering the subject property, Carson City is currently considering granting additional easements which will further encumber the subject property. The proposed easements include a Building Easement, Parking Easement, a Display and Sign Easement, and an Access and Drainage Easement. These new easements will be more thoroughly described and valued in the following sections of this letter.

On July 21, 2011, this firm issued a summary appraisal report addressing the Market Value of the subject property. This appraisal addressed the subject property as encumbered by the existing easements. Based upon the analysis set forth in this appraisal, the Market

Value of the subject property, in its "as-is" condition as of June 23, 2011, was estimated to be \$145,000. As this letter is intended to be an addendum to the summary appraisal, the description of the subject property and the surrounding neighborhood, the valuation methodology, and the valuation analysis of the subject property as encumbered with the existing easements will be utilized as the basis of this valuation. It is assumed that the reader has access to and has carefully reviewed the original summary appraisal report.

For the purposes of this valuation analysis, the effective date of valuation will be June 23, 2011, the date utilized in the summary report.

The purpose of this valuation is to establish the contributory Market Value of the proposed easements as they relate to the subject property. The intended use of this valuation is to assist Carson City in establishing a price for possible sale of the easements to an adjacent property owner.

The proposed easements involve a Building Easement containing 424± square feet, a Parking Easement which will involve 1,169± square feet, a Display and Sign Easement which will encumber 5,555± square feet and an Access and Drainage Easement which will encumber 5,614± square feet. The above land area calculations and all other calculations set forth in this letter have been prepared by Ken Iwamura, P.L.S., with Tri State Surveying LTD, of Carson City, Nevada. For the purposes of this valuation analysis, it is assumed that the land area calculations as provided by Tri State Surveying LTD are accurate..

In the original summary appraisal report the unencumbered fee simple Market Value of the subject land was estimated to be \$8.00 per square foot before addressing the cost of water and sewer extensions. The previously encumbered areas were estimated to reduce the value of the subject property by 50% in those areas. Finally, it was estimated in the original report that the appropriate allowance for the extension of water and sewer to the subject

property was \$125,000. The final value established in the appraisal, in its "as-is" condition, was \$145,000.

The proposed Building Easement is a triangular shaped parcel located centrally along the south property line of the subject property. This easement contains 424± square feet of land area and will address a building encroachment by the abutting property owner to the south. It is these appraisers' assumption that this easement will allow for the building encroachment to continue through the remaining life of the building. This easement essentially transfers all of the property rights to the easement holder. The easement holder will control all use of the property with the underlying fee interest only having the distant future potential for receiving the reversion of the underlying land when the building is removed from the property.

For the purposes of this valuation, this easement has been assigned a value of 95% of the unencumbered fee simple value. The actual mathematical calculations will be summarized on a chart at the end of this letter.

The proposed Parking Easement is located immediately northwest of and adjacent to the Building Easement. This easement is being established in order to protect parking in front of the adjacent building. It is these appraisers' understanding that this proposed easement will provide exclusive parking to the adjacent building. As a result, there will be very little underlying value associated with this area. As this area was encumbered by existing easements or was felt to have restricted development potential due to the existence of the existing easements, this area was valued at 50% of the unencumbered fee simple value as set forth in the original summary appraisal report. As the proposed exclusive parking easement will be for the sole use of the adjacent property owner, it is felt that the easement represents a vast majority of the remaining value of this area. As a result, the proposed parking easement will be valued at 90% of the remaining 50% value of the unencumbered fee simple interest.

The proposed Display and Sign Easement will contain 5,555± square feet of land area and is situated along the northwest property line, approximately 110 feet northeast of the subject's westerly tip. The proposed easement will have approximately 85 feet of frontage along the highway and will extend to a depth of approximate 65 feet. This easement will allow for the property owner abutting to the south to maintain a display area for his business and will also allow for him to maintain the on-premise sign which is located in this area. It is these appraisers' understanding that this easement will provide the adjacent property owner with exclusive use of this property. As a result, there will be very limited uses or rights which would be available to the underlying fee title owner. Based upon calculations prepared by Tri State Surveying, 3,854 square feet of this proposed easement was previously encumbered. As a result, the underlying value was 50% of the unencumbered fee simple value before the imposition of the new easement. As was previously indicated, it is felt that the proposed easement will essentially encompass most of the remaining rights to this property. For the purposes of this valuation, the previously encumbered area will be valued at 90% of the previously encumbered value.

Tri State Surveying has also indicated that 1,701± square feet of the Display and Sign Easement was not previously encumbered. As a result, the value of the easement will be 90% of the unencumbered fee simple value for this area. The value of the previously encumbered area and the unencumbered area will be totaled to arrive at a value of the proposed Display and Sign Easement. The mathematical calculations will be set out on a summary chart at the end of this letter.

The proposed Access and Drainage Easement will contain 5,641± square feet of land area. This easement will be located along the northeast and southeast boundaries of the proposed Display and Sign Easement area. This easement will also extend along the northwest line of the proposed Parking Easement and then will extend to the east of the proposed Building Easement, in order to allow for delivery truck access to the building situated south of the subject property. Tri State Surveying has estimated that 4,133± square

feet of the proposed easement was previously encumbered with easements, while 1,481± square feet was previously not encumbered by any easements. The proposed easement will allow for access to the building abutting the subject to the south and will also allow for installation of drainage improvements. As the terms of the easement will require that this portion of the subject property remain open for access purposes, there are very few other uses to which the easement area could be put. As a result, it is felt that the new easement will encumber a significant portion of the underlying value of this area. For the purposes of this analysis, the percentage factor which will be utilized for the easement is 80%. For the value of the previously encumbered area, the easement value will be established by applying a 50% factor for the existing easements and then applying an 80% factor to the remaining value to address the value of the new proposed easement. For the unencumbered areas, an 80% factor will be applied to the unencumbered fee simple value. These calculations will be summarized at the conclusion of this letter.

In the original summary appraisal report, an allowance of \$125,000 was deducted for water and sewer extension considerations. It is felt that this allowance must be deducted from the easement valuation on a proportional basis. As will be set forth subsequently in this report, the value of the easements before consideration of water and sewer extensions is \$55,000. Based upon the \$270,000 value established in the original report, the easements represent 20% of the value. Applying a 20% factor to the \$125,000 allowance for water and sewer extensions indicates that \$25,000 is applicable to the new easements. The \$25,000 allowance for water and sewer will be deducted to arrive at the final value of the subject's new proposed easements.

Set out following is a chart summarizing the valuation of the subject's four proposed easement areas and a final estimate of the value of these easements.

Summary of Valuation of Proposed Easements	
Proposed Building Easement (424± sf @ \$8.00 x 95%)	\$ 3,222
Proposed Parking Easement (1,169± sf @ \$8.00 x 50% x 90%)	\$ 4,208
Proposed Display Sign Easement	
Previously Encumbered (3,854± sf @ \$8.00 x 50% x 90%)	\$ 13,874
Not Previously Encumbered (1,701± sf @ \$8.00 x 90%)	<u>\$ 12,247</u>
Value of Display and Sign Easement	\$ 26,121
Proposed Access and Drainage Easement	
Previously Encumbered (4,133± sf @ \$8.00 x 50% x 80%)	\$ 13,226
Not Previously Encumbered (1,481± sf @ \$8.00 x 80%)	<u>\$ 9,478</u>
Value to Access and Drainage Easement	<u>\$ 22,704</u>
Total Value (Before Water and Sewer)	\$ 56,255
Rounded To	\$ 55,000
Less Allowance for Water and Sewer Extensions	<u>\$ (25,000)</u>
Final Value Conclusion of Proposed Easements	<u><u>\$ 30,000</u></u>

As is set out on the previous chart, the value of the subject's proposed Building Easement was estimated to be \$3,222; the value of the Parking Easement was estimated to be \$4,208; the value of the proposed Display and Sign Easement was estimated to be \$26,121; and the value of the proposed Access and Drainage Easement was estimated to be \$22,704. This totaled an indicated value for the subject's four proposed easements of \$56,255, which was rounded to \$55,000. Deducting the proportional allowance for water and sewer

extensions of \$25,000, results in a final indication of the value of the subject's proposed easements of \$30,000.

Based upon a careful review and analysis of all data available and these appraisers' understandings of the intent of the proposed easements, it is our opinion that the Market Value, as part of the subject's larger parcel, as of June 23, 2011, is \$30,000.

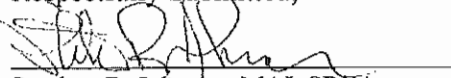
FINAL MARKET VALUE CONCLUSION
(Four Proposed Easements)

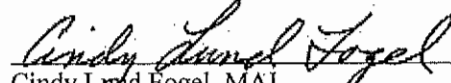
\$30,000

The reader is reminded that this valuation analysis is intended to be an addendum to the original summary appraisal; therefore, this letter should only be utilized in conjunction with the original appraisal.

We appreciate the opportunity of preparing this appraisal and should you have any additional questions, please do not hesitate to contact us.

Respectfully Submitted,


Stephen R. Johnson, MAI, SREA
Nevada Certified General Appraiser
License Number A.0000003-CG


Cindy Lund Fogel, MAI
Nevada Certified General Appraiser
License Number A.0002312-CG

GRAPHIC SCALE 1" = 50'



SHEEP DRIVE

7368 S.F. UNENCUMBERED AREA + PUE

10.7 S.F. EASEMENT

3444 S.F. UNENCUMBERED AREA + PUE

PARCEL 2 0.06 AC

8265 S.F. UNENCUMBERED AREA + PUE

50.0' ROW PER PM MAP NO. 798-95910 FILE

10.0' SPPO & TELEPHONE EASEMENT PER FILE NO. 5322. BK. 295 P6. 170.

APN 08-523-10

APN 08-523-08

GUY (TYP.)

PARCEL 1 0.06 AC

5' PUE

150' POWER EASEMENT

NO. 150' EASEMENT AT 8510

150' POWER EASEMENT

150' POWER EASEMENT

150' POWER EASEMENT

150' POWER EASEMENT

150' POWER EASEMENT

150' POWER EASEMENT

150' POWER EASEMENT

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions.

LIMITS OF LIABILITY

This report was prepared by Johnson-Perkins and Associates, Inc. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins and Associates, as employees, not as individuals. The liability of Johnson-Perkins & Associates, Inc. and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser(s). The appraisal report remains the property of the appraisal firm, though it may be used by the client in accord with these assumptions and limiting conditions.

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in

the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

CONFIDENTIALITY

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

INFORMATION SUPPLIED BY OTHERS

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson-Perkins & Associates, Inc. are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction

involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraisers(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser(s) nor those assisting in the preparation of the report is required to engage in post- appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is

assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser(s) is not a construction, engineering, or architectural expert; and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations, and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

TOXIC MATERIALS AND HAZARDS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser(s) has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

ARCHEOLOGICAL SIGNIFICANCE

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined

and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.

AUXILIARY AND RELATED STUDIES

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser(s) unless otherwise specified in an agreement for services and so stated in the appraisal report.

DOLLAR VALUES AND PURCHASING POWER

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

ROUNDING

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

QUANTITATIVE ANALYSIS

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report, and are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

ECONOMIC AND SOCIAL TRENDS

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic

factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

EXCLUSIONS

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

SUBSURFACE RIGHTS

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in an excellent workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report, unless otherwise explicitly stated in the appraisal. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

MANAGEMENT OF PROPERTY

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

FEE

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

LEGAL EXPENSES

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

CHANGES AND MODIFICATIONS

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

DISSEMINATION OF MATERIAL

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.

**QUALIFICATIONS OF APPRAISER
 STEPHEN R. JOHNSON**

Professional Designations

MAI - Member Appraisal Institute (Certified through 2012)	1976
SREA - Senior Real Estate Analyst; Society of Real Estate Appraisers	1984

State Licensing and Certification

Certified General Appraiser-State of Nevada License #A.0000003-CG (Certified through 04/30/2013)	1991
Certified General Appraiser-State of California License #AG007038 (Certified through 06/18/2013)	1992

Association Memberships and Affiliations

Member Reno Board of Realtors	
Member Nevada Association of Realtors	
International Right-of-Way Association	
Member Nevada State Board of Equalization - (Appointed by Governor Richard Bryan, January 1984 & 1988)	1984-1991
(Appointed by Governor Kenny C. Guinn, March 2000 & 2004)	2000-2008
Member Nevada Commission of Appraisers of Real Estate - (Appointed by Governor Bob Miller, August 7, 1989)	1989-1994
Commissioner, Nevada Commission of Appraisers of Real Estate (Appointed by Governor Jim Gibbons)	2009-Present

Offices Held

Chairman, National Ethics Administration Division	1995
Vice Chairman, National Ethics Commission	1993/94
Regional Member, Ethics Administration Appraisal Institute, Region I	1989-1992
President, Sierra-Nevada Chapter #60, AIREA -	1989
Vice President, Sierra-Nevada Chapter #60, AIREA -	1988
Secretary, Sierra-Nevada Chapter #60, AIREA -	1987
Vice Governor District 3 (Northern California & Nevada) Society of Real Estate Appraisers (SREA) -	1980-1981
Past President & Membership Chairman - Reno/Carson/Tahoe Chapter #189	
Member 1976 Young Men's Council, SREA, Atlanta, Georgia	
Discussion Leader 1977 Young Men's Council, SREA, Las Vegas, Nevada	

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Offices Held (continued)

Elected 1 of 2 National Representatives to the International Board of Governors of the SREA, representing the Young Men's Council -	1977
International Professional Practice Committee, SREA -	1978-1981
International Conference Committee, SREA -	1978 & 1979
National Candidates Guidance Committee of the American Institute of Real Estate Appraisers (AIREA) -	1978-1981
Chairman National Division of Member and Chapter Services, AIREA -	1981
Board of Directors Northern California Chapter #11, AIREA -	1980
Admissions Committee, Sierra-Nevada Chapter #60, AIREA	
Board of Directors, Sierra-Nevada Chapter #60, AIREA	1984-1986
Board of Directors, Reno-Carson-Tahoe Chapter	

Appraisal Experience

Independent Fee Appraiser	1976 to present
President, Stephen R. Johnson & Associates	1976-1992
President, Johnson - Wright & Associates	
President, Johnson - Perkins & Associates (Staff of 11 Appraisers)	1994 to present
Alves Appraisal Associates	1972-1976
Alves-Kent Appraisal Associates	1970-1972

Qualified as an Expert Witness

Nevada District Courts:
Washoe County, Carson City, Douglas County,
and Elko County
U.S. Bankruptcy Courts:
Reno, Las Vegas, Sacramento, and Los Angeles
U.S. District Court, San Francisco, California
United States Tax Court
Arizona Superior Court, Maricopa County, Phoenix
Douglas County Board of Equalization
Washoe County Board of Equalization
Nevada State Board of Equalization
King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Formal Education

Reno High School Graduate - 1966
Bachelor of Science Degree in Business Administration
Majoring in Real Estate, from the University of
Nevada, Reno - 1972

Appraisal Education

University of Nevada:
B.A. 430 Real Estate Evaluation 1970
B.A. 432 Real Estate Appraisal Problems 1971
American Institute of Real Estate Appraisers:
Course 1A Basic Appraisal Principles, Methods
& Techniques, San Francisco, CA 1972
Course 1B Capitalization Theory & Techniques,
San Francisco, California 1973
Course 2 Urban Properties,
San Francisco, California
Course 6 Investment Analysis,
Memphis, Tennessee 1976
Society of Real Estate Appraisers:
Course 301 Special Applications of Appraisal
Analysis, Pomona, California 1974

Numerous Continuing Education Seminars and Courses

Appraisal Instructor

Nevada Association of Realtors
Department of Commerce, Real Estate Division, State of Nevada
Appraisal "A" Residential Appraising
Appraisal "B" Apartment and Commercial Property Appraising
Western Nevada Community College
R.E. 206 Real Estate Appraising
Northern Nevada Real Estate School
Real Estate Appraisal

JOHNSON~PERKINS & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON
REPRESENTATIVE APPRAISAL CLIENTS AND PROPERTIES**

BARTON MEMORIAL HOSPITAL
CITY OF RENO
CITY OF SPARKS
COLONIAL BANK
R.J.B. DEVELOPMENT COMPANY CARSON CITY
DOUGLAS COUNTY
LINCOLN COUNTY
LYON COUNTY
WASHOE COUNTY
MINERAL COUNTY
EMERALD BAY POST OFFICE
NEVADA STATE PARK SYSTEM
NEVADA STATE DEPT. OF TRANSPORTATION
NEVADA STATE DIVISION OF LANDS
NEVADA ATTORNEY GENERAL'S OFFICE
U.S. DEPARTMENT OF NAVY
U.S. FOREST SERVICE
FNMA - REGIONAL OFFICE
INTERNAL REVENUE SERVICE
FEDERAL TRADE COMMISSION
WASHOE COUNTY REGIONAL TRANS.
RENO TAHOE AIRPORT AUTHORITY
TAHOE REGIONAL PLANNING AGENCY
CALIFORNIA ATTY GENERAL'S OFFICE
CALIFORNIA TAHOE CONSERVANCY
CITY OF SOUTH LAKE TAHOE
PLACER COUNTY REDEVELOPMENT AGENCY
NEW HAMPSHIRE DEPARTMENT OF JUSTICE
MISSOURI HWY AND TRANS. DEPT COMMISSION
IDAHO TRANSPORTATION DEPARTMENT
COLONIAL BANK
PLUMAS BANK
SECURITY BANK OF NEVADA
LIBERTY BANK
FIRST INDEPENDENT BANK OF NV
NORTHERN NEVADA BUSINESS BANK
NEVADA STATE BANK
UNION BANK
VALLEY BANK OF NEVADA
BANK OF AMERICA
THE BANK OF CALIFORNIA
CROCKER NATIONAL BANK
WELLS FARGO BANK
B OF A TRUST DEPARTMENT
FIRST FEDERAL SAVINGS & LOAN
FIRST WESTERN SAVINGS & LOAN
AMERICAN SAVINGS AND LOAN
NEVADA SAVINGS & LOAN
DILORETO CONST. & DEVELOPMENT
DERMODY PROPERTIES
TRAMMELL CROW CO.
MCKENZIE PROPERTIES
HOMEWOOD HIGH & DRY MARINA
TAHOE KEYS MARINA
TAHOE CITY MARINA
WASHOE MEDICAL CENTER
PLAZA RESORT CLUB
ROYAL BANK OF SCOTLAND
CARSON-TAHOE HOSPITAL
JOHNNY RIBEIRO BUILDER
KEEVER CONSTRUCTION COMPANY
SIERRA PACIFIC POWER COMPANY
SOUTH LAKE TAHOE PUBLIC UTILITY DIST.
TAHOE DOUGLAS SEWER DISTRICT
GLENBROOK WATER COMPANY
TAHOE PARK WATER COMPANY
NORTH FOOTHILL APARTMENTS
MEADOWOOD APARTMENTS
WOODSIDE VILLAGE APARTMENTS
SIERRA WOODS APARTMENTS
AMESBURY PLACE APARTMENTS
SUNDANCE APARTMENTS
KEYSTONE SQUARE SHOPPING CTR.
POZZI MOTORS
CARSON CITY DATSUN-AMC-JEEP
LEMMON VALLEY LAND COMPANY
CONSOLIDATED FREIGHTWAYS
RINGSBY UNITED
SYSTEMS 99
EASTMAN KODAK
HALLMARK CARDS
OSCAR MEYER AND COMPANY
GENERAL ELECTRIC
CHEMETRO
CITY SERVICES MINERAL CO.
SUPERIOR OIL COMPANY
TRAVELERS INSURANCE
FARMERS INSURANCE COMPANY
FIRST AMERICAN TITLE CO. OF NV.
FIDELITY TITLE INSURANCE CO
MERRILL LYNCH RELOCATION
YOUNG ELECTRIC SIGN COMPANY
THE TRUST FOR PUBLIC LANDS
THE TRUCKEE DONNER LAND TRUST
THE CONSERVATION FUND
THE NATURE CONSERVANCY
SUGAR BOWL SKI RESORT
THE FEATHER RIVER LAND TRUST
SKI INCLINE RESORT
KIRKWOOD ASSOCIATES
NORTHSTAR
SQUAW VALLEY U.S.A.
LEWIS HOMES OF NEVADA
SYNCON HOMES
MGM GRAND HOTEL CASINO & THEME PARK
EL DORADO HOTEL - CASINO
COMSTOCK HOTEL - CASINO
LAKESIDE INN HOTEL - CASINO
RAMADA EXPRESS HOTEL - CASINO

**QUALIFICATIONS OF APPRAISER
 CINDY LUND FOGEL**

Appraisal Education & Technical Training (Continued)

Course 1BA "Cap Theory & Tech, Part A"	1992
Course 1BB "Cap Theory & Tech, Part B"	
Nevada Law (NRS 645C)	1993
Standards of Professional Practice Parts A & B	1993
Advanced Applications	1993
Report Writing and Valuation Analysis	1995
Case Studies in Law and Ethics	1998
Standards of Professional Practice, Part C	1998
Advanced Income Capitalization	1999
Standards of Professional Practice, Part C	2000 & 2002
7-Hour National USPAP Update Course	2004
7-Hour National USPAP Update Course	2006
Cost Approach to Commercial Appraising	2006
Uniform Appraisal Standards/Federal Land Acquisitions	2007
7-Hour National USPAP Update Course	2007
7-Hour National USPAP Update Course	2008
Business Practices and Ethics	2008
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)	2009

Appraisal Seminars

Forecasting Revenue/Appraising Distressed Commercial Real Estate	2009
Valuation of Easements and Other Partial Interests	2009
Construction Defects and Cost Trends & Feasibility Analysis	2008
Valuation of Detrimental Conditions	2008
Spotlight on Common Errors & Confidentiality USPAP Issues	2008
The Essentials, Current Issues & Misconceptions in Appraising	2007
Attacking & Defending an Appraisal in Litigation	2007
Market Analysis and Site to do Business	2006
Analyzing Distressed Properties	2005
Appraising From Blueprints and Specifications	2005
Appraisal Valuation Modeling	2004
Subdivision Valuation	2004
The Road Less Traveled: Special Purpose Properties	2004
Scope of Work Seminar	2003
Appraisal Consulting: A Solutions Approach for Professionals	2002

Formal Education

University of Nevada-Reno: Bachelor of Arts, College of Arts and Science	1989
Truckee Meadows Community College, Associate in Arts	1984
Sparks High School, Sparks, Nevada	1975