

**Carson City
Agenda Report**

Date Submitted: February 22, 2013 **Agenda Date Requested:** March 7, 2013
Time Requested: 10 Minutes

To: Mayor and Board of Supervisors

From: Larry Werner, City Manager
Randal Munn, Chief Deputy District Attorney

Subject Title: For Possible Action: To adopt a Resolution declaring it to be in the best interests of Carson City and its residents to offer reconveyance to the former owner the remainder of 2443 South Curry Street APN 009-051-03 (less approximately 3,145 square feet of City right-of-way) to Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust or its beneficiaries for the amount of \$811,000.00. (*Larry Werner and Randal Munn*)

Staff Summary: The amount actually paid to the former owner by the City for the remainder of the parcel (36,414± square feet) after \$64,000.00 in just compensation for the taking of the right-of-way (3,145± square feet) was \$875,000 - \$64,000 = \$811,000.00. NRS 244.290 requires that before the City may sell or lease any property purchased under the threat of an eminent domain proceeding for a public right-of-way, the City must first offer for a 45-day period the reconveyance of the property to the former owner "for an amount equal to the amount paid for the land by the board."

Type of Action Requested:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Resolution | <input type="checkbox"/> Ordinance- First Reading |
| <input type="checkbox"/> Formal Action/Motion | <input type="checkbox"/> Other (Specify) |

Does This Action Require A Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to adopt Resolution No. _____ declaring it to be in the best interests of Carson City and its residents to offer reconveyance to the former owner the remainder of 2443 South Curry Street APN 009-051-03 (less approximately 3,145 square feet of City right-of-way) to Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust or its beneficiaries for the amount of \$811,000.00 .

Explanation for Recommended Board Action: On October 2, 2008 Johnson-Perkins & Associates, Inc, real estate appraisers & consultants, established the estimated market value and just compensation due to Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust and its Beneficiaries as a result of a partial right-of-way taking and purchase of the balance of the affected parcel under threat of eminent domain proceeding regarding 2443 South Curry Street, Carson City, Nevada Assessor's Parcel Number (APN) 009-051-03. It is in the best interest of the City and its residents that this parcel's remainder be returned to the tax rolls. If the former owner is not interested in purchasing it back, the parcel will be freed up for potential sale or lease in Redevelopment Area No. 2 pursuant to NRS 224.290(3). Richard Campagni has expressed a desire to acquire the property.

Applicable Statute, Code, Policy, Rule or Regulation: NRS 244.290.

Fiscal Impact: A reconveyance would covert a City real estate asset to cash. Returning the property to private ownership will increase real estate tax collection and possible other forms of taxation depending on the future development of the property.

Explanation of Impact: none




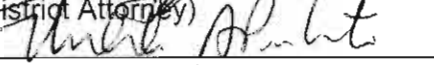
Funding Source: Public Works professional services account

Alternatives: 1) Refer back to City Manager or District Attorney's Office
2) Do not approve resolution

Supporting Material:

Resolution for adoption
October 2, 2008 appraisal of the subject property

Prepared By: Randal Munn, Chief Deputy District Attorney, Civil Division

Reviewed By: <u></u>	Date: <u>2-26-13</u>
(Public Works)	
<u></u>	Date: <u>2/26/13</u>
(City Manager)	
<u></u>	Date: <u>2/26/13</u>
(District Attorney)	
<u></u>	Date: <u>2/26/13</u>
(Finance Director)	

Board Action Taken:

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

(Vote Recorded By)

RESOLUTION NO. _____

A RESOLUTION DECLARING IT TO BE IN THE BEST INTERESTS OF CARSON CITY AND ITS RESIDENTS TO OFFER RECONVEYANCE TO THE FORMER OWNER THE REMAINDER OF 2443 SOUTH CURRY STREET APN 009-051-03 (LESS APPROXIMATELY 3,145 SQUARE FEET OF CITY RIGHT-OF-WAY) TO GENEVIEVE FELESINA, TRUSTEE OF THE GENEVIEVE FELESINA FAMILY TRUST OR ITS BENEFICIARIES FOR THE AMOUNT OF \$811,000.00.

WHEREAS, On October 2, 2008 Johnson-Perkins & Associates, Inc, real estate appraisers & consultants, established the estimated market value and just compensation due to Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust and its Beneficiaries ("Former Owner") as a result of a partial right-of-way taking and purchase of the balance of the affected parcel under threat of eminent domain proceeding regarding 2443 South Curry Street, Carson City, Nevada Assessor's Parcel Number (APN) 009-051-03 consisting of approximately 3,145 square feet of right-of-way taken out of a total purchased parcel of approximately 39,559 total square feet; and

WHEREAS, The whole parcel before right-of-way taking was appraised at \$820,000.00. The appraised amount of the value of the remainder of the parcel (after the taking of the right-of-way and accounting for resulting economic damage to the value of the remainder) was established as \$756,000.00. Just compensation for the taking of the 3,145± square feet of right-of-way, and damage to the remainder of the parcel, was established as \$64,000.00. The City ultimately paid to the Former Owner \$875,000.00 for both the taking and purchase of the remainder of the entire parcel; and

WHEREAS, The amount actually paid to the Former Owner by the City for the remainder of the parcel (36,414± square feet) after just compensation for the taking of the right-of-way (3,145± square feet) was therefore: \$875,000 - \$64,000 = \$811,000.00; and

WHEREAS, NRS 244.290 requires that before the City may sell or lease any property purchased under the threat of an eminent domain proceeding for a public right-of-way, the City must first offer for a 45-day period the reconveyance of the property to the Former Owner "for an amount equal to the amount paid for the land by the board," to wit: the statutory required offer of reconveyance of the remainder of the parcel must be for an amount of \$811,000.00; and

WHEREAS, upon adoption of this Resolution by the Carson City Board of Supervisors, the City Manager shall cause a copy of this Resolution to be attached to a cover letter written offer of reconveyance to the Former Owner in the amount of \$811,000.00, which shall set the 45-day offer acceptance period and what actions the Former Owner must take to timely accept the offer or otherwise communicate refusal of the offer before the time limit expires; and

WHEREAS, It is in the best interests of Carson City and its residents that this parcel be returned to private ownership and the tax rolls by reconveyance to the Former Owner, or

A COMPLETE SUMMARY APPRAISAL
OF

A RETAIL-WAREHOUSE PROPERTY

LOCATED AT

2443 SOUTH CURRY STREET,
CARSON CITY, NEVADA
A.P.N. 009-051-03

OWNED BY

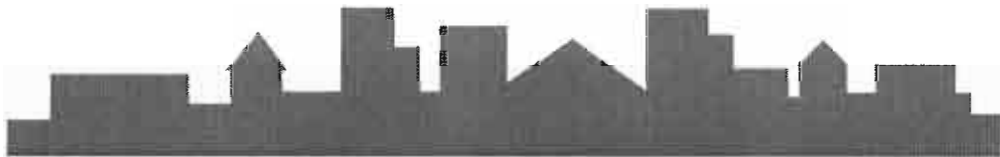
GENEVIEVE FELESINA, TRUSTEE
OF THE GENEVIEVE FELESINA FAMILY TRUST

PREPARED FOR

CARSON CITY PUBLIC WORKS DEPARTMENT
C/O PROPERTY SPECIALISTS, INC.

PROJECT

SOUTH CURRY STREET IMPROVEMENTS



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

A Complete Summary Appraisal
Of

A Retail-Warehouse Property

Located At

2443 South Curry Street
Carson City, Nevada
A.P.N. 009-051-03

Owned By

Genevieve Felesina, Trustee
of the Genevieve Felesina Family Trust

Prepared For

Carson City Public Works Department
C/O Property Specialists, Inc.

Project

South Curry Street Improvements

For the purpose of
Estimating Market Value and Just Compensation
Due the owners as a result of a
Partial Right-of-Way Taking
As of
October 2, 2008

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

Main Office: 295 Holcomb Avenue, Suite 1 ■ Reno, Nevada 89502 ■ Telephone (775) 322-1155
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Karen K. Sanders
Gregory D. Ruzzine
Chad Gerken

October 14, 2008

Ms. Patty Paulson, SR/WA, President
Property Specialists, Inc.
975 Roberta Lane, Suite 104-B
Sparks, Nevada 89431

Re: South Curry Street Improvement Project Right-of-Way, 2443 South Curry Street,
Carson City, Nevada, Genevieve Felesina Family Trust – A.P.N. 009-051-03

Dear Ms. Paulson:

This is in response to your request for a complete, summary appraisal of the property located at 2443 South Curry Street, Carson City, Nevada. The subject's larger parcel is identified as Carson City Assessor's Parcel Number 009-051-03 and is owned by the Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust. The subject's larger parcel is improved with a 7,200± square foot concrete block retail-warehouse building. The property is involved in a partial Right-of-Way taking for the proposed South Curry Street Improvement project.

It is noted that an exterior inspection of the subject building only was permitted as the owner did not wish to disturb the tenant. The owner did note that the layout of the interior of the subject building includes an office-showroom, two restrooms and warehouse space. As an interior inspection has not been completed, for the purposes of this analysis it is assumed that the design of the interior of the subject is as described by the owner and that it is in average condition. The subject property will be more completely described in the following report.

— Reno ■ Lake Tahoe —

The subject's larger parcel, before the Right-of-Way taking, contains 39,559± square feet or .908± acres of land area. The proposed Right-of-Way take contains 3,145± square feet within and parallel to the subject's westerly property line which abuts South Curry Street, and within and parallel to its northerly property line which abuts Rhodes Street. After the partial Right-of-Way taking, the subject's remainder parcel will contain 36,414± square feet or .836± acres of land area.

The purpose of this appraisal is to estimate the Market Value and recommended Just Compensation due the owners of the subject property as a result of the partial Right-of-Way taking as of a current date of valuation. This report sets forth pertinent data, statistics and other information considered necessary to establish the Market Value of the subject's whole parcel before the partial Right-of-Way take, the value of the Right-of-Way area to be acquired as part of the whole property and the Market Value of the remainder property in both the before and after conditions. This appraisal includes consideration of any damages and/or special benefits which might accrue to the remainder property as a result of the proposed acquisition. The appraisal report will be utilized by Property Specialists Inc. and Carson City in negotiations to acquire the partial Right-of-Way taking.

This is a complete, summary appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. Supporting documentation and data is contained in these appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated herein.


After careful consideration of all data available, and upon thorough personal investigation of the subject property and the comparable properties analyzed, it is our opinion that the Market Value of the subject property, under the special assumptions set forth herein, as of October 2, 2008, is as follows:

JUST COMPENSATION CONCLUSION SUMMARY
Felesina Property – A.P.N. 009-051-03


Effective Date of Valuation	October 2, 2008
Whole Property before Right-of-Way Taking	\$820,000
Value of Right-of-Way Area Taking	<u>(\$44,000)</u>
Value of Remainder before Right-of-Way Taking	\$776,000
Damages to Remainder	<u>(\$20,000)</u>
Value of Remainder in the After Condition	\$756,000
Just Compensation Conclusion Summary	
Damages to Remainder	\$20,000
Special Benefits to Remainder	None
Add Value Right-of-Way Acquisition	<u>\$44,000</u>
Total Recommended Just Compensation	\$64,000

RECOMMENDED JUST COMPENSATION CONCLUSION **\$64,000**
(Due to the Owner as a Result of a Partial R/W Taking)

Respectfully submitted,



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



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

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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Name	Tetrus Building Materials
Property Type	Retail-warehouse Building
Location	2443 South Curry Street, Carson City, Nevada
Legal Description	A portion of the West 1/2 of the Southwest 1/2 of Section 20, Township 15 North, Range 20 East, M.D.B.&M.
Assessor's Parcel Number	009-051-03
Owner of Record	Genevieve Felesina, Trustee of the Genevieve Felesina Family Trust
Zoning	GC (General Commercial)
Master Plan	MUC (Mixed Use Commercial)
Land Areas	
Larger Parcel	39,559± square feet (.908± acres)
Right-of-Way Area	<u>3,145± square feet (.072± acres)</u>
Remainder Land Area	36,414± square feet (.836± acres)
Flood Zone	
FEMA Map Number	32001 0125 D
Effective Date	October 16, 1996
Flood Zone	A
Improvements:	
Building Type	Retail-Warehouse Building
Year Built	1957/1982
Construction	Concrete Block
Gross Building Area	7,200± Square Feet
Condition	Average
Estimated Finished Area	1,100± Square Feet (15% of the GBA)
Land-to-Building Ratio	5.49:1 (Before condition) 5.06:1 (After condition)
Highest and Best Use	Secondary commercial or industrial-commercial uses

Type of Report	Summary appraisal report
Completion Date of Report	October 14, 2008
Effective Date of Valuation	October 2, 2008

RECOMMENDED JUST COMPENSATION SUMMARY

Value of Right-of-Way to be Acquired	\$44,000
Damages	\$20,000
Special Benefits	<u>None</u>

<u>FINAL RECOMMENDED JUST COMPENSATION CONCLUSION</u>	<u>\$64,000</u>
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PURPOSE OF APPRAISAL

This appraisal was prepared for the purpose of estimating the Market Value and recommended Just Compensation due the owner of the subject property, as a result of a proposed partial Right-of-Way taking, as of a current date of valuation. This appraisal includes consideration of any damages and/or special benefits which might accrue to the remainder property as a result of the proposed acquisition.

INTENDED USE OF APPRAISAL

The appraisal report will be utilized by Property Specialists Inc. and Carson City in negotiations to acquire a partial Right-of-Way taking within the westerly and northerly portions of the subject property. The appraisal may also be used for eminent domain purposes. Any other use of this appraisal report requires the prior written authorization of these appraisers.

SCOPE OF APPRAISAL

This report is a complete, summary appraisal report. In preparing this report, the following steps were taken:

- Identification, inspection and analysis of the subject property;
- Identification and analysis of the subject neighborhood;
- Completion of a Highest and Best Use Analysis;
- Land sales research, analysis, inspection and verification;
- Preparation of a Cost Approach Analysis for the subject's larger parcel;
- Preparation of an Income Approach Analysis for the subject's larger parcel;
- Preparation of a Sales Comparison Approach Analysis for the subject's larger parcel;
- Correlation of the value indications to arrive at the Market Value of the subject's larger parcel in the before condition;
- Valuation of the partial Right-of-Way acquisition;
- Analysis of any damages or special benefits accruing to the remainder parcel as a result of the Right-of-Way acquisition;
- Preparation of the Summary Appraisal report in accordance with Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice.

MARKET VALUE DEFINED

Value means the highest price, on the date of valuation, that would be agreed to by a seller, who is willing to sell on the open market and has reasonable time to find a purchaser, and a buyer, who is ready, willing and able to buy, if both the buyer and the seller have full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.¹

PROPERTY RIGHTS APPRAISED

The subject property is appraised as held in fee simple ownership. Fee simple estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."²

EFFECTIVE DATE OF VALUATION

The opinions of value, as set forth in this report, apply as of October 2, 2008.

COMPLETION DATE OF REPORT

This appraisal report was completed on October 14, 2008.

TYPE OF REPORT

This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in this appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated herein. The appraisers are not responsible for unauthorized use of this report.

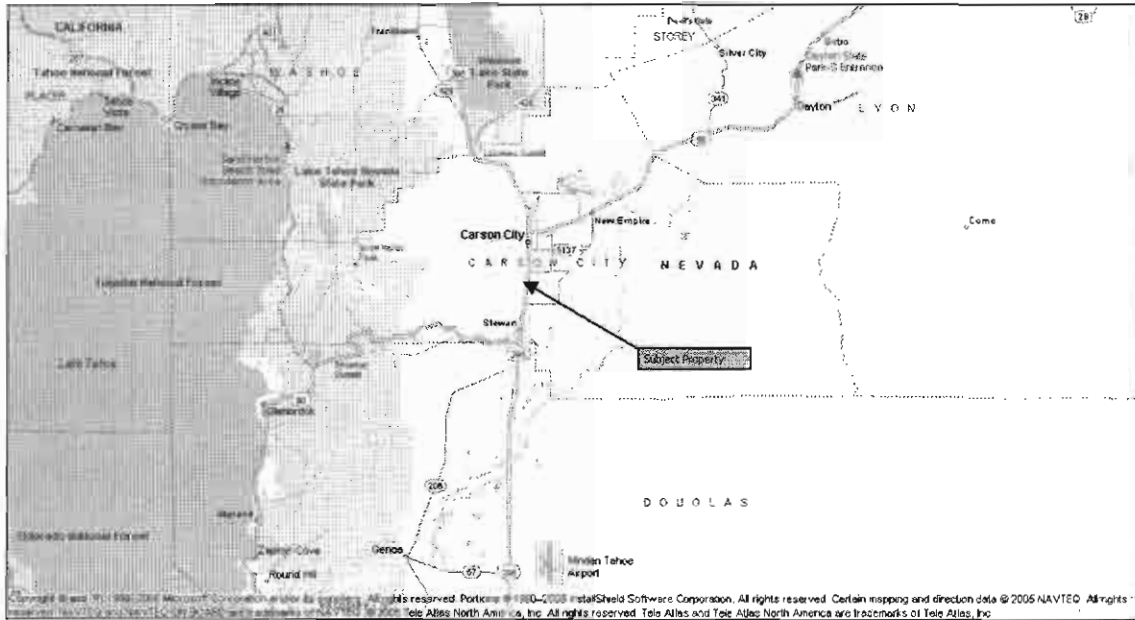
¹ Section 2, NRS 37.009(6)

² Source: The Dictionary of Real Estate Appraisal, Fourth Edition, Appraisal Institute, 2002, page 113.

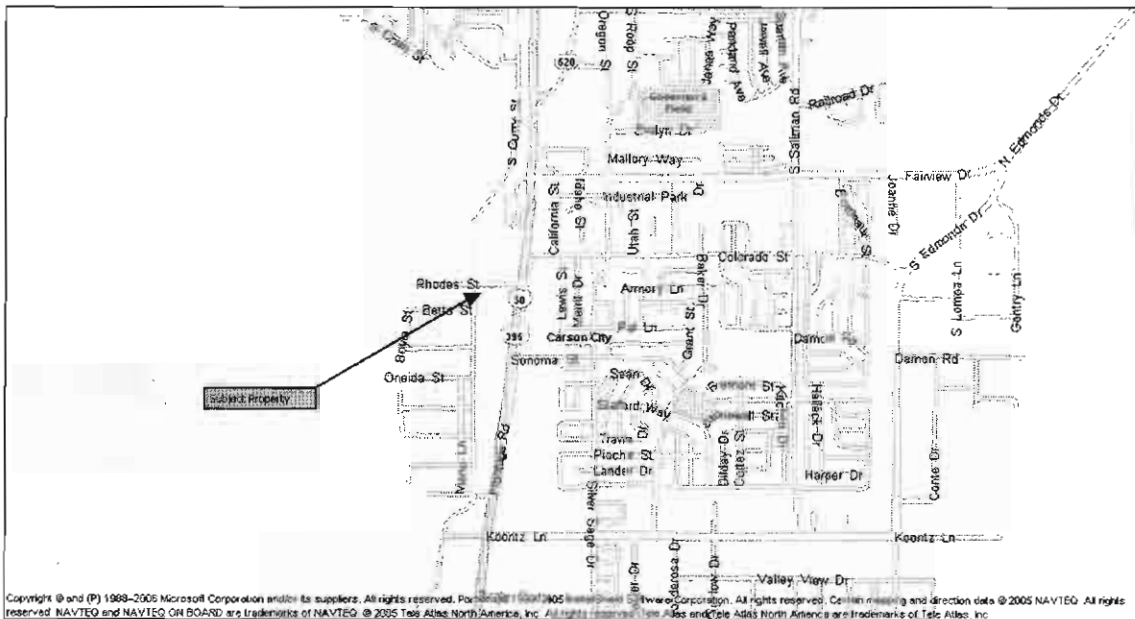
SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

The subject property was initially inspected on June 8, 2008 with the property owner Genevieve Felesina and John Felesina. It is noted that an exterior inspection only was permitted as the owner did not wish to disturb the tenant. The owner did note that the layout of the interior of the subject building includes an office and showroom, two restrooms and the warehouse space. As in interior inspection has not been completed, for the purposes of this analysis it is assumed that the design of the interior of the subject is as described by the owner and that it is in average condition. An exterior inspection of the subject property was also conducted on October 2, 2008.

CARSON CITY AREA MAP



NEIGHBORHOOD MAP



Reno ■ Lake Tahoe

NEIGHBORHOOD DESCRIPTION

The subject property is located in the southwest portion of Carson City. The subject neighborhood may be generally defined as extending from Spooner Junction north to downtown Carson City. The subject neighborhood is bound to the east by Roop Street/Silver Sage Drive and to the west by the Toiyabe National Forest.

U.S. Highway 395, which is more commonly referred to as Carson Street within the local Carson City community, is a major north-south highway that begins in Southern California, extends northeast into Nevada, and eventually into Oregon. Within Carson City, Carson Street (U.S. Highway 395) is a major four-lane, two-way, asphalt paved roadway, most of which is improved with concrete curbs, gutters, sidewalks and streetlights. According to the *2007 Annual Traffic Report* as prepared by the Nevada Department of Transportation, traffic counts on U.S. Highway 395, in the vicinity of the subject neighborhood, total approximately 48,000 vehicles per day.

Carson Street is a major commercial corridor through the city. Commercial development along South Carson Street includes a number of freestanding commercial uses as well as neighborhood shopping centers. These utilizations include fast food restaurants, retail-commercial uses and automobile sales facilities. One of the newer developments in the subject neighborhood is an office/retail project by the Ribeiro Company. The commercial facilities, for the most part, have been well maintained and are currently in average to above average condition.

The intersection of South Carson Street and Clearview Drive is a primary retail-commercial area in Carson City. This area has several retail shopping centers, the largest of which is Eagle Station. Department stores in this area include J.C. Penney and Mervyns as well as a Raley's supermarket. The Fandango Casino and Albertsons are located on South Carson Street south of Clearview Drive. The Casino Fandango has expanded, including a 10 screen Galaxy Movie Theater and parking garage. A 100-room Marriott Courtyard was recently completed. Casino Fandango is also planning to expand their existing casino space.

The Casino Fandango is located in south Carson City along U.S. 395 generally between Koontz Lane and Clearview Drive.

The 30,000± square foot Bodine's slot casino, owned by the Carano family (Eldorado Hotel Casino) and famed race horse owner Michael Pegram, was recently construction at U.S. 395 and Old Clear Creek Road. The casino includes a restaurant and a sports book. This property is situated a short distance south of the intersection of U.S. Highway 50 from South Lake Tahoe and U.S. 395 in south Carson City. Bodine's is near the planned south terminus of the Carson City bypass which is scheduled to be completed to south Carson City in 2011.

Further north along South Carson Street there are several automotive dealers. From here the development becomes more varied consisting of various automotive, commercial and retail uses and public facilities. The public facilities include a U.S. Forest Service ranger station, the National Guard facility, the Chamber of Commerce and the Virginia and Truckee Railroad Museum. As Carson City is the state capital of Nevada, there are several state government buildings located along Carson Street (U.S. Highway 395), including the state Capitol and the Nevada Legislature within the northerly most portion of the neighborhood.

Carson Street (U.S. Highway 395) is also the primary artery that links Reno with South Lake Tahoe. Within much of the city limits of Carson City, the speed limit on Carson Street is 25 miles per hour. As a result of the commercial businesses, the link between Reno and South Lake Tahoe, and the 25-mile per hour speed limit, Carson Street can become congested during the rush hours and other peak periods of the day. The new U.S. 395 Freeway Bypass has been completed through northeast Carson City. The Bypass currently diverts traffic from North Carson Street directly to U.S. Highway 50 East and alleviates some of the congestion in the downtown area.

The properties lying west of South Carson Street on either side of South Curry Street involve a mixture of secondary commercial, industrial-commercial and residential developments. The single family residential uses south of Fairview Drive include lower

densities with lot sizes generally ranging from ½ acre to one acre and larger. The residential development north of Fairview Drive involves higher densities within older established subdivisions. There is also a fair amount of vacant land west of South Curry Street.

The Carson Indian Colony is centrally located in the west portion of the neighborhood. The Carson Indian Colony has been developed with primarily single family residential uses with some secondary commercial and industrial-commercial uses generally located along South Curry Street.

The residential uses east of South Carson Street include primarily single family residences with some multi-family and mobile home park developments. The single family residences generally consist of homes ranging from average to good quality. There are areas of older homes on larger lots as well as areas of new, good quality homes on smaller lots.

In addition to U.S. Highway 395, the subject neighborhood is served by U.S. Highway 50 west. Within the subject neighborhood, U.S. Highway 50 is a major east/west arterial between the south shore of Lake Tahoe and Carson City.

Recreation amenities within the subject neighborhood include the Fuji Park located south of Spooner Junction. Edmond's Sports Complex is located in the southeast portion of the neighborhood and Governor's Field and a linear park are located in the northeast portion of the neighborhood.

Overall, the immediate subject neighborhood involves mixed uses including commercial, industrial-commercial and residential. The residential uses involve a more rural setting, as they primarily involve larger lots and a lower density. As previously noted, primary commercial uses for the subject neighborhood are located along Carson Street (U.S. 395 South).

Electricity within the subject neighborhood is provided by Sierra Pacific Power Company, while telephone service is provided by AT & T. Water service is provided by the Carson City Water Department and municipal sewer service is provided to the subject neighborhood. Southwest Gas Corporation provides natural gas service and Waste Management provides rubbish removal.

Police protection for the subject neighborhood is provided by the Carson City Sheriff's Department, while fire protection is provided by the Carson City Fire Department.

Similar to the rest of the U.S., the real estate market within the subject neighborhood and the overall Carson City area is presently in a downturn with limited residential sales activity and foreclosures. The office market is soft as there have been many new office buildings constructed over the years. The demand for the new office space emanates primarily from tenants within older buildings in Carson City, with limited new office space demand from tenants relocating to the market area.

In summary, the subject neighborhood is generally located in the southwest portion of Carson City. The South Carson Street (U.S. Highway 395) commercial corridor consists of community shopping centers, fast food restaurants and other service-oriented retail facilities. Additional development within the subject neighborhood includes residential uses, secondary commercial and industrial-commercial utilizations. There are no inharmonious uses in the subject neighborhood which would detract from property values.

SUBJECT LARGER PARCEL PHOTOGRAPHS



**A VIEW LOOKING NORTHEASTERLY TOWARD THE SUBJECT
FROM SOUTH CURRY STREET**



**A VIEW LOOKING NORTHERLY ALONG SOUTH CURRY STREET
ADJACENT TO THE SUBJECT**

SUBJECT LARGER PARCEL PHOTOGRAPHS



**LOOKING SOUTHEASTERLY TOWARD THE SUBJECT FROM THE
INTERSECTION OF S. CURRY STREET AND RHODES STREET**



**A VIEW LOOKING WESTERLY TOWARD THE SUBJECT
FROM RHODES STREET**

SUBJECT LARGER PARCEL PHOTOGRAPHS



**LOOKING EASTERLY ALONG RHODES STREET FROM ITS INTERSECTION
WITH S. CURRY STREET**

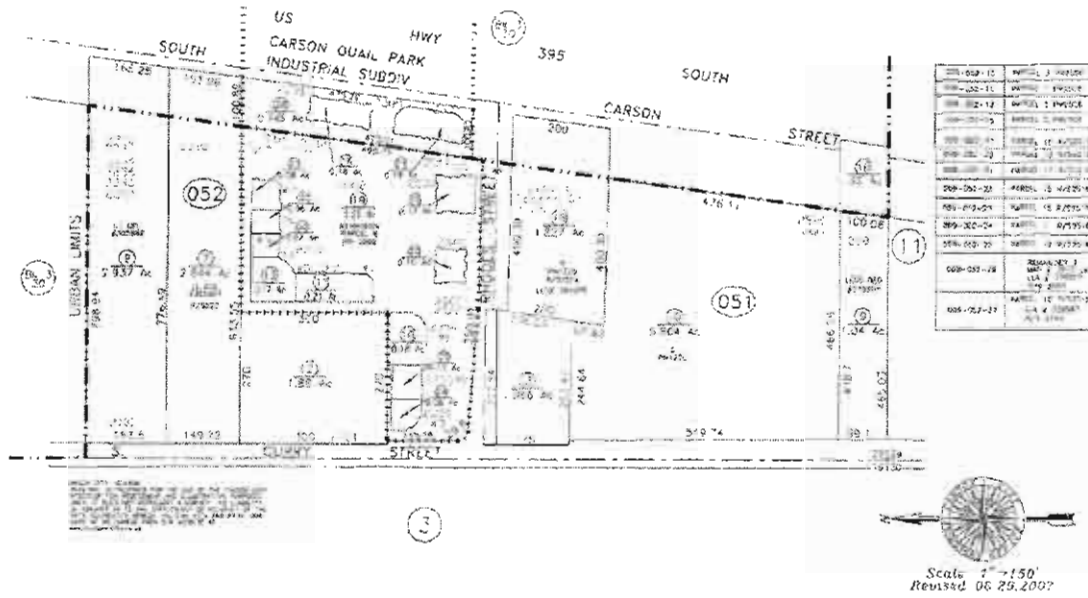


**A VIEW LOOKING WESTERLY ALONG RHODES STREET
ADJACENT TO THE SUBJECT**

SUBJECT LARGER PARCEL PLOT MAP
(A.P.N. 009-051-03)

PORTION W1/2 SW1/4 SECTION 20, T.15 N., R.20 E. M.D.B. & M.

9-05



Total Land Area: 39,559± Square Feet (.908± Acres)

SUBJECT LARGER PARCEL IDENTIFICATION AND SITE DESCRIPTION

Property Type	Retail-warehouse Building
Location	2443 South Curry Street, Carson City, Nevada
Legal Description	A portion of the West 1/2 of the Southwest 1/2 of Section 20, Township 15 North, Range 20 East, M.D.B.&M. For a complete legal description the reader is referred to the Preliminary Title Report contained in the addenda.
Assessor's Parcel Number	009-051-03
Owner of Record	Genevieve Felesina Family Trust
Shape	Slightly irregular
Land Areas	
Larger Parcel	39,559± square feet (.908± acres)
Right-of-Way Area	<u>3,145± square feet (.072± acres)</u>
Remainder Land Area	36,414± square feet (.836± acres)

The land areas for the subject's larger parcel and the proposed Right-of-Way taking have been provided by Manhard Consulting LTD and are assumed to be correct.

Access

The subject property is a corner site having access from South Curry Street along its west property line and Rhodes Street which abuts its north property line. Both of these streets, adjacent to the subject, are two lane, two-way asphalt paved roadways. Rhodes Street is improved with concrete curbs, gutters, sidewalks and street lights. Overall, the subject property has adequate to good access.

Zoning

GC (General Commercial)

The purpose of the General Commercial district is to preserve a commercial area limited primarily to retail and wholesale of new and used material, repair and service facilities and offices. The primary permitted uses in the General Commercial District include all uses permitted in the Retail Commercial District.

Master Plan

MUC (Mixed Use Commercial)

The primary allowed uses in the Mixed Use Commercial master plan districts include retail-commercial and office utilizations. The intent of the MUC designation is to allow for vertical or horizontal mix of uses on sites, including some higher-density residential development.

Soils and Topography

The subject's larger parcel has generally level topography. These appraisers were not provided with a soil survey for the subject site. It has been noted that surrounding development does not appear to have been adversely impacted due to soil conditions. For the purposes of this appraisal, it is assumed that the soil conditions are adequate for a variety of development.

Flood Zone

FEMA Map No.	320001 0125 D
Effective Date	October 16, 1996
Flood Zone	A

Reference to the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map for the subject indicates that the subject lies within a Flood Zone "A". A Flood Zone "A" designates areas of 100 year floods, where base flood elevations and flood hazard factors have not been determined.

Earthquake Zone

Risk Zone 3

According to the most recent Uniform Building Code, the subject property is located in a Seismic Risk Zone 3. This zone encompasses areas which have a number of local faults

and where there is relatively strong probability of moderate to strong seismic activity. Seismic Risk Zone 3 is characteristic of the entire area.

Hazardous Substances

Our standard on-site inspection of the subject property did not reveal any readily apparent evidence which would suggest the presence of contaminants or hazardous wastes on the subject property. For the purposes of this appraisal, it is assumed that the value of the subject property is not negatively impacted by the existence of toxic materials or hazardous waste.

Utilities

Water	Carson City
Sewer	Carson City
Natural Gas	Southwestern Gas
Electric	NV Energy
Telephone	AT & T

The subject is has immediate access to all necessary utilities.

Surrounding Development

A small multi-tenant commercial center which includes the Liaison Salon and Day Spa is located to the west of the subject. The property to the northwest of the subject is improved with the Greenhouse Garden Center and Gift Shop. The property to the north and northeast of the subject is improved with the Carson Quail Park which includes primarily retail commercial and service-oriented commercial and office uses. The property to the east of the subject is improved with a Wells Fargo bank branch. The property to the south of the subject is vacant land.

Easements

According to the Preliminary Title Report for the subject property prepared by Northern Nevada Title Company, dated December 21, 2007 as Order Number CC-1070446-TO, exceptions to coverage include rights of the public, county and/or city in that portion

lying within the street as it now exists and references South Curry Street and Rhodes Street. Further exceptions to coverage include reservation(s) contained in Deed (Book 85 Page 460, Document No. 31630) as recorded on April 26, 1960, reserving there from for road Right-of-Way the Westerly 30 feet along Indian Colony (South Curry Street) and the Northerly 25 feet along the East-West road (Rhodes Street). The Preliminary Title Report also references an easement for sewer lines granted to Carson City affecting the northerly portion of the subject parcel.

A review of the Sanitary Sewer Easement map, Exhibit B of Document No. 212343, recorded January 12, 1998, indicates that this sewer line easement is 25± feet in width and is located in the very northerly portion of the subject parcel. The Exhibit Map further denotes the 30 foot and 25 foot Right-of-Way Easements as reserved under Document No. 31630 as noted above.

Our physical inspection of the subject property revealed no overt signs of any easements which would impact its development potential.

For a clearer depiction of the above exceptions, the reader is referred to the Preliminary Title Report in the addenda of this report. For the purposes of this analysis, it is assumed that the subject property is not encumbered by easements to a greater degree than is typical for similar properties in the surrounding area.

Subject Sales History

The subject has not been involved in any arms length transfers within the past five years.

Tax Data

Assessor's Parcel Number	009-051-03
Assessed Land Value	\$210,092
Assessed Improved Value	\$46,569
Total Assessed Value	\$256,661
2008-2009 Real Estate Taxes	\$2,224.47

Under Nevada State Law, the Carson Assessor's Office is required to estimate the taxable value of land based upon its full cash value. A 35% assessment ratio is then applied to the taxable value of the property to arrive at its assessed value. Utilizing the formula set out above, the Assessor's estimate of the taxable value of the subject is indicated to be \$733,317.

Improvements

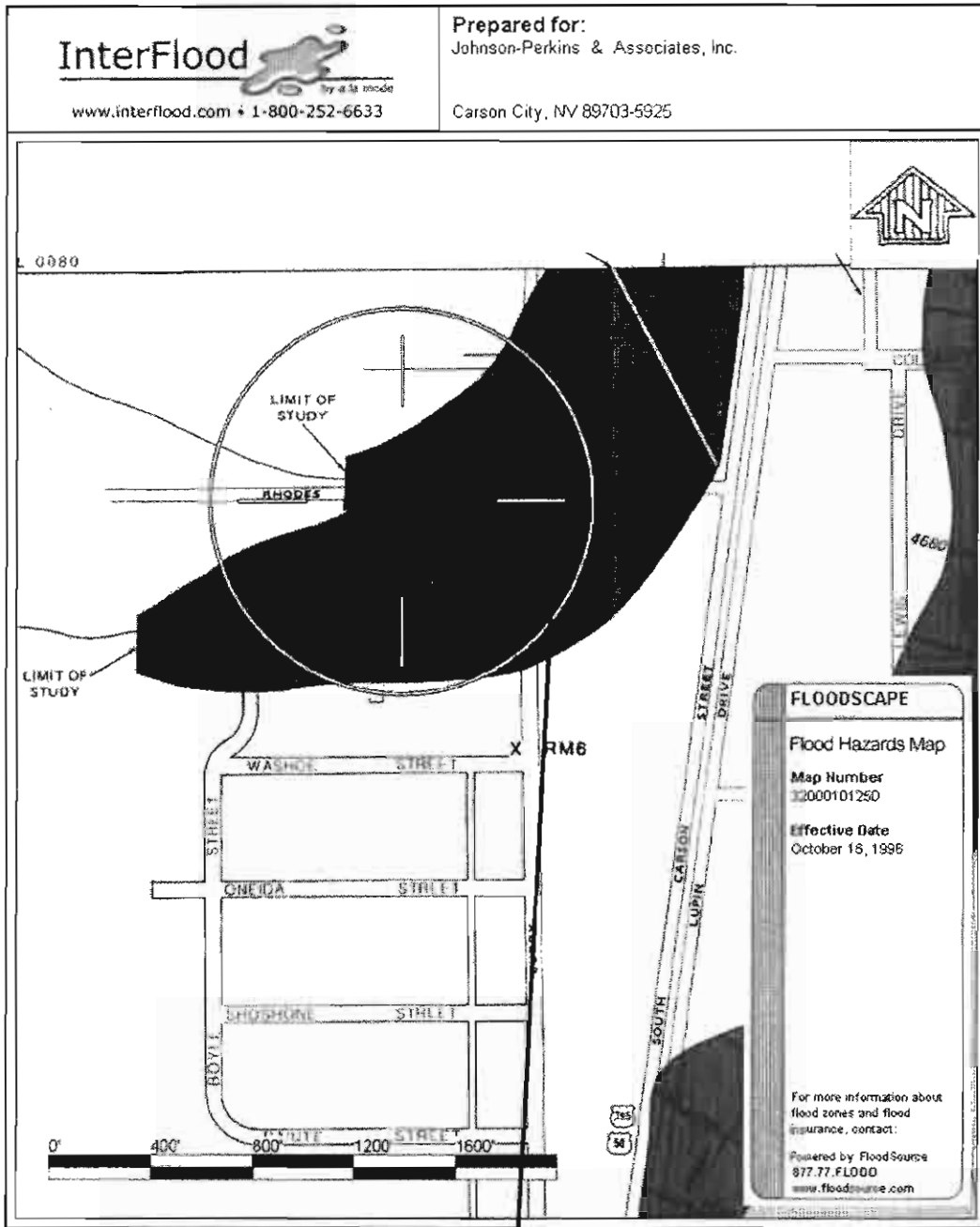
The subject's larger parcel is improved with a 7,200± square foot retail-warehouse building. According to the property owner the original structure was constructed in 1957 with an expansion added in 1982. Site improvements include asphalt paved parking, loading and storage yard areas as well as perimeter chain link fencing.

Summary and Conclusion

In summary, the subject's larger parcel is a slightly irregular shaped site containing .908± acres. The property is located in southwest Carson City at the southeast corner of South Curry Street and Rhodes Street, 1/2± block west of South Carson Street. The site is zoned General Commercial and has level topography, being at street grade. All necessary utilities are immediately available to the subject site.

Reference is made to photographs and plot plan contained elsewhere in this appraisal report, which will enable the reader to more clearly visualize the subject property.

SUBJECT FLOOD MAP



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Subject

DESCRIPTION OF SUBJECT IMPROVEMENTS

Property Name	Tetrus Building Materials
Building Type	Retail-Warehouse Building
Address	2443 South Curry Street, Carson City, Nevada
Foundation	Reinforced Concrete
Exterior Wall Construction	Concrete Block
Gross Building Area	7,200± Square Feet
Land-to-Building Ratio	5.49:1
Year Built	According to the property owner, the subject's original structure was built in 1957 and the addition was constructed in 1982.
Roof	The original building has a flat roof and the addition has a sloped roof. The roof is finished with asphalt shingles.
Average Ceiling Height	14± Feet
Parking	14 spaces

There are asphalt paved parking areas along the north (Rhodes Street frontage) and west (South Curry Street frontage) sides of the subject building. These parking areas are in fair condition. The subject's parking appears to be adequate for its current user.

Parking requirements

Retail/Showroom – 1 space per 300 SF building area	$\frac{1,100\pm \text{ SF}}{300 \text{ SF}} = 3.67 \text{ spaces}$
Warehouse Area – 1 space per 1,000 SF building area plus 1 space per employee	$\frac{6,100\pm \text{ SF}}{1,000 \text{ SF}} = 6.1 \text{ spaces}$
Minimum w/o calculation of employee space requirement	10 spaces

Comments

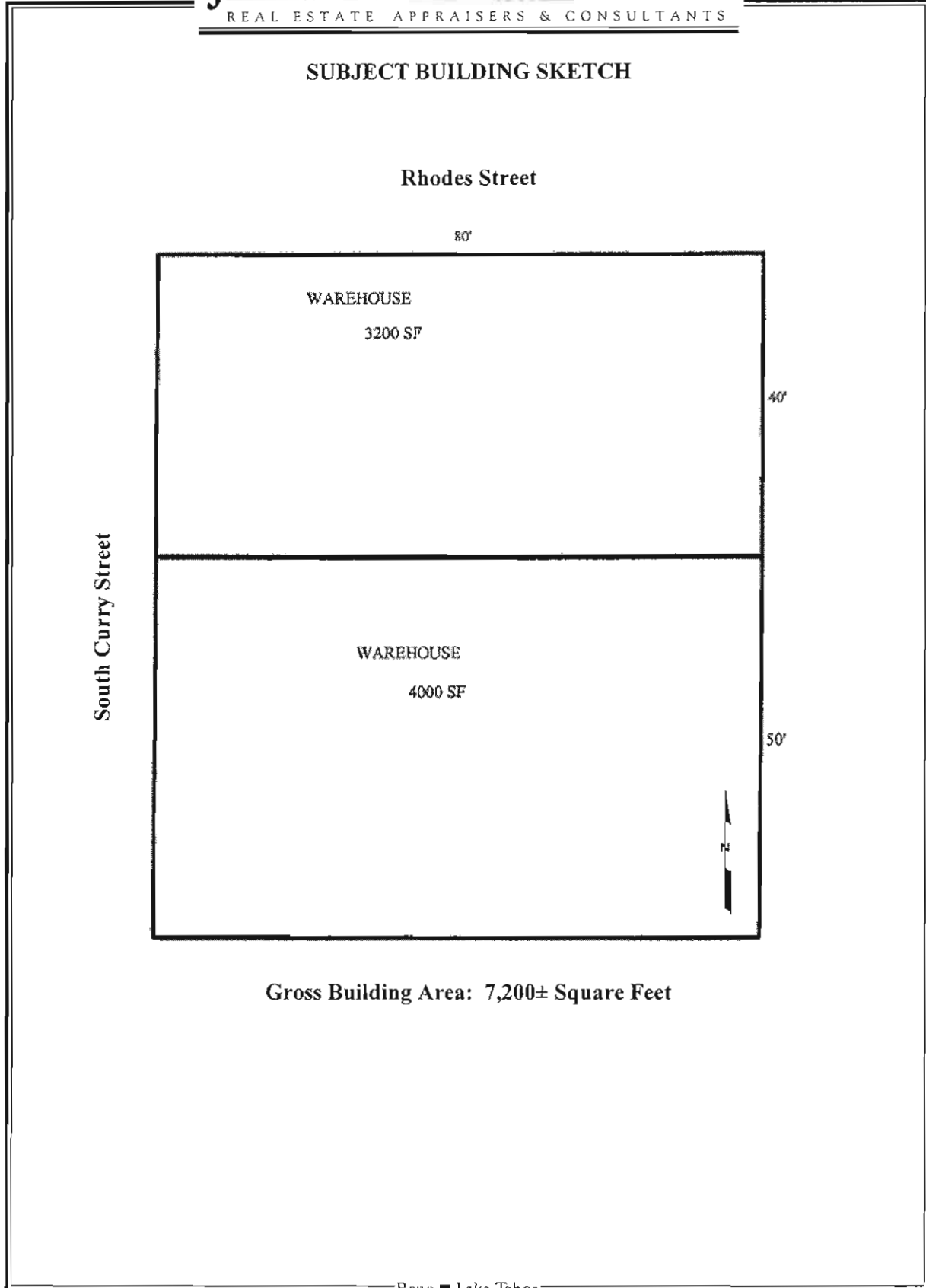
The subject building is of concrete block construction. The finished retail/showroom space is located within the west portion of the building. The storage warehouse area is located east of the finished area. As previously noted, an exterior inspection only was permitted as the property owner did not wish to disturb the tenant. The owner did note that the layout of the interior of the subject building includes an office and showroom, two restrooms and the warehouse space. As in interior inspection has not been completed, for the purposes of this analysis it is assumed that the design of the interior of the subject is as described by the owner. It is further assumed that the interior of the subject building is in average condition.

Access to the subject warehouse areas is by means of two roll up overhead doors, as well as pedestrian doors. Overall, the subject improvements are currently reported to be in average condition.

All of the dock doors to the warehouse areas are at ground level. On-site improvements include an asphalt paved outdoor storage yard to the east and south of the subject building which is enclosed with six foot chain link fencing with three strand barbed wire and privacy slats. Asphalt paved parking areas are located along the north and west perimeter of the subject building and are in fair condition.

To better visualize the subject improvements the reader is referred to the photographs and floor plans contained elsewhere in this report.

SUBJECT BUILDING SKETCH



HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as that reasonable and probable use which will support the highest present value, as defined, as of the effective date of valuation. Implicit in this definition is that the highest and best use must be physically possible, legally permissible, financially feasible and maximally productive.

In determining the physically possible uses of the subject's larger parcel, its location and physical characteristics must be considered. The subject parcel contains 39,559± square feet or .908± acres and is of sufficient size and shape to support a variety of utilizations. It has frontage along both South Curry Street and Rhodes Street providing the site with adequate to good access and roadway exposure. The subject is situated approximately ½ block west of South Carson Street (U.S. 395 South). The subject is located in an area in which the predominant land use consists of industrial-commercial, retail and service commercial utilizations and older single family residences. The subject site involves level topography. The parcel has immediate access to all necessary utilities including municipal water and sewer services.

Physically, the subject property is adaptable to a wide range of uses due to its size, shape, topography, access and availability of utilities. As a result, based upon physically possible considerations, it is our opinion that the subject parcel would be well suited for most types of utilizations.

From a legal perspective, the subject's General Commercial district is intended to preserve a commercial area limited primarily to retail and wholesale of new and used material, repair and service facilities and offices. The GC zoning offers no undue burdensome limitation on building size, type or design.

The highest and best use of the subject property must also be financially feasible. The subject has frontage on South Curry Street, a north-south minor arterial and Rhodes Street, an east-west connector street. Surrounding development consists of the Liaison Salon and Day

Spa, the Greenhouse Garden Center and Gift Shop, the S & W Feed and Supply store, the Carson Quail Park which includes primarily retail-commercial and service-oriented commercial uses, a Wells Fargo Bank and single-family residential uses. Given the surrounding development, we believe an industrial-commercial and possibly secondary commercial uses are financially feasible.

The highest and best use of the subject property must also be that use which provides the greatest economic return, or is the maximally productive use. As the majority of land uses in the immediate market area involve industrial-commercial and secondary commercial uses, it is our opinion that these types of land uses would meet the criteria of a maximally productive utilization of the subject property.

Based upon a careful review of the analysis set forth above, it is our opinion that the highest and best use of the subject's larger parcel, as if vacant and unimproved, would be for industrial-commercial or secondary commercial uses.

The next step in this analysis is to consider the subject property as presently improved. The subject's larger parcel is improved with a retail-warehouse building. The subject building was originally constructed in 1957 with an addition constructed in 1982. The structure contains a total building area of 7,200± square. The improvements involve concrete block construction and are currently in average condition. Development throughout the immediate subject neighborhood includes primarily industrial-commercial and secondary retail and service-oriented commercial uses. A number of these uses are similar to the subject, and the design and layout of the subject facility would lend itself to similar utilizations. With consideration given to the scope of the subject improvements, it is our opinion that the subject's current use does represent it's highest and best use.

APPRAISAL METHODOLOGY

Carson City is planning to acquire 3,145± square feet within and parallel to the subject's westerly property line which abuts South Curry Street, and within and parallel to its northerly property line which abuts Rhodes Street.

In the after condition, curbs, gutters and sidewalks, within the Right-of-Way area, are to be installed by Carson City. In discussions with Mr. Pedro Rodriguez, P.E. Highway Project Engineer, Manhard Consulting, it was indicated that the subject will have similar access from South Curry Street and Rhodes Street in the after condition as it has in the before condition. However, it was also indicated that no on-street parking will be allowed along either of these roadways adjacent to the subject. It is assumed that access will be provided to the subject property during construction.

The purpose of this appraisal is to estimate the Market Value and recommended Just Compensation due the owner of the subject property as a result of the partial Right-of-Way taking. The first step in this analysis is to establish the Market Value of the subject's whole property before the partial Right-of-Way take. The next step is to estimate the value of the Right-of-Way area to be acquired. Then the Market Value of the remainder property, in both the before and after conditions, will be established. We have also conducted an analysis of any damages or special benefits accruing to the subject remainder as a result of the acquisition. The valuation analyses are set out in the subsequent sections of this report.

**INTRODUCTION TO VALUATION ANALYSIS
(Subject Whole Property, In the Before Condition)**

In order to develop an estimate of the current Market Value of the subject's whole property, in the before condition, consideration has been given to the three standard methods of valuation analysis. These three methods or approaches include the Cost Approach to Value, the Income Approach to Value and the Sales Comparison Approach to Value.

The Cost Approach to Value is based upon the premise that the value of a property can be derived by adding the estimated value of the land to the current cost of constructing improvements of equal desirability and utility, less any accrued depreciation. The Cost Approach to Value will be utilized in this analysis.

The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. In this appraisal analysis, the Income Approach to Value, using the Direct Capitalization technique will be utilized.

The third method of analysis available to appraisers is the Direct Sales Comparison Approach to Value. In this report, the subject property is compared to similar properties which have recently sold or which are currently available for sale on a sale price per square foot of gross building area basis.

The indications of value from the various approaches utilized are then correlated to arrive at an estimate of the fee simple Market Value of the whole subject property in the "Before" condition.

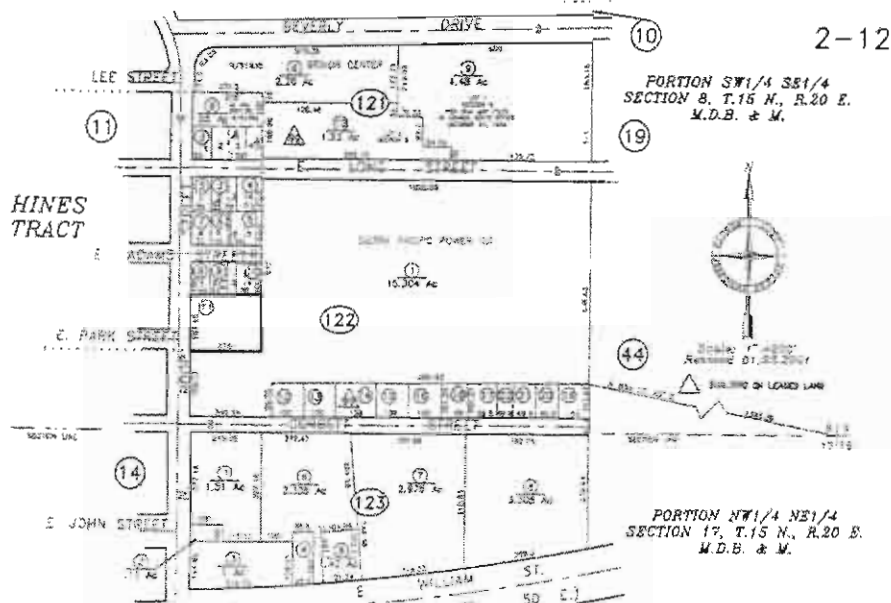
MARKET APPROACH TO LAND VALUE

The first step in the Cost Approach to Value is to estimate the current Market Value of the subject site. To establish an indication of the Market Value of the land for the subject's larger parcel, we have utilized the Sales Comparison or Market Approach to value. The Market Approach is based on the principal of substitution, which holds that the value of the subject property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

COMPARABLE LAND SALES CHART

Sale No.	A.P.N. Location	Sale Date Sale Price	Zoning Topography Flood Zone	Land Area	Sale Price Per SF
LS-1	002-122-11 E/S of North Roop Street, 200± feet north of Corbett Street	10-31-05 \$325,000	RC Level C	.83± Ac 36,155± SF	\$8.99
LS-2	002-101-48 N/S E. Long Street, 355± feet W. of Lompa Lane	03-02-06 \$902,500	MFA Level A2	1.89± Ac 82,328± SF	\$10.96
LS-3	009-266-03 and 009-268-02 4500 South Carson Street and 211 West Appion Way SWC South Carson Street and W Overland Street	11-30-06 \$2,290,000	GC Level C	4.73± Ac 206,039± SF	\$11.11
LS-4	003-064-14 W/S S. Curry Street, 116±' S. of Lake Glen Drive	06-22-07 \$450,000	RC Level to Gentle C & AH	.862± Ac 37,549± SF	\$11.98
PS-5	009-052-02 E/S S. Curry Street, 160± feet north of Rhodes Street	Pending Sale 04-15-08 Asking Price \$800,000	GC Level A	1.86± Ac 81,022± SF	Asking Price \$9.87
LL-6	009-031-09 009-031-10 South side of Rhodes Street, 1,065± feet west of South Curry Street	Current Listing 10-02-08 Each parcel is listed at \$400,000	SF-12 and Lf (Split Zoned) Level A	1.00± Ac 43,560± SF 1.00± Ac 43,560± SF	Asking Price \$9.18
LL-7	008-271-29 390±' W. of College Parkway & 140±' N. of Hwy 50 East	Current Listing 10-02-08 \$395,000	GC Level C	.86± Ac 37,462± SF	\$10.54
Subject	009-051-03 2443 S. Curry Street, SEC S. Curry Street & Rhodes Street	Date of Valuation 10-02-08 ---	GC Level A	.908± Ac 39,559± SF	---

**COMPARABLE LAND SALE PLOT MAP AND DISCUSSION
 SALE LS-1**

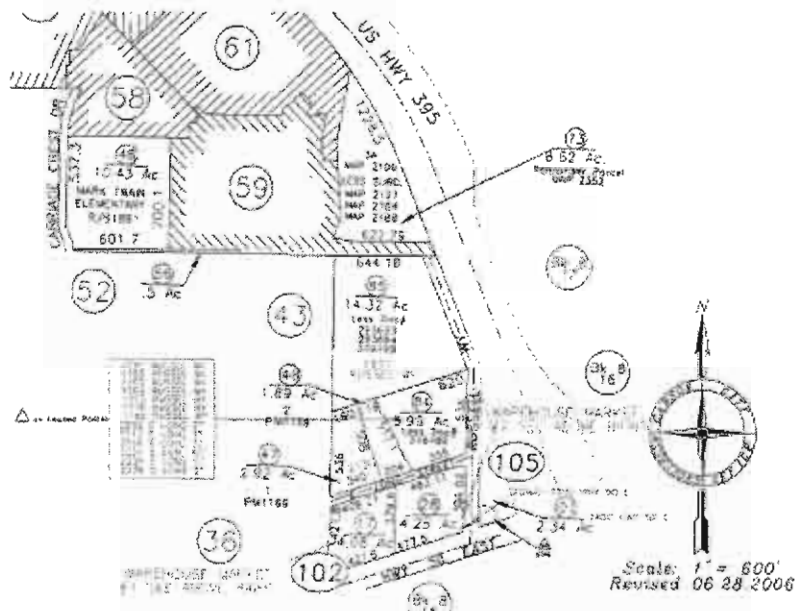


Property Type:	Vacant Land	City:	Carson City
Location:	East side of North Roop Street, 199.73± feet north of Corbett Street	County:	Carson City
A.P.N.:	02-122-11	State:	Nevada
Topography:	Level	Flood Zone:	C
Zoning:	RC (Retail Commercial)	Utilities:	All Available
Parcel Acreage:	.83± Acres	Shape:	Rectangular
Parcel Square Feet:	36,155± Square Feet	Proposed Use:	N/A
Sale Date:	October 31, 2005	Document Number:	345216
Sale Price:	\$325,000	Price Per Square Foot:	\$8.99
Grantor:	DB&C Properties LLC	Terms Of Sale:	Cash
Grantee:	George Anastassatos	Transfer Tax:	\$1,267.50

Verification: Loopnet, John Uhart Commercial Real Estate

This comparable is located on the east side of Roop Street, approximately 200 feet north of Corbett Street. This comparable parcel contains .83± acres. It is rectangular shaped and is zoned Retail Commercial. At the time of sale, a very old structure was on the site that was intended to be demolished when the site is redeveloped. The parcel exhibits level topography and is surrounded by a mix of commercial buildings and residential land uses.

**COMPARABLE LAND SALE PLOT MAP AND DISCUSSION
 SALE LS-2**



Property Type:	Vacant Land	City:	Carson City
Location:	North side of E. Long St., 355± feet west of Russell Way	County:	Carson City
A.P.N.:	002-101-48	State:	Nevada
Topography:	Level	Flood Zone:	A2
Zoning:	MFA (Multi-Family Apartment)	Utilities:	Immediately Available
Parcel Acreage:	1.89± Acres	Shape:	Irregular
Parcel Square Feet:	82,328± Square Feet	Proposed Use:	N/A
Sale Date:	March 2, 2006	Document Number:	350481
Sale Price:	\$902,500	Price Per Square Foot:	\$10.96
Grantor:	Hub Group	Terms of Sale:	Cash to Seller
Grantee:	Long Street Assisted Living, LLC	Transfer Tax:	\$3,521.70

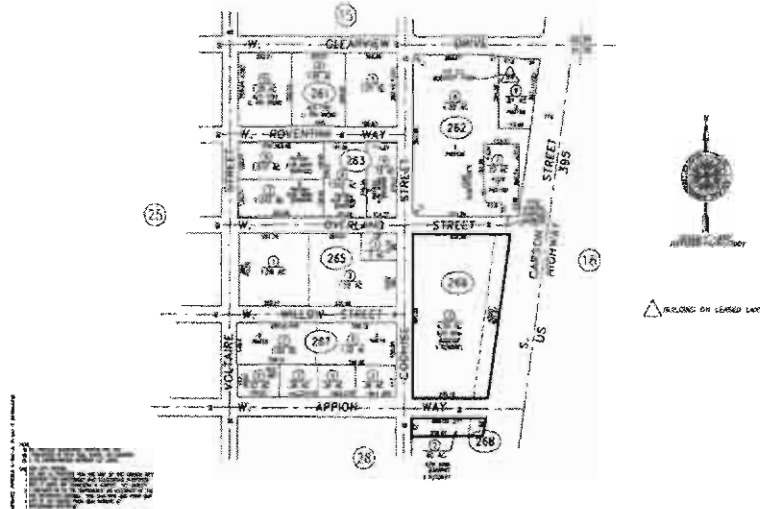
Verification: Public Records

This comparable is located on the north side of East Long Street, approximately 355± feet west of Russell Way. This property has generally level topography and all utilities are immediately available. The site is an interior parcel having 204± feet of frontage on East Long Street along its southerly property line. This site is surrounded to the east by the Foothills Garden Apartments and to the west by the Carson Plaza Retirement Residences. Across East Long Street, to the south, is the Rancho Plaza shopping center which abuts Highway 50 East and is anchored by Scolari's.

**COMPARABLE LAND SALE PLOT MAP AND DISCUSSION
 SALE LS-3**

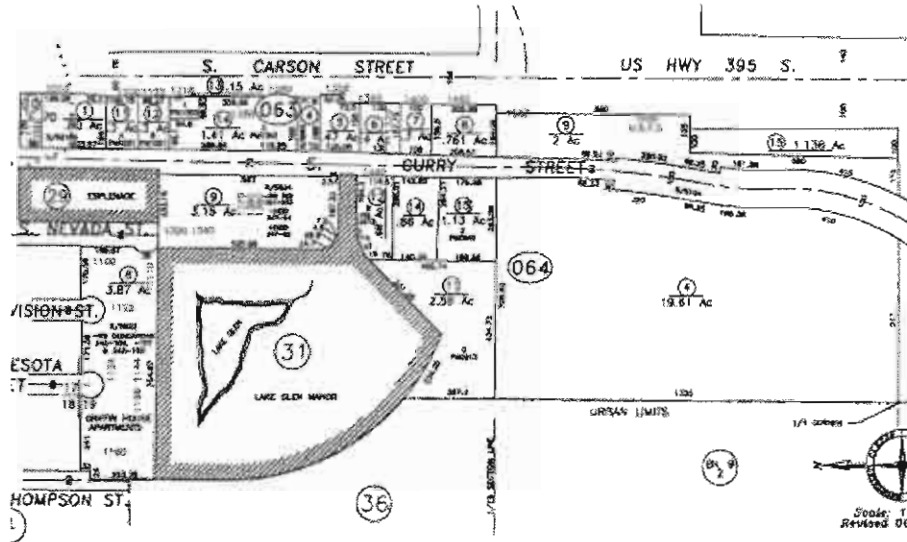
PORTION NE 1/4 NE 1/4 SEC. 31, T.15 N., R.20 E., M.D.R. & M.

9-26



Property Type:	Vacant Land	City:	Carson City
Location:	SWC South Carson Street and W. Overland Street	County:	Carson City
A.P.N.s:	009-266-03 and 009-268-02	State:	Nevada
Topography:	Basically Level	Flood Zone:	C
Zoning:	GC (General Commercial)	Utilities:	Immediately Available
Parcel Acreage:	4.73± Acres	Shape:	Irregular
Parcel Square Feet:	206,039± Square Feet	Proposed Use:	N/A
Sale Date:	November 30, 2006	Document Number:	361613
Sale Price:	\$2,290,000	Price Per Square Foot:	\$11.11
Grantor:	Oasis RV Park LTD	Terms of Sale:	Cash
Grantee:	South Carson LLC	Transfer Tax:	\$8,931.00
Verification: Carson City Records			
This comparable is basically a rectangular-shaped site located behind and to the south of the Save Mart grocery store and retail center. A mixed-use retail and office complex is currently under construction on the site.			

**COMPARABLE LAND SALE PLOT MAP AND DISCUSSION
 SALE LS-4**

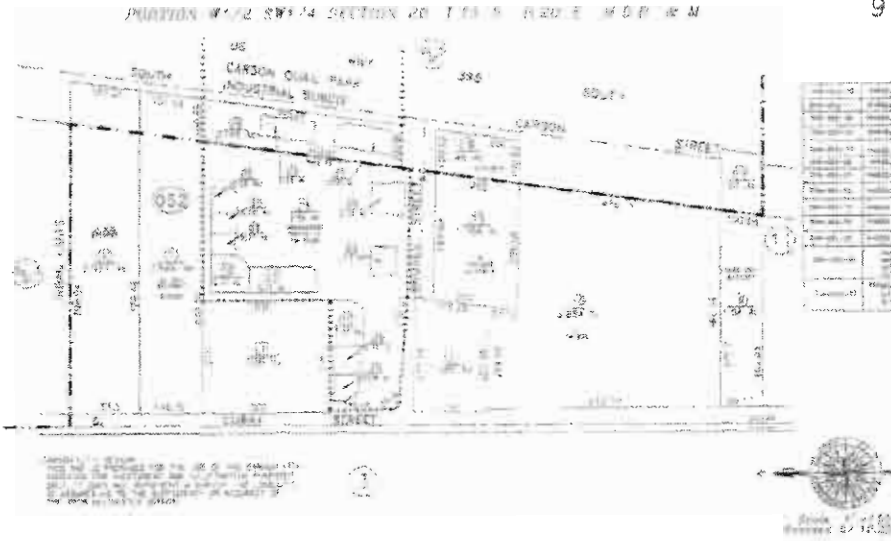


Property Type:	Vacant Land	City:	Carson City
Location:	West side of S. Curry Street, 116± feet south of Lake Glen Drive	County:	Carson City
A.P.N.:	003-064-14	State:	Nevada
Topography:	Level to gentle, above grade	Flood Zone:	C & AH
Zoning:	RC (Retail Commercial)	Utilities:	Immediately Available
Parcel Acreage:	.862± Acres	Shape:	Rectangular
Parcel Square Feet:	37,549± Square Feet	Proposed Use:	N/A
Sale Date:	June 22, 2007	Document Number:	368994
Sale Price:	\$450,000	Price Per Square Foot:	\$11.98
Grantor:	N & P Stevens Trust	Terms of Sale:	Cash
Grantee:	Perez Curry McKay Properties LLC	Transfer Tax:	\$1,755

Verification: Mr. Tom Metcalf, one of the sellers – sale verified by DBO on 06-03-08

This comparable is located on the west side of South Curry Street, .25± miles south of Tenth Street. This site is situated 160± feet west of South Carson Street (U.S. 395). This parcel is zoned for retail commercial uses. It has level to gently sloping topography and is above street grade. The majority of the site is in a Flood Zone C, which denotes areas of minimal flooding potential. The property's South Curry Street frontage is in a Flood Zone AH, which is identified as a special flood hazard area. The site also has poor soil bearing capability, so it will need to be excavated eight feet and fill needs to be brought in for development. This parcel has frontage on South Curry Street, a secondary arterial, portions of which are improved with concrete curbs, gutters and sidewalks. The properties to the east of the sale parcel front on South Carson Street and are improved with commercial uses. The property sold with approved plans for a 16,000± square foot medical office building, 6,000± square feet of which will be owner occupied by an oncologist. The proposed building is now under construction.

**COMPARABLE LAND LISTING PLOT MAP AND DISCUSSION
 PENDING SALE PS-5**

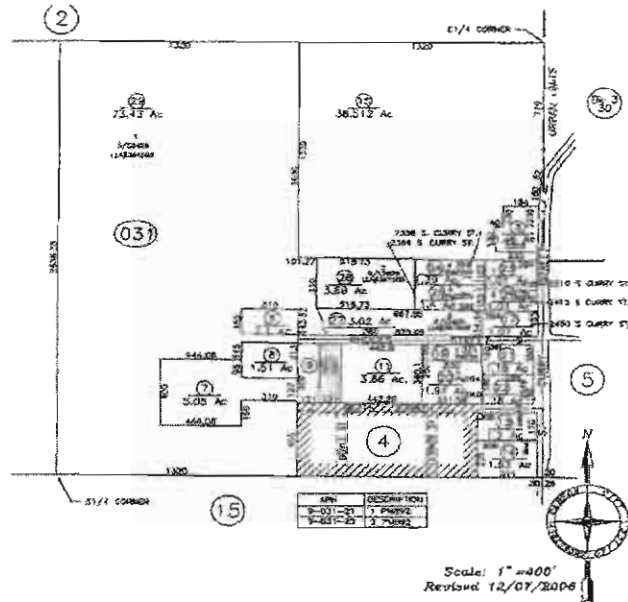


Property Type:	Vacant Land	City:	Carson City
Location:	East Side of S. Curry Street, 160± feet north of Rhodes Street	County:	Carson City
A.P.N.:	009-052-02	State:	Nevada
Topography:	Level	Flood Zone:	A (Areas Associated with Flooding Potential During a 100-year Flood)
Zoning:	GC (General Commercial)	Utilities:	All Immediately Available
Parcel Acreage:	1.86± Acres	Shape:	Rectangular
Parcel Square Feet:	81,022± Square Feet	Proposed Use:	N/A
Pending Sale:	April 15, 2007	Document Number:	N/A
Listing Price:	\$800,000	Price Per Square Foot:	\$9.87
Owner of Record:	Karen Anne Rasmussen	Terms of Sale:	N/A
Grantee:	N/A	Transfer Tax:	N/A

Verification: Dave Dawley, Carson City Assessor, Larry Messina, Coldwell Banker Commercial Premier Brokers

This comparable is located on the east side of South Curry Street, approximately 160 feet north of Rhodes Street in southwest Carson City. This site is situated approximately 1/2 block west of South Carson Street, adjacent to the Carson Quail Park Office/Retail Center. This property has 300 feet of frontage on South Curry Street along its west property line. The site is zoned General Commercial and is considered to involve a secondary commercial location. In discussions with Mr. Messina, the listing broker, it was indicated that this property is under contract and will have a long escrow period. The sale price is confidential; however, Mr. Messina did indicate that the asking price was \$800,000.

**COMPARABLE LAND SALE PLOT MAP AND DISCUSSION
 LISTING LL-6**



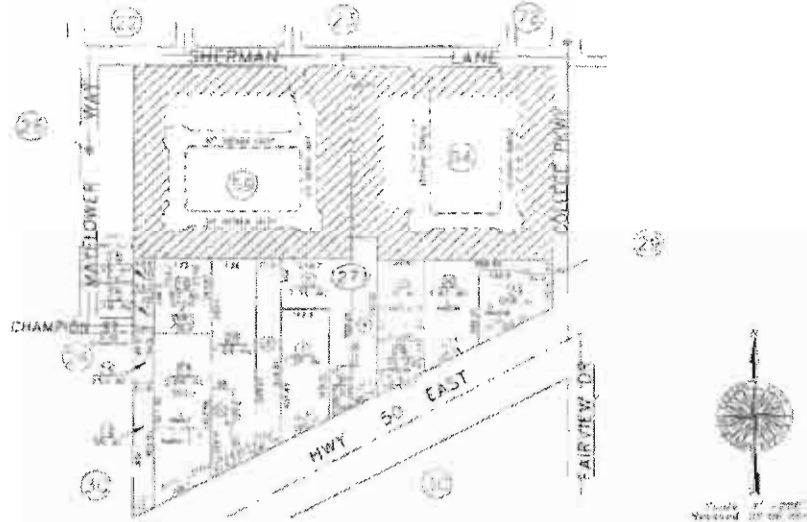
Property Type:	Vacant Land	City:	Carson City
Location:	Between Rhodes Street & Betts Street, 1,065± feet west of South Curry Street	County:	Carson City
A.P.N.:	009-031-09 and 009-031-10	State:	Nevada
Topography:	Level	Flood Zone:	A & C
Zoning:	SF12 (Single Family Residential 12,000 Minimum Lot Size) & LI (Limited Industrial)	Utilities:	Electric, water, gas & telephone are available from Betts Street. Sewer service is available from S. Curry Street.
Parcel Acreage:	1.00± acre each parcel	Shape:	Rectangular
Parcel Square Feet:	43,560± square feet each parcel	Access:	Rhodes & Betts Streets
Sale Date:	Current Listing October 2, 2008	Recording Date:	N/A
Asking Price:	\$400,000 for each parcel	Price Per Square Foot:	\$9.18
Owner of Record:	Sierra Structural & Development Ltd.	Terms of Sale:	N/A
Grantee:	N/A	Transfer Tax:	N/A
Document Number:	N/A	Verification:	MLS, Coldwell Banker, Best Sellers

These two one acre parcels are located between Rhodes Street & Betts Street, west of South Curry Street in southwest Carson City. Both Rhodes and Betts Streets, adjacent to the parcels are graded dirt roads. The southeast corner of the west parcel is in a Flood Zone A. A Flood Zone A designates areas of 100-year flooding. The remainder of the ownership is in a Flood Zone C which designates areas of minimal flooding. According to the Carson City Engineering Department, this area is under study by the City and FEMA. Prior to any development being approved on the property, a detailed engineering study must be performed to insure that all structures and other improvements are properly elevated and otherwise protected and that adequate flow paths are maintained.

**COMPARABLE LAND LISTING PLOT MAP AND DISCUSSION
 LISTING LL-7**

PORTION SE1/4 NW1/4 SECTION 10 T13 N R20 E MDB & M

8-27



Property Type:	Vacant Land	City:	Carson City
Location:	390±' W. of College Pkwy & 140±' N. of Hwy 50 East	County:	Carson City
A.P.N.:	008-271-29	State:	Nevada
Topography:	Level	Flood Zone:	Zone
Zoning:	GC (General Commercial)	Utilities:	All available
Parcel Size Acreage:	.86± Acres	Shape:	Rectangular
Parcel Square Feet:	37,462± Square Feet	Proposed Use:	N/A
Listing Date:	Current Listing October 2, 2008	Document Number:	N/A
Asking Price:	\$395,000	Price Per SF:	\$10.54
Owner of Record:	LDS, LLC	Terms of Sale:	N/A
Grantee:	N/A	Verification:	LoopNet, Coldwell Banker Commercial

This comparable is an interior parcel located 390± feet west of College Parkway and 140± feet north of Highway 50 East in northeast Carson City. According to the listing broker, this property is accessed by means of reciprocal easements with the properties to the east and south. These access easements provide access to the site from Highway 50 to the south and College Parkway to the east.

**COMPARABLE LAND SALES DISCUSSION AND COMPARISON
(Subject's Larger Parcel)**

The comparable sales set out previously indicate dates of sale ranging from October of 2005 to June of 2007. We have also considered a current pending sale on South Curry Street. The listings utilized are current as of the date of valuation. The comparables range in size from .83± acres to 4.73± acres as compared to the subject's larger parcel, which contains .908± acres of land area. The sale prices per square foot range from \$8.99 to \$11.98.

As each of the sales involved cash or cash equivalent transactions no adjustments are necessary due to terms of sale. Each of the comparables is similar to the subject in regards to availability of utilities.

Sale LS-1 is located on the east side of Roop Street, 200± feet north of Corbett Street in northeast Carson City. In comparison with the subject, this comparable requires an upward adjustment due to its older date of sale. A large upward adjustment is necessary due to the subject's corner situs. On the other hand, a downward adjustment is necessary due to this comparable's frontage on Roop Street, a major arterial roadway. A downward adjustment is required as this comparable is in a Flood Zone C. A Flood Zone C designates areas of minimal flooding potential. As previously noted, the subject is located in a Flood Zone A, a designated flood hazard area. Overall, this comparable, at \$8.99 per square foot, is considered to be a very low indicator of an appropriate per unit land value for the subject's larger parcel.

Sale LS-2 is located on the north side of East Long Street, 355± feet west of Russell Way, in northeast Carson City. This comparable is located proximate to U.S. Highway 50 East directly north of the Rancho Plaza which is anchored by a Scolari's grocery store. In comparison with the subject, this comparable requires an upward adjustment due to its inferior development potential and larger size. An upward adjustment is also necessary due to the subject's corner situs. On the other hand, a large downward adjustment is required due to the decline in the demand and sale prices for residentially zoned land since this comparable's

2006 date of sale. Overall, this comparable, at \$10.96 per square foot, is considered to be a reasonable indicator of an appropriate per unit land value for the subject's larger parcel.

Sale LS-3 is located at 4500 South Carson Street and 211 West Appion Way south of the subject neighborhood. In comparison with the subject, this comparable requires an upward adjustment due to its older date of sale. An upward adjustment is considered necessary due to the subject's smaller size. An upward adjustment is necessary as this comparable involved noncontiguous parcels. On the other hand, a large downward adjustment is necessary due to this comparable's superior roadway visibility from South Carson Street (U.S. 395). A downward adjustment is required due to this comparable's location in a Flood Zone C. Overall, this comparable, at \$11.11 per square foot, is considered to be a reasonable indicator of an appropriate per unit land value for the subject's larger parcel.

Sale LS-4 is located on the west side of South Curry Street, 116± feet south of Lake Glen Drive. This comparable is situated approximately one block west of South Carson Street (U.S. Highway 395) in south central Carson City. In comparison with the subject, this comparable requires an upward adjustment due to its inferior topography. An upward adjustment is necessary due to the subject's corner situs. On the other hand, a downward adjustment is necessary due to this comparable's closer in location. A downward adjustment is required due as the majority of this comparable is in a Flood Zone C. A downward adjustment is necessary as the sale did include approved plans for development. Overall, this comparable, at \$11.98 per square foot, is considered to be a high indicator of an appropriate per unit land value for the subject's larger parcel.

Pending Sale PS-5 is located on the east side of South Curry Street, 160± feet north of Rhodes Street approximately ½ block north of the subject. This comparable is reported to be in escrow, however, the sale price is currently confidential. Therefore, for this analysis we have considered the asking price for this site at \$9.87 per square foot of land area. In comparison with the subject, this comparable requires upward adjustments due to the

subject's corner situs and smaller land area. On the other hand, a downward adjustment is necessary as the \$9.87 per square foot involves an asking price rather than a consummated sale price. This comparable is similar to the subject in regards to location, zoning, and flood zone. Overall, this comparable, at \$9.87 per square foot, is considered to be a low indicator of an appropriate per unit land value for the subject's larger parcel.

Listing LL-6 involves two individual one acre parcels located between Rhodes Street and Betts Street, 1,065± feet west of South Curry Street. These two parcels are situated approximately one block southwest of the subject. It is noted that Rhodes Street adjacent to these parcels is a graded dirt road. Betts Street is graded to the southeast corner of the westerly comparable parcel. Each of these parcels contains 1.0± acres and has a split zoning of SF-12 and Light Industrial. In comparison with the subject, these comparables require large upward adjustments due to the subject's superior street frontage and corner situs. Further upward adjustment is required due to the subject's superior development potential as it is zoned for General Commercial uses. On the other hand, each of these comparables requires a downward adjustment due to their listing status. These comparables are similar to the subject in regards to size and as they are partially located in a Flood Zone A. Overall, Listing LL-6, each at an asking price of \$9.18 per square foot, are considered to be very low indications of an appropriate per unit land value for the subject's larger parcel.

Listing LL-7 is an interior parcel located 390± feet west of College Parkway and 140± feet north of Highway 50 East in northeast Carson City. In comparison with the subject, this comparable requires large upward adjustments due to the subject's much superior roadway frontage and accessibility. On the other hand, a downward adjustment is necessary due to this comparable's listing status. Further downward adjustment is necessary due as this comparable is located in a Flood Zone C. Overall, Listing LL-7, at \$10.50 per square foot, is considered to be a slightly low indication of an appropriate per unit land value for the subject's larger parcel.

To summarize, Sale LS-1, Pending Sale PS-5 and Listing LL-6 at \$8.99 to \$9.87 per square foot, were considered to be low to very low indicators of an appropriate per unit land value for the subject's larger parcel. Sale LS-4, at \$11.98 per square foot, was considered to be a high indicator. Sales LS-2, LS-3 at \$10.96 and \$11.11 per square foot and Listing LL-7, at \$10.50 per square foot, were considered to bracket an appropriate per square foot value for the subject's larger parcel.

Based upon a review of the available data, it is our opinion that a per unit land value applicable to the subject's larger parcel, as of October 2, 2008, is \$11.00 per square foot. Applying the \$11.00 per square foot value to the subject's 39,559± square feet results in an indicated fee simple land value of the subject's larger parcel of \$435,149, which is rounded to \$435,000.

FINAL LAND VALUE CONCLUSION
(Subject's Larger Parcel)

\$435,000

PER SQUARE FOOT LAND VALUE CONCLUSION

\$11.00/SQUARE FOOT

COST APPROACH TO VALUE
(Subject Whole Property, in the Before Condition)

The first step in the Cost Approach to Value is to estimate the current Market Value of the subject site. In the preceding analysis, the current Market Value of the subject site was estimated to be \$435,000.

The next step in the Cost Approach to Value is to estimate the cost to construct the improvements. The cost to construct the improvements will be based upon a replacement cost new as estimated from *Marshall Valuation Service*, a nationally recognized and accepted cost estimating publication.

The subject building is of concrete block construction. Utilizing *Marshall Valuation Service* standards, the subject building is judged to be an average to good cost Class "C" storage warehouse building. Based upon reference to *Marshall Valuation Service*, the base cost for an average to good cost, Class "C" storage warehouse building has been estimated at \$45.00 per square foot. This base cost must be adjusted to account for the perimeter of the subject building, a current cost multiplier, a story height multiplier and a local multiplier. Below is a summary of the adjustments made to the base cost for the subject building:

Replacement Cost New-Subject Building		
Storage Warehouse Building Base Cost		\$45.00
Perimeter Multiplier	1.04	
Story Height Multiplier	1.00	
Current Cost Multiplier	1.01	
Local Multiplier	<u>1.04</u>	
Total Multiplier		<u>1.0924</u>
Subject Building Total Adjusted Cost Per Square Foot		\$49.16

Applying the selected per square foot replacement cost new to the subject's total gross building area of 7,200± square feet results in an indicated replacement cost new, for the subject building, of \$353,952.

On-site improvements to the subject property include asphalt paved parking and yard storage areas, as well as perimeter fencing. The subject is estimated to have 35,000± square feet of asphalt paving. Reference to Marshall Valuation indicates the replacement cost new of asphalt paving is \$3.15 per square foot. The majority of the subject site is enclosed with 6 foot chain link fencing topped with 3 strand barbed wire. The fencing also has privacy slats. Reference to Marshall Valuation indicates the replacement cost new of the fencing is \$25.00 per linear foot. The fenced areas are accessed by gates which are also of chain link materials. Marshall Valuation indicates the replacement cost new of each of the subject's gates is \$730 for the sliding gate, \$1,170 for the double gate and \$920 for the single gate. The total replacement cost new of the subject gates is estimated at \$2,820.

The construction cost estimate includes architect's fees, engineering fees, and typical contractor's profit and overhead. The estimates, however, do not include some of the off-site impact fees, and entrepreneurial profit. As a result, some additional allowance must be made for these items.

To arrive at an estimate of an appropriate allowance for entrepreneurial profit, we have analyzed the entrepreneurial profit generated from several projects in the northern Nevada area. Additionally, we have interviewed a number of northern Nevada investors and developers. Based upon our research, it is our opinion that an appropriate allowance for entrepreneurial profit and soft costs would be 15% of the cost new of the subject improvements.

The replacement cost new estimate set out above does not reflect the accrued depreciation, which would be applicable to the subject property. Accrued depreciation is the

loss in value to the improvements from all causes including physical deterioration, functional obsolescence and external obsolescence.

Physical deterioration involves the loss in value to the subject improvements as a result of ordinary wear and tear. According to the property owner, the subject improvements were originally constructed in 1957, with an addition constructed in 1982. The subject is estimated to have an average weighted age of 37 years. The subject building has been well maintained and is in average condition. Based upon the observed condition of the subject structure and on-site improvements, the subject is estimated to have an effective age of approximately 25 years. *Marshall Valuation Service* estimates that the typical economic life of an average to good cost Class C light industrial building is approximately 40 to 45 years. Based upon a review of the standard age/life depreciation table set forth by Marshall Valuation Service, a light industrial building with an effective age of 25 years and an economic life of 40 to 45 years, has suffered approximately 35% depreciation.

Other forms of depreciation are functional and external obsolescence. Functional obsolescence is a loss in value caused by a deficiency or super adequacy in the structure, materials or design of the improvements. As the design and layout is felt to be functional for similar buildings, no deduction for functional obsolescence will be made.

A third form of depreciation is external obsolescence. External obsolescence is the loss in value caused by factors external to a property. The subject property is considered to suffer no negative influences as a result of its location or from external sources. As a result, no allowance is necessary due to external obsolescence.

Set out following is the Cost Approach Summary and Value Indication.

COST APPROACH SUMMARY AND VALUE INDICATION

Replacement Cost New Building (7,200± SF x \$49.16/SF)		\$353,952
Add Site Improvements		
Asphalt Paved Parking (35,000± SF x \$3.15/SF)	\$110,250	
Fencing (600± LF x \$25.00/LF)	\$15,000	
Various Gates	<u>\$2,820</u>	
Total Site Improvements		<u>\$128,070</u>
Total Hard Cost to Construct		\$482,022
Add Entrepreneurial Profit & Soft Costs (15%)		<u>\$72,303</u>
Total Replacement Cost New		\$554,325
Less Depreciation		
Physical Deprecation (35%)	\$194,014	
Functional Obsolescence	None	
External Obsolescence	<u>None</u>	
Total Depreciation		<u>\$194,014</u>
Depreciated Cost Improvements		\$360,311
Add Land Value		<u>\$435,000</u>
		\$795,311
 <u>INDICATED VALUE BY THE COST APPROACH (RD)</u>		 <u>\$800,000</u>

INCOME APPROACH TO VALUE
(Subject Whole Property, in the Before Condition)

The Income Approach to Value is the procedure in the appraisal analysis, which converts anticipated future benefits (income) to be derived from the ownership of property into a value conclusion. This approach is predicated on the assumption that value is typically viewed and measured as the present worth of anticipated future income forecast to be derived from the possession of ownership rights in real estate.

The first step in this approach is to project the gross annual income that the subject property can be reasonably expected to produce as of the effective date of valuation. The potential gross annual income will be established through a direct comparison and analysis of the rental rates being generated by competing properties.

The next step is to establish a realistic projection of the vacancy and credit loss which the subject will experience. The effective gross income will be established by subtracting the vacancy and credit loss from the projected gross annual income. The next step is to establish a realistic projection of the expenses that will be incurred in generating the gross income.

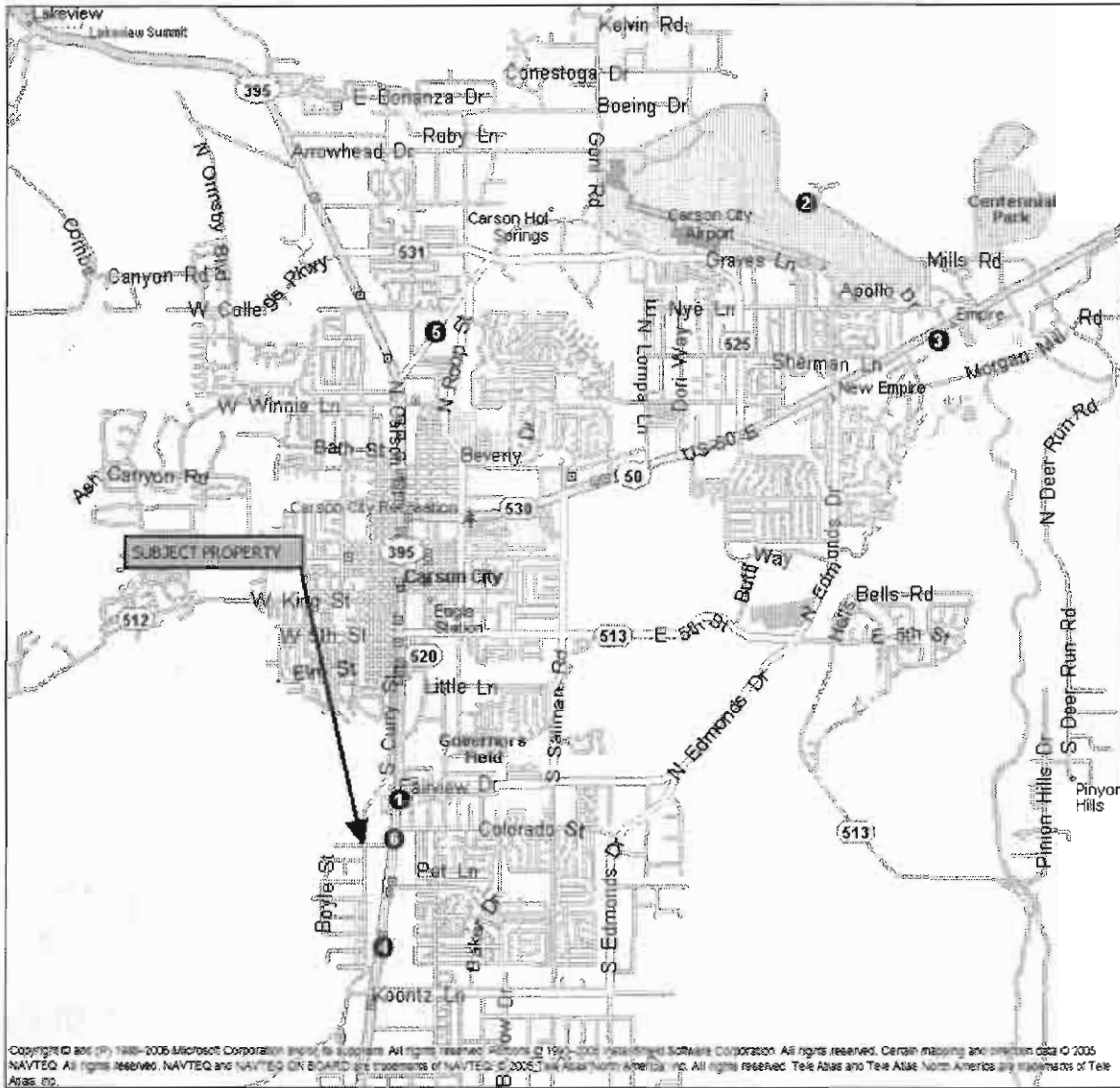
The net operating income which the subject property can reasonably be expected to produce is determined by subtracting the operating expenses from the effective gross income projection. An overall capitalization rate is then applied to the net income in order to arrive at an indication of the value for the subject property.

COMPARABLE INDUSTRIAL-COMMERCIAL RENTAL CHART

Rental Number	A.P.N. Tenant Address	Year Built Construction Condition	Building Area Leased Percent Office Land to Bldg. Ratio	Expenses	Rent Per Square Foot
IR-1	009-052-09 V & T Pet Clinic 2230 S. Carson Street	1966 Concrete Block/Metal Fair to Average	6,000± SF 6.38:1	Modified Gross Tenant Pays Utilities	\$.75
IR-2	Arrowhead Commerce Center Lipiccolo Construction 3675 Arrowhead Dr., Unit A-4	2006/2008 Concrete Tilt-up Good	6,000± SF None 1 00:1 plus Common Areas	Modified Gross	\$.56
IR-3	008-381-07 Red Light Tattoo 4750 Highway 50 East	1976 Concrete Block Fair to Average	1,200± SF Retail Space 3.10:1*	Modified Gross	\$.70
IR-4	009-112-22 Available (Former Carpet Barn) 3355 S. Carson Street	1978 Wood Frame Fair to Average	16,448± SF N/A 1.83:1	NNN	Asking \$.70
IR-5	002-062-16 Available Formerly Lipiccolo Construction 490 Hot Springs Rd.	1972 Concrete Tilt-up Average	6,000± SF 67% 6.82:1*	NNN	Asking \$.75
IR-6	009-052-10 Available Ribeiro's Carson Quail Park 2350 S. Carson St., Unit 2	2004 Concrete Tilt-up Good	3,750± SF Two Restrooms 1.30:1* Plus Common Areas	NNN	Asking \$1.05
Subject	009-051-03 Tetrus 2443 S. Curry St	1957/1982 Concrete Block Average	7,200± SF 15% 5.49:1	Modified Gross Landlord pays Insurance & Taxes	\$.75

*Multi-tenant or multiple buildings

COMPARABLE INDUSTRIAL-COMMERCIAL RENTAL MAP



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COMPARABLE INDUSTRIAL RENTAL PHOTOGRAPHS



RENTAL IR-1
S. Carson Street, Carson City



RENTAL IR-2
3675 Arrowhead Drive, Carson City

COMPARABLE INDUSTRIAL RENTAL PHOTOGRAPHS



RENTAL IR-3
4750 Highway 50 East, Carson City



RENTAL IR-4
3355 S. Carson Street, Carson City

COMPARABLE INDUSTRIAL RENTAL PHOTOGRAPHS



RENTAL IR-5
490 Hot Springs Road, Carson City



RENTAL IR-6
2350 S. Caron Street, Carson City

**COMPARABLE RENTAL CORRELATION AND CONCLUSION
(Subject Whole Property in the Before Condition)**

The comparable industrial-commercial buildings utilized in this analysis indicate rental rates ranging between \$0.56 per square foot per month to \$1.05 per square foot per month. The comparable rental units range in size from 1,200± square feet to 16,448± square feet, as compared to the subject at 7,200± square feet. In discussions with the property owner it was indicated that the subject building is currently leased for \$.75 per square foot per month with the landlord responsible for the cost of insurance and real estate taxes. Although a copy of the lease agreement was requested it was not made available for review by these appraisers. The property owner has indicated that the lease is for a five year term with an additional five year option. It was further indicated that the lease will be due for renewal in approximately two years. For the purposes of this analysis, the market rent estimate for the subject property will be projected based upon modified gross lease terms.

As previously indicated, the rental data utilized in this analysis indicate a range in rental rates from \$.56 per square foot to \$1.05 per square foot per month.

Rental IR-2 is the lowest rental rate at \$.56 per square foot per month. This comparable is the recent lease to Lipiccolo Construction at 3675 Arrowhead Drive, Unit A-4 in the Arrowhead Commerce Center. This property is located in the Carson City airport sub-market. This comparable is considered to be a very low indication of an appropriate market rent for the subject primarily due to the subject's superior closer-in location, ½ block west of South Carson Street, proximate to existing commercial development and as the subject is a freestanding building and exhibits a higher land-to-building ratio.

The highest rental rate involves **Rental IR-6**, at \$1.05 per square foot, which is the asking rent for 2350 South Carson Street, Unit 2. This comparable was constructed in 2004 and is situated within the Ribeiro Carson Quail Park directly north of the subject property. Overall, this comparable is considered to be a very high indication of an appropriate market

rental rate for the subject primarily due to its much newer date of construction, smaller size and as the \$1.05 per square foot is an asking rent.

The remainder of the rental data indicates a more narrow range of \$.70 to \$.75 per square foot per month.

Rentals IR-1 and IR-4 are located along South Carson Street in the immediate subject neighborhood. Rental IR-1 is the V & T Pet Clinic and Rental IR-4 is the asking rent for the former Carpet Barn retail-warehouse. These comparables require downward adjustments due to their direct frontage on South Carson Street. However, they are both considered inferior to the subject in regards to type of construction. Furthermore, Rental IR-4, requires upward adjustments due to its larger building size and much lower land-to-building ratio as compared to the subject. Overall, Rental IR-4, at \$.70 per square foot per month, is considered to be a low indicator, while Rental IR-1, at \$.75 per square foot per month, is considered to be a reasonable indicator of an appropriate market rent for the subject.

Rental IR-3 is a September 2008 lease of a 1,200± square foot retail unit located at 4750 Highway 50 East. The lessee is Red Light Tattoo. The lease period is 2 years on modified gross terms with a 3% annual rental adjustment. The rental rate is \$.70 per square foot per month. This comparable is considered to be a low indication of an appropriate market rent for the subject primarily due to the subject's superior condition, as the subject is a freestanding building and exhibits a higher land-to-building ratio.

Rental IR-5 is a 6,000± square foot unit within 490 Hot Springs Road which was formerly occupied by Lipiccolo Construction. This unit is at the rear of the building and is available for \$.75 per square foot per month. This comparable requires upward adjustments due to the subject's corner situs, and as the subject involves modified gross terms. On the other hand, this comparable requires downward adjustments due to its smaller size, higher percentage of finished space and higher land-to-building ratio. This comparable is similar to the subject in regards to location, age and type of construction. Overall, Rental IR-5, at \$.75

per square foot per month, is considered to be a reasonable indicator of an appropriate market rent for the subject.

Based upon a review of all available data and with consideration given to the subject's location, age, average condition, average quality of construction, land-to-building ratio and other various factors, it is our opinion that the market rental rate applicable to the subject, in its "Before" condition, is \$.75 per square foot per month on modified gross terms.

POTENTIAL GROSS ANNUAL INCOME

(7,200± sf x \$.75 x 12 Months)

\$64,800

VACANCY AND CREDIT LOSS ANALYSIS

The potential gross annual rental income estimated in the preceding section of this report was based upon 100% occupancy. As it is not reasonable to expect the property to generate 100% of its potential gross income over a typical holding period, certain allowances must be made for future vacancies as well as for normal credit losses.

To estimate an appropriate vacancy and credit loss allowance for the subject property, we conducted interviews with a number of industrial brokers familiar with the Carson City market. It was indicated that it is difficult to track industrial vacancy rates as an industrial market survey for the Carson City area is not being conducted. The brokers interviewed did indicate that there are currently a number of larger industrial units available in the Carson City area and they estimate that the overall vacancy rate is generally in the range of 10% to 15%. It is noted that the subject involves a desirable location and has historically been 100% occupied.

With consideration given to the analysis set out above as well as to the subject's location, its average quality, average condition, age, overall desirability and its historic occupancy and current market conditions, it is our opinion that a prudent investor would project a vacancy and credit loss allowance of 5% for the subject in its "Before" Condition.

POTENTIAL GROSS ANNUAL INCOME	\$64,800
LESS VACANCY AND CREDIT LOSS (5%)	<u>(\$3,240)</u>
EFFECTIVE GROSS ANNUAL INCOME	<u>\$61,560</u>

OPERATING EXPENSE ANALYSIS

The market rent projected for the subject assumes that the building would be leased on modified gross terms with the lessor responsible for the cost of real estate taxes and insurance. The remainder of the expenses including maintenance and utilities would be the responsibility of the lessee. The property owner will also incur some minor miscellaneous expenses including legal and accounting fees as well as expenses when the property is vacant and other miscellaneous expenses.

According to the Carson City Treasurer's Office the real estate taxes for the subject for 2008-2009 are \$2,225. For the purposes of this analysis, the 2008-2009 expense for real estate taxes has been utilized. In an interview with Mr. John Felesina it was indicated that the Felesina Trust owns multiple properties and their insurance cost is inclusive of all the properties. As a result, the cost of insurance specific to the subject was not available. To ascertain an appropriate allowance for insurance for the subject property, interviews with industrial developers, investors and property managers were conducted. Based upon a review of the available data, it is our opinion that an appropriate allowance for insurance is \$3,000. An allowance for miscellaneous expense items has been estimated at 5% of the subject's effective gross income or \$3,078 annually. Adding the various operating expenses items of \$2,225 for real estate taxes, \$3,000 for insurance and \$3,078 for miscellaneous items results in a total estimate of operating expenses of \$8,303 which is rounded to \$8,500. The estimated expenses equate to 14% of the subject's effective gross annual income and are considered to be reasonable.

EFFECTIVE GROSS INCOME	\$61,560
ESTIMATED OPERATING EXPENSES	<u>(\$8,500)</u>
NET OPERATING INCOME	<u>\$53,060</u>

CAPITALIZATION RATE ANALYSIS

The next step in the Income Approach to Value is to establish a reasonable estimate of an appropriate overall capitalization rate that would be applicable to the subject's net operating income. Capitalization is the process in the appraisal analysis that translates an income projection into an indication of value. The connecting link is the rate that reflects the return necessary to attract investment capital, since real estate must compete with alternative forms of investment.

To establish an appropriate overall capitalization rate applicable to the subject property, the overall capitalization rates from comparable sales were analyzed. In estimating an overall capitalization rate, the net operating income that a sale property was producing, or was capable of producing at the time of sale, is divided by the sale price to arrive at the overall capitalization rate.

The overall capitalization rates indicated by the comparable properties utilized in the Direct Sales Comparison Approach were reviewed. Sufficient information to derive an overall capitalization rate was available for only Sales IBS-1 and IBS-4. Therefore, we have also considered the overall capitalization rates illustrated by the sale of 3267 Metric Way in Carson City, as well as a number of industrial property sales in the Reno/Sparks area. The overall capitalization rates indicated by the comparable properties are summarized as follows:

OVERALL CAPITALIZATION RATES

Sale Area.	A.P.N. Location	Sale Date Sale Price	OAR
Carson City Area Sale	008-814-02 5151 Sitcom Dr.	06-09-06 \$1,300,000	6.47%*
Carson City Area Sale	008-923-04 Malone Tile & Marble 3267 Research Way, Carson City	11-20-06 \$1,565,000	7.65%
Carson City Area Sale	009-031-23 2310 S. Curry St Carson City	05-08-08 \$870,000	6.42%*
Reno/Sparks Area Sale	163-071-07 Electro Tech, Inc. 9370 Gateway Dr. Reno	3/10/2008 \$3,800,000	6.43%
Reno/Sparks Area Sale	037-370-21 Vista Business Park 525 Vista Boulevard, Unit A5	06-09-08 \$725,000	6.18%
Reno/Sparks Area Sale	034-111-16 Airgas 1545 Industrial Way, Sparks	08-01-08 \$1,450,000	6.53%

*Based on Estimated Income & Expenses

The comparable sales illustrate a range of overall capitalization rates of between 6.18% and 7.65%.

In estimating an appropriate overall capitalization rate applicable to the subject property, we have also considered the overall capitalization rates as reported by Price Waterhouse Coopers, Korpacz Real Estate Investor Survey. The Third Quarter 2008 Survey results for a national survey on overall capitalization rates for industrial properties are set out below:

Summary Of Capitalization Rates

Market	Current Quarter Cap Rate Range Current Quarter Cap Rate Average	Prior Quarter Cap Rate Range Prior Quarter Cap Rate Average
National Warehouse Market	5.50%-8.50% 6.63%	5.50%-8.50% 6.56%
National Flex/R&D Market	5.50%-9.25% 7.60%	5.50%-9.25% 7.68%

In arriving at an estimate of the appropriate overall capitalization rate applicable to the subject property consideration is given to the subject's secondary commercial location, average quality of construction, its average condition, age and overall desirability.

Based upon a review of the available data and with consideration given to the analysis as set forth above, it is our opinion that an appropriate overall capitalization rate applicable to the projected net operating income for the subject property would be 6.5%.

Set forth following is a summary and indicated value of the subject property in its "Before" condition, as of October 2, 2008, by the Income Approach to Value.

DIRECT CAPITALIZATION SUMMARY AND VALUE INDICATION

Potential Gross Annual Income (7,200± sf x \$.75 x 12 months)	\$64,800
Less Vacancy and Credit Loss (5%)	(\$3,240)
Effective Gross Annual Income	\$61,560
Less Operating Expenses	(\$8,500)
Net Operating Income	\$53,060
Overall Capitalization Rate	<u>6.5%</u>
	\$816,308

INDICATED VALUE BY THE INCOME APPROACH **\$815,000**
(Whole Subject Property in the "Before" Condition)

**SALES COMPARISON APPROACH TO VALUE
(Subject Whole Property, In the Before Condition)**

To establish an indication of the Market Value of the subject property by the Sales Comparison Approach to Value, the official records of Carson City were searched for recent sales of similar properties. All sales found were investigated, analyzed and compared to the subject. The sales set forth on the following chart were considered to be indicative of an appropriate value for the subject property. The comparable sales will be compared to the subject on a sale price per square foot of gross building area basis.

COMPARABLE INDUSTRIAL BUILDING SALES CHART

Sale No.	A.P.N. Location	Sale Date Sale Price	Age Construction Condition	G.B.A. % Finished	Land Area Land-to- building Ratio	Grantee Document Number	Price/SF
IBS-1	008-814-02 5151 Sigstrom Dr.	06-09-06 \$1,300,000	1995 Masonry/Metal Average	15.579± SF 14.84%	2.36± Ac 6.62:1	Bulhoosing Specialties LTD 354805	\$83.71
IBS-2	008-681-34 1780 Forrest Way	08-11-06 \$900,000	1981 Split Face Block Average	8.898± SF N/A	1.38± Ac 6.76:1	Patrick Druudge 357803	\$101.15
IBS-3	008-816-74 5130 Metric Way	06-04-07 \$1,247,400	2001 Concrete Tilt-up Above Average	11.071± SF N/A	.92± Ac 3.64:1	Innovative Properties of Tahoe, Inc. 368448	\$113.19
IBS-4	009-031-23 Formerly S & W Feed 2310 S. Curry St	01-02-08 \$795,000	1972 Metal Fair to Average	6.874± SF 9.67%	1.01± Ac 6.40:1	Lepiccolo Investments, LLC 375257	\$115.65
IBS-5	008-124-10 1749 Old Hot Springs Rd	05-16-08 \$1,365,000	1960 Concrete Tilt-up Average	5.151± SF 9.67%	56± Ac 4.74:1	Sage Hen Properties, LLC 379464	\$111.65
IBL-6	005-052-03 Available 3493 Arrowhead Drive	Current Listing 10-02-08 \$975,000	1991 Concrete Tilt-up Average	10.150± SF 9%	1.35± Ac 5.79:1	Owner of Record Larry Evenson Family Trust N/A	Asking \$96.06
IBL-7	008-814-02 Available 5151 Sigstrom Dr.	Current Listing 10-02-08 \$1,550,000	1993 Masonry/Metal Fair to Average	15.579± SF 14.84%	2.36± Ac 6.62:1	Owner of Record Bulhoosing Specialties LTD N/A	Asking \$99.81
Subject	009-051-03 Tetrus 2443 S. Curry St	Appraisal Date 10-02-08	1987/1982 Concrete Block Average	7,200± SF 15%	.908± Ac 5.49:1	Owner of Record Genevieve Felesina Family Trust	--

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IBS-1
5151 Sigstrom Drive, Carson City



SALE IBS-2
1780 Forrest Way, Carson City

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IBS-3
5130 Metric Way, Carson City



SALE IBS-4
2310 South Curry Street, Carson City

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IBS-5
1749 Old Hot Springs Road, Carson City



LISTING IBL-6
3493 Arrowhead Drive, Carson City

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



LISTING IBL-7
5151 Sigstrom Drive, Carson City

**COMPARABLE BUILDING SALES DISCUSSION AND COMPARISON
(Subject Whole Property, in the Before Condition)**

The comparables presented on the preceding chart indicate sale prices ranging from \$83.71 per square foot to \$115.65 per square foot of gross building area. The comparable industrial building sales range in size from 5,151± square feet to 15,529± square feet, as compared to the subject's 7,200± square feet of gross building area. The sales occurred between June 2006 and May 2008. The listings are current as of the date of valuation.

As each of the comparables involve cash sales or terms equivalent to cash, no adjustments are necessary due to the terms of financing. Set out following is a comparison of each of the comparable building sales to the subject property in its "Before" condition.

Sale IBS-1 and Listing IBL-7 is an office-warehouse located at 5151 Sigstrom Drive in the Airport sub-market area of Carson City. This comparable is of masonry and metal construction. This building was constructed in 1995 and was in average condition at the time of the June 2006 sale and is currently in fair to average condition. The building contains 15,529± square feet of which approximately 14.84% is finished space. This property illustrates a land-to-building ratio of 6.62:1. This comparable was verified with Mr. Jack Brower of Sperry Van Ness Commercial Properties.

In comparison with the subject, these comparables require upward adjustments due to the subject's superior location and corner situs. Further upward adjustments are necessary due to the subject's smaller size and superior type of construction. On the other hand, downward adjustments are required due to this comparable property's newer date of construction and higher land-to-building ratio. This comparable is similar to the subject in regards to percentage of finished space. In comparison with the subject, Sale IBS-1 requires an upward adjustment due to its older date of sale. Listing IBL-7, which is the current listing of this comparable, requires an upward adjustment due to its inferior condition as compared to the subject. However, a downward adjustment is necessary due to this comparable's listing status. Overall, Sale IBS-1 and Listing IBL-7 at \$83.71 and \$99.81 per square foot

respectively, are considered to be a very low indications of an appropriate per unit value for the subject in it's "Before" condition.

Sale IBS-2 is located at 1780 Forrest Way in the Airport sub-market area of Carson City. This property is situated on the west side of Goni Road, between Forrest Way and Conestoga Drive. This comparable is of split face block construction and was built in 1981 and was in average condition at the time of sale. The building contains 8,898± square feet and offers above average curb appeal. This property illustrates a land-to-building ratio of 6.76:1.

In comparison with the subject, this comparable requires an upward adjustment due to its older date of sale. An upward adjustment is required due to the subject's superior location proximate to existing commercial uses ½ block west of South Carson Street. A minor upward adjustment is required due to the subject's larger building size. On the other hand, a downward adjustment is required due to this comparable's higher land-to-building ratio. This comparable is similar to the subject in regards to corner situs, age, type of construction and condition. Overall, Sale IBS-2 at \$101.15 per square foot, is considered to be a low indication of an appropriate per unit value for the subject in it's "Before" condition.

Sale IBS-3 is located at 5130 Metric Way in the Airport sub-market area of Carson City. This comparable is of concrete tilt-up construction and was built in 2001. This comparable was in above average condition at the time of sale. The building contains 11,021± square feet. Although the percentage of finished space within this building is unknown, the quality of its office space is considered superior to the subject's finished area. This property illustrates a land-to-building ratio of 3.64:1.

In comparison with the subject, this comparable requires an upward adjustment due to the subject's superior location and corner situs. Upward adjustments are required due to the subject's smaller building size and higher land-to-building ratio. On the other hand, downward adjustments are required due to this comparable's newer age, superior condition

and superior curb appeal. Further downward adjustments are necessary due to this comparable's superior quality of finished space. Overall, Sale IBS-3, at \$113.19 per square foot, is considered to be a reasonable indication of an appropriate per unit value for the subject in it's "Before" condition.

Sale IBS-4 is the former S & W Feed Store building located at 2310 South Curry Street in the immediate subject neighborhood. This property is situated on the northwest corner of South Curry Street and a private roadway, 310± feet north of Rhodes Road. This comparable is of metal construction and was built in 1972. This comparable was in fair to average condition at the time of sale. The improvements consist of two buildings containing a total of 6,874± square feet, an open ended storage shed and an enclosed storage yard. This property illustrates a land-to-building ratio of 6.40:1. This sale was verified through the Multiple Listing Service and CB Best Sellers.

In comparison with the subject, this comparable requires upward adjustments due to the subject's superior type of construction and superior condition. Further upward adjustment is necessary due to the subject's higher percentage of finished space. On the other hand, downward adjustments are required due to this comparable's higher land-to-building ratio and smaller building size. This comparable is similar to the subject in regards to location, corner situs and age. Overall, Sale IBS-4, at \$115.65 per square foot, is considered to be a reasonable indication of an appropriate per unit value for the subject in it's "Before" condition.

Sale IBS-5 is located at 1749 Old Hot Springs Road in the Airport sub-market area of Carson City. This comparable is of concrete tilt-up construction with a stucco finish and was built in 1960. This comparable was in average condition at the time of sale. The building contains 5,151± square feet of which 9.67% is finished space. This property illustrates a land-to-building ratio of 4.74:1.

In comparison with the subject, this comparable requires an upward adjustment due to the subject's superior location and corner situs. Upward adjustments are required due to the subject's higher percentage of finished space and higher land-to-building ratio. On the other hand, a downward adjustment is required due to this comparable's smaller size. Overall, Sale IBS-5, at \$111.63 per square foot, is considered to be a low indication of an appropriate per unit value for the subject in it's "Before" condition.

Listing IBL-6 is an office-warehouse building located at 3493 Arrowhead Drive in the Airport sub-market area of Carson City. This property is situated at the northwest corner of Arrowhead Drive and Lamotte Drive. This comparable is of concrete tilt-up construction and was built in 1991. This comparable is in average condition. The building contains 10,150± square feet and includes approximately 9% finished space. The finished area consists of four executive offices and a secretarial/bookkeeper office area. This property illustrates a land-to-building ratio of 5.79:1. This comparable was verified with the listing broker, Mr. Robert Ford, CCIM with Coldwell Banker Commercial Real Estate.

In comparison with the subject, this comparable requires an upward adjustment due to the subject's superior location. Further upward adjustment is necessary due to the subject's smaller size and higher percentage of finished space. On the other hand, downward adjustments are required due to this comparable's newer age and listing status. This comparable is similar to the subject in regards to type of construction, condition and land-to-building ratio. Overall, Listing IBL-6, at \$96.06 per square foot, is considered to be a very low indication of an appropriate per unit value for the subject in it's "Before" condition.

In summary Sales IBS-1, IBS-2 and Listings IBL-6 and IBL-7 at \$83.71 to \$101.15 per square foot, are considered to be low to very low indications of an appropriate per unit value for the subject in it's "Before" condition. Sale IBS-5, at \$111.63 per square foot, is considered to be a low indicator. Sales IBS-3 and IBS-4, at \$113.19 to \$115.65 per square foot, were considered to be reasonable indicators.

Based upon a review of the available data and with consideration given to the analysis as set forth above, it is our opinion that a per unit value range of \$113.00 to \$115.00 per square foot would be applicable to the subject. Applying the indicated per unit value range to the subject's 7,200± square feet, results in an indicated value range by the Per Square Foot Analysis, as of October 2, 2008, of \$813,600 to \$828,000, which is correlated to \$820,000.

INDICATED VALUE BY SALES COMPARISON APPROACH
(Whole Subject Property in the "Before" Condition)

\$820,000

**CORRELATION AND FINAL VALUE INDICATION
("Before" Condition Analysis)**

In this portion of the report, the appraiser weighs the relative significance, applicability and defensibility of each of the indications of value derived from the various approaches to value. The appraiser then places the most weight and reliance upon that method which, in his best professional judgment, best approximates the value being sought in the appraisal.

In this appraisal, the value being sought is the Market Value of the unencumbered fee simple ownership in the subject property in its "before" condition. Market Value is that value which most nearly represents what a typical, informed, rational purchaser would pay for the subject property if it were available for sale on the open market as of the date of the appraisal, given all information available. In the preceding sections of this report we have valued the subject property using three valuation methods. The values from each of the approaches are summarized as follows.

COST APPROACH	\$800,000
INCOME APPROACH	\$815,000
SALES COMPARISON APPROACH	\$820,000

The Cost Approach analysis resulted in a value indication of \$800,000. The replacement cost new was established through reference to *Marshall Valuation Service* and there were sufficient land sales within the subject neighborhood from which to derive the land value conclusion. The Cost Approach to Value is typically more reliable when valuing a proposed or newer project. Due to the older age of the subject improvements, in this instance the Cost Approach has been given less weight and reliance.

In this appraisal analysis, the Income Approach to Value using the Direct Capitalization technique has been utilized. In the Income Approach to Value, the subject's potential gross annual income estimate was based upon a comparison of rental rates currently

being generated by similar or competing industrial-commercial properties. Furthermore, there were recent comparable building sales from which to derive overall capitalization rates. The indication of value by the Income Approach is considered to be reliable indicator of the Market Value of the subject. It has been these appraisers' experience that investors place the most weight and reliance upon the methods of appraisal analysis which address the income producing capabilities of an industrial property such as the subject.

In the Sales Comparison Approach, a number of recent industrial building sales were analyzed utilizing a Price per Square Foot method of comparison. The subject property was compared to the sales of comparable industrial buildings in the Carson City area with adjustments made for variations in location and physical characteristics. Overall, the Sales Comparison Approach analysis is considered to have resulted in a reasonable indication of value for the subject property. Typically, the Sales Comparison Approach to Value is one of the better indicators of value as it does reflect the actions of the buyers and sellers in the marketplace.

In the final analysis, each of the approaches to value was given equal consideration. Based upon a careful review of all information available, it is our opinion that the fee simple Market Value of the subject's whole property in the "Before" condition, as of October 2, 2008, is \$820,000.

MARKET VALUE CONCLUSION
(Subject Whole Property, "Before" Condition Analysis)

\$820,000

DESCRIPTION OF RIGHT-OF-WAY TAKE AREA

The subject property is involved in a partial Right-of-Way taking for the proposed South Curry Street Improvements project. South Curry Street, in the immediate subject neighborhood, is a two-way, two-lane minor arterial roadway. The new improvements will include concrete curbs, gutters and sidewalks, storm drainage and utility improvements.

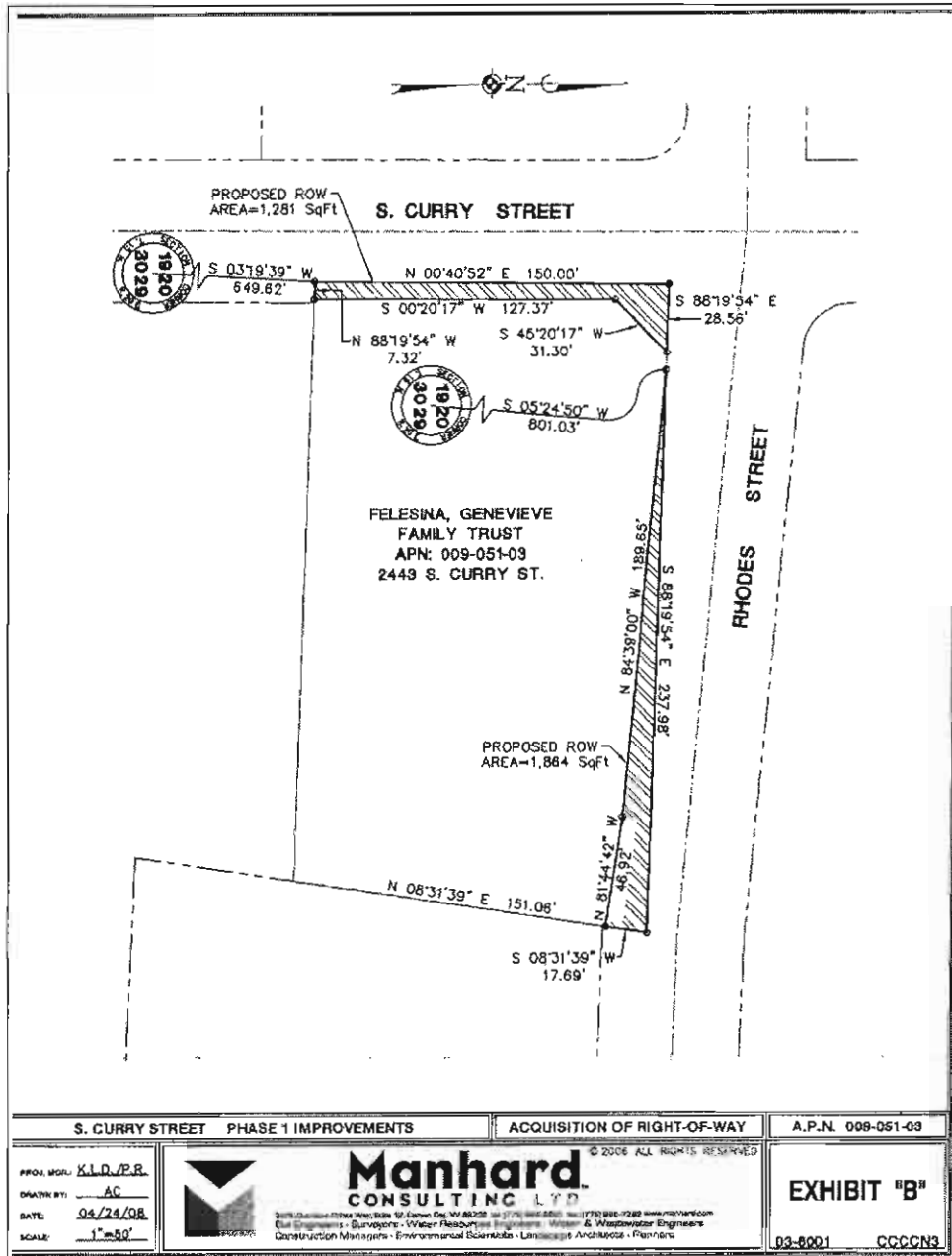
Carson City is planning to acquire 3,145± square feet within and parallel to the subject's westerly property line which abuts South Curry Street, and within and parallel to its northerly property line which abuts Rhodes Street. The Right-of-Way area has approximately 150± feet of frontage on South Curry Street and 275± feet of frontage on Rhodes Street.

The acquisition area has generally level topography. Existing improvements within the Right-of-Way take area include asphalt paved parking areas, some concrete and asphalt paved areas which are part of the subject's outdoor storage space, chain link fencing and a chain link entry gate.

The first step in the valuation analysis of the Right-of-Way taking will address the land value of the Right-of-Way area to be acquired, as part of the larger parcel, in the before condition. The next step in this analysis is to estimate the contributory value of the improvements within the Right-of-Way take area.

For a clearer depiction of the Right-of-Way area, the reader is referred to the photographs and maps contained elsewhere in the report.

RIGHT-OF-WAY EXHIBIT MAP



Total Land Area Right-of-Way Take: 3,145± Square Feet

**LEGAL DESCRIPTION
RIGHT-OF-WAY TAKE**

Exhibit "A"

**LEGAL DESCRIPTION
APN 9-051-03
PERMANENT RIGHT OF WAY**

All that certain real property situate within the Southwest ¼ of the Southwest ¼ Section 20, Township 15 North, Range 20 East, M.D.M., Carson City, State of Nevada, further described as follows:

BEGINNING at a point on the Easterly Right of Way of South Curry Street, from which the Southwest corner of Section 20 bears S 03°19'39" W a distance of 649.62 feet, said point being the Southeasterly corner of a 30 foot wide Right of Way easement as described in the Deed filed in the Office of the County Recorder, Carson City, Nevada, Book 85, Page 460, File No. 31630;

THENCE along said Right of Way, N 00°40'52" E a distance of 150.00 feet to a point on the Southerly Right of Way of Rhodes Street, said point also being on the Southerly Right of Way of a 25 foot wide Right of Way easement described in said Deed;

THENCE along said Right of Way easement, S 88°19'54" E, a distance of 28.56 feet;

THENCE leaving the aforementioned easement, S 45°20'17" W, a distance of 31.30 feet;

THENCE S 00°20'17" W, a distance of 127.37 feet to a point on the South property line;

THENCE along said property line, N 88°19'54" W, a distance of 7.32 feet to the **POINT OF BEGINNING**;

TOGETHER with a strip of land lying South of the Southerly Right of Way of Rhodes Street, further described as follows:

BEGINNING at a point on the Southerly Right of Way of Rhodes Street, from which the Southwest corner of Section 20 bears S 05°24'50" W a distance of 801.03 feet, said point being along the Southerly line of a 25 foot wide Right of Way easement as described in the Deed filed in the Office of the County Recorder, Carson City, Nevada, Book 85, Page 460, File No. 31630;

THENCE along said line S 88°19'54" E, a distance of 237.98 feet to a point on the Easterly property line;

THENCE along said property line S 08°31'39" W, a distance of 17.69 feet;

THENCE leaving said property line N 81°44'42" W, a distance of 46.92 feet;

**LEGAL DESCRIPTION
RIGHT-OF-WAY TAKE**

THENCE N 84°39'00" W, a distance of 189.65 feet to the **POINT OF BEGINNING**;
CONTAINING a total of 3145 square feet, more or less.

The Basis of Bearing for this description is North American Datum of 1983 as based on Federal Base Network/Cooperative Base Network observations in 1994 (also known as N.A.D. 83/94), Nevada State Plane West Zone as determined with real time kinematic GPS observations made April 13, 2006 with corrections transmitted by regional base network continuously operating reference station DOT1. Bearings and Distances hereon reflect grid coordinates multiplied by a combined grid to ground factor of 1.0002 (also known as Carson City Modified).

SURVEYOR'S CERTIFICATE

I hereby certify that the attached legal description was prepared by me or under my direct supervision and is accurate to the best of my knowledge and belief.

James A. McKew
Nevada PLS 19023
For and on behalf of



3476 EXECUTIVE POINTE WAY, SUITE 12
CARSON CITY, NEVADA 89706
(775) 882-5630

RIGHT-OF-WAY AREA PHOTOGRAPHS



**A VIEW LOOKING NORTHERLY TOWARD THE
RIGHT-OF-WAY AREA FROM NEAR S. CURRY STREET**



**A VIEW LOOKING SOUTHERLY TOWARD THE RIGHT-OF-WAY AREA FROM
THE INTERSECTION OF S. CURRY AND RHODES STREETS**

RIGHT-OF-WAY AREA PHOTOGRAPHS



LOOKING EASTERLY TOWARD THE RIGHT-OF-WAY AREA FROM THE INTERSECTION OF S. CURRY AND RHODES STREETS



A VIEW LOOKING WESTERLY TOWARD THE RIGHT-OF-WAY AREA FROM RHODES STREET

**INDICATED LAND VALUE, RIGHT-OF-WAY TAKING
(As Part of Subject' Larger Parcel, Before Acquisition)**

Carson City is planning to acquire a 3,145± square foot Right-of-Way area within and parallel to the west and north property lines of the subject's larger parcel along its South Curry Street and Rhodes Street frontage. In this portion of the report, no consideration is being given to the contributory value of any improvements within the take area or any damages or special benefits that may accrue to the subject remainder as a result of the Right-of-Way acquisition.

The land value of the Right-of-Way area to be acquired as part of the whole site before the Right-of-Way taking is considered to be the same per unit value as the larger parcel in the before condition. In the before condition, the land value of the subject's larger parcel was estimated to be \$11.00 per square foot. Applying a \$11.00 per square foot value to the 3,145± square foot land area being acquired results in an indicated land value of the Right-of-Way take of \$34,595, which is rounded to \$35,000.

RIGHT-OF-WAY AREA LAND VALUE CONCLUSION
(As Part of Larger Parcel, Before R/W Taking)

\$35,000

DESCRIPTION OF IMPROVEMENTS WITHIN THE RIGHT-OF-WAY AREA

The acquisition area has generally level topography. Existing improvements within the Right-of-Way take area include asphalt paved parking areas, some concrete and asphalt paved areas which are part of the subject's outdoor storage space, chain link fencing and a chain link entry gate. It is assumed that the existing chain link fencing and entry gate within the Right-of-Way area to be taken will be replaced/restored by Carson City. As a result, only the contributory value of the asphalt paving and concrete ramp area, which will not be replaced in the after condition, will be addressed.

INDICATED VALUE OF IMPROVEMENTS WITHIN THE RIGHT-OF-WAY AREA

In the preceding analysis, the land value of the Right-of-Way area to be acquired was indicated to be \$35,000. The next step in this analysis is to estimate the contributory value of the site improvements within the Right-of-Way taking. The cost to construct the site improvements will be based upon a replacement cost new as estimated from *Marshall Valuation Service*. *Marshall Valuation Service* is a nationally recognized and accepted cost estimating publication.

Based upon reference to the Right-of-Way map prepared by Manhard Consulting and our physical inspection of the subject, the asphalt paved area within the acquisition area is estimated to contain 2,770± square feet. The concrete paved ramp area, which is located at the existing entry gate at the northeast corner of the subject parcel is estimated to contain 375± square feet.

The cost of the subject's paved areas will be based upon a replacement cost new as estimated from *Marshall Valuation Service*. The replacement cost new of the asphalt paved areas is estimated to be \$3.50 per square foot. The estimated replacement cost of the subject's concrete paving is \$5.65 per square foot.

Physical deterioration involves the loss in value to the subject improvements as a result of ordinary wear and tear. *Marshall Valuation Service* estimates that the typical

economic life of asphalt paving is approximately 11 years and the typical economic life of concrete paving is approximately 16 years. Based upon the observed average condition of the subject's on-site improvements, they are estimated to have an effective age of approximately 5 years. Based upon a review of the standard age/life depreciation table set forth by Marshall Valuation Service it is estimated that the subject site improvements have suffered approximately 35% depreciation.

Replacement Cost On-Site Improvements Located Within R/W		
Asphalt Paving (2,770± SF @ \$3.50/SF)	\$9,695	
Concrete Paving (375± SF @ \$5.65/SF)	<u>\$2,119</u>	
Total Site Improvements		\$11,814
Add Entrepreneurial Profit & Soft Costs (15%)		<u>\$1,772</u>
Total Replacement Cost New		\$13,586
Less Physical Deterioration (35%)		<u>\$4,755</u>
Depreciated Cost Improvements		\$8,831

Based upon a review of the costs associated with the paved areas within the acquisition area, the value of the site improvements taken have been estimated at \$8,831, which is rounded to \$9,000.

VALUE OF SITE IMPROVEMENTS TAKEN **\$9,000**

**INDICATED VALUE OF RIGHT-OF-WAY AREA TAKEN
(Inclusive of Land Area and Improvements within the R/W Taking)**

In the preceding analysis, the land value of the Right-of-Way area to be acquired was indicated to be \$35,000. Adding the estimated land value to the total estimated value of the subject improvements within the Right-of-Way taking of \$9,000, results in a total indicated value of the Right-of-Way taking, as of October 2, 2008, of \$44,000.

INDICATED VALUE RIGHT-OF-WAY AREA TAKEN **\$44,000**
(As Part of the Whole Parcel, Before R/W Taking)

**INDICATED VALUE, REMAINDER BEFORE
RIGHT-OF-WAY TAKING**

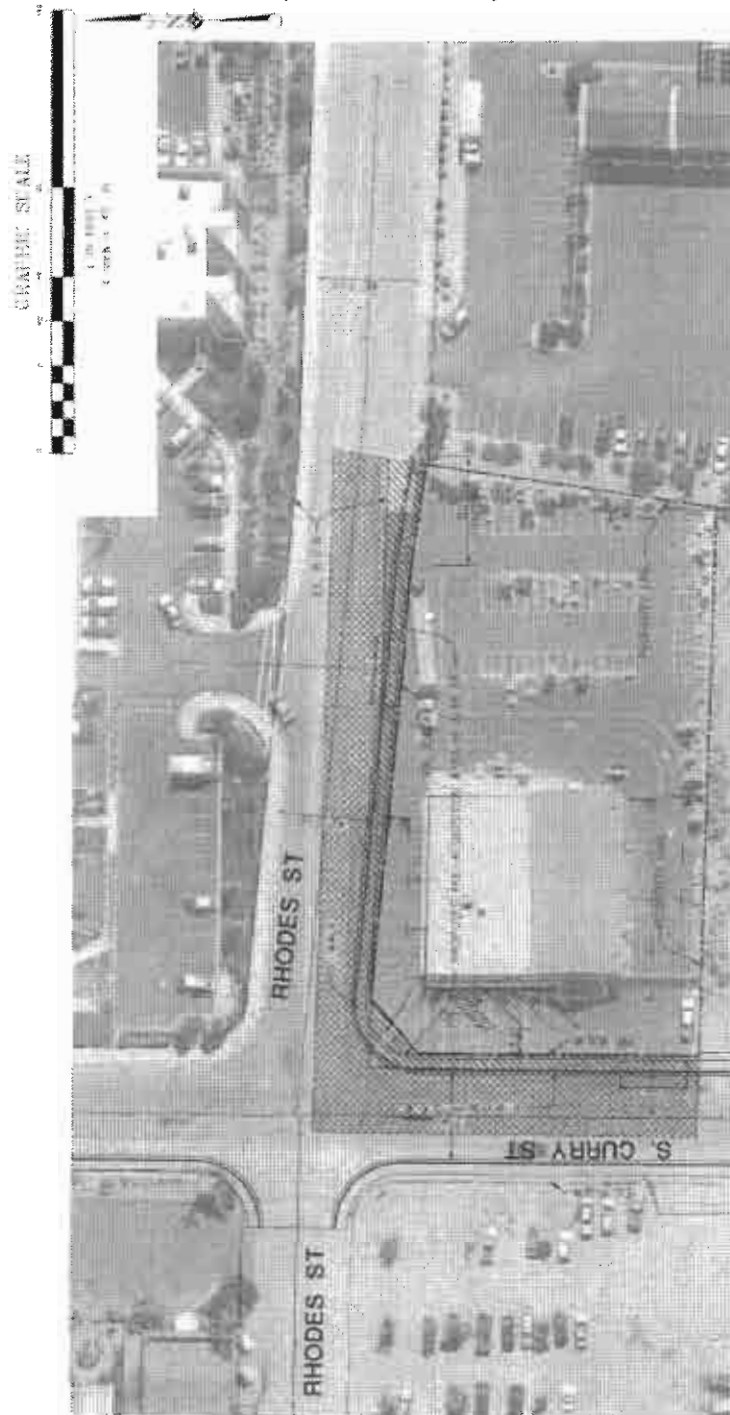
In the "Before" condition, the value of the subject's whole property, before the Right-of-Way acquisition, was estimated to be \$820,000. In the previous sections of this report, the value of the taking to be acquired, as part of the whole parcel, was estimated to be \$44,000. Subtracting the total \$44,000 value for the acquisition from the value of the subject's whole property, before the acquisition, of \$820,000, results in an estimate of the value of the remainder, as part of the whole property, before the acquisition, of \$776,000.

Based upon a careful review of all data available, it is these appraisers' opinion that the value of the subject's remainder property, as part of the subject's whole property, before the acquisition, as of October 2, 2008, is \$776,000.

INDICATED VALUE OF REMAINDER PARCEL
(As Part of Whole Property, Before R/W Taking)

(RD) \$776,000

**AERIAL OF PARKING LOT
(After Condition)**



DAMAGES ANALYSIS

Damages are any loss in value to the remainder parcel as the result of the Right-of-Way taking or permanent utility easement acquisition. In order to assess any potential damages, these appraisers have analyzed the subject remainder property in the after condition.

Description of Remainder in the "After" Condition

The Right-of-Way take to be acquired consists of 3,145± square feet of the subject's larger parcel, leaving a remainder parcel which contains 36,414± square feet or .836± acres. Overall, it is our opinion that the subject's remainder parcel will be of sufficient size so as to allow for normal commercial development. Furthermore, the Right-of-Way taking is not considered to negatively alter the shape of the subject. It is assumed that the existing chain link fencing and entry gate within the Right-of-Way area to be taken will be replaced/restored by Carson City. It is our understanding that the subject's gated truck entrance at its northeast corner will be reoriented to the central portion of the subject's north property line. According to Manhard Consulting, a gated entry "curb cut" is proposed along the subject's Rhodes Street frontage directly across from the existing Carson Quail Park access. In the after condition, new curbs, gutters and sidewalk areas, within the Right-of-Way area to be taken, will be installed by Carson City.

The subject property, after the Right-of-Way take, will have similar access from both South Curry Street and Rhodes Street as in the before condition. Access to all necessary utilities will be similar in both the before and after conditions. Additionally, the proposed South Curry Street improvements are not considered to impact the remainder parcel's roadway visibility. However, it is noted that there will be no street parking allowed along either South Curry Street or Rhodes Street in the after condition.

In the after condition, the subject building will be setback approximately 35 feet from the new South Curry Street R/W and 15± feet from the new Rhodes Street R/W near its northeast corner and 22± feet from the new Rhodes Street R/W near its northwest corner. The subject is zoned GC (General Commercial) and according to the Carson City Municipal Code,

there are no setback requirements other than corner sites do require a setback for sight distance.

Based upon a review of the Right-of-Way Exhibit Map prepared by Manhard Consulting as well as our physical inspection of the subject site, there are currently a total of 14 parking spaces located along the west (front) and north sides of the subject building. The proposed Right-of-Way taking will impact the subject's existing parking as presently configured. In the after condition, Manhard Consulting has depicted 3 parallel parking spaces along the north wall of the building, where there are now 8 spaces and 4 diagonal parking spaces, including a handicap space, at the front or west side of the building where there are currently 6 spaces for a total of 7 parking spaces in the after condition.

In the after condition, the subject site will contain 36,414± square feet and exhibits a relatively high land-to-building ratio of 5.06:1. As a result, there is adequate land area on the subject site to relocate the impacted parking spaces. In addition to the 7 parking spaces described above, Manhard Consulting has depicted 4 parallel parking spaces along the south wall of the building and 3 spaces along the south fence line opposite the south wall of the subject building for a total number of 14 spaces. Therefore, in the after condition, it will be possible to reestablish those parking spaces which will be impacted by the proposed Right-of-Way taking elsewhere on the subject site. As a result, in the after condition, it will be possible to maintain the subject's current total number of 14 parking spaces. It is our expectation that in order for the general public to access the parking to the south of the building it may be necessary to relocate the existing entry gate from the northwest corner of the structure further east to its northeast corner.

It is recognized that the land area within the southwest portion of the subject parcel also serves as a drive through for the materials trucks which need to access the subject's docking area and storage yard to the rear of the building. The Manhard Consulting parking design has taken the truck drive through access into consideration. For the purposes of this analysis it is assumed that Carson City will be responsible for the cost of reestablishing the

parking on the subject site including asphalt paving if needed, stripping of the parking spaces and relocation of the existing entry gate.

Although it will be possible to reestablish the subject's total number of parking spaces in the after condition, it is noted that there will be fewer parking spaces at the front or customer entrance to the building along its South Curry Street Drive frontage. There will also be fewer parking spaces along the north wall of the building which is more proximate to the front entrance than the proposed parking to the south of the building. As the parking configuration in the after condition is considered to be less convenient and thus less desirable than in the before condition, these appraisers feel that the property has incurred some damages as a result of the proposed Right-of-Way taking.

Due to the inconvenience associated with having fewer parking spaces proximate to the front entrance, the parking configuration in the after condition is considered to primarily affect the customer service area of the subject building. The subject's showroom/finished space has been estimated to contain approximately 1,100 square feet. Due to the inconvenience of access to the customer parking in the after condition, it would be reasonable to anticipate a reduced rental rate for the subject's customer service/showroom area. It is our expectation that the rent for the showroom area would be approximately \$.10 to \$.15 per square foot less in the after condition. Set out following is the Income Approach Summary and Damages Indication.

INCOME APPROACH SUMMARY AND DAMAGES INDICATION
(Assuming 1,100± Square Feet of Showroom/Finished Area)

Potential Gross Annual Income Loss		
(1,100± SF x \$.10 x 12 months)	\$1,320	
(1,100± SF x \$.15 x 12 months)		\$1,980
Less Vacancy & Credit Loss (5%)	<u>\$66</u>	<u>\$99</u>
Effective Gross Annual Income	\$1,254	\$1,881
Less Operating Expenses (15%)	<u>\$188</u>	<u>\$282</u>
Net Operating Income	\$1,066	\$1,599
Overall Capitalization Rate	<u>6.50%</u>	<u>6.50%</u>
	\$16,398	\$24,598

INDICATED DAMAGES BY THE INCOME APPROACH **\$20,000**

Based upon a careful review of the available data, it is these appraisers' opinion that the damages applicable to the subject property, as of October 2, 2008, is \$20,000.

DAMAGES CONCLUSION **\$20,000**

SPECIAL BENEFITS

Special benefits are benefits that accrue directly to a remainder property as a result of the Right-of-Way taking. Special benefits can only be utilized to offset damages.

In assessing whether the subject has any special benefits after the Right-of-Way taking, consideration was given to the subject's size, shape, accessibility and desirability. As was discussed in the *Damage Analysis* section of this report, other than a somewhat smaller land area, neither the physical characteristics nor the developmental potential of the subject's remainder parcel are considered to be altered as a result of the Right-of-Way taking.

While the proposed enhancements to Curry Street may have a positive impact on the overall exposure and visual appeal of the subject as well as surrounding properties along South Curry Street, this would be considered a general benefit to the immediate neighborhood, rather than a special benefit to the subject property.

As a result, it is our opinion that the subject's remainder parcel should not experience a special benefit as a result of the proposed Right-of-Way taking.

INDICATED SPECIAL BENEFITS

NONE

JUST COMPENSATION CONCLUSION SUMMARY
Felesina Property – A.P.N. 009-051-03

Effective Date of Valuation	October 2, 2008
Whole Property before Right-of-Way Taking	\$820,000
Value of Right-of-Way Area Taking	<u>(\$44,000)</u>
Value of Remainder before Right-of-Way Taking	\$776,000
Damages to Remainder	<u>\$20,000</u>
Value of Remainder in the After Condition	\$756,000
Just Compensation Conclusion Summary	
Damages to Remainder	\$20,000
Special Benefits to Remainder	None
Add Value Right-of-Way Acquisition	<u>\$44,000</u>
Total Recommended Just Compensation	\$64,000
<u>RECOMMENDED JUST COMPENSATION CONCLUSION</u>	<u>\$64,000</u>
(Due to the Owner as a Result of a Partial R/W Taking)	

APPRAISER'S CERTIFICATION

Each of the undersigned do hereby certify that, unless otherwise noted in this appraisal report:

- I have made a personal inspection of the property that is the subject of this report.
- I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions, and conclusions herein are based, are true and correct.
- This report sets forth all the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute*, which include the *Uniform Standards of Professional Appraisal Practice*.
- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Stephen R. Johnson and Cindy Lund Fogel have completed the

requirements under the continuing education program of the Appraisal Institute.

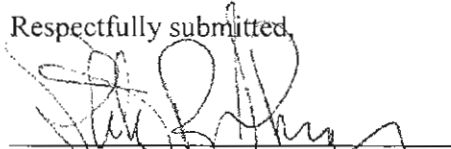
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

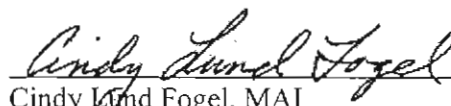
After careful consideration of all data available and upon thorough personal investigation of the subject property and the comparable properties analyzed, it is our opinion that the Market Value of the proposed Right-of-Way taking, under the special assumptions set forth herein, as of October 2, 2008, is as follows:

JUST COMPENSATION CONCLUSION SUMMARY
Felesina Property – A.P.N. 009-051-03

Value Right-of-Way Acquisition	\$44,000
Damages to Remainder	\$20,000
Special Benefits to Remainder	<u>None</u>
Total Recommended Just Compensation	\$64,000
<u>RECOMMENDED JUST COMPENSATION CONCLUSION</u> (Due to the Owner as a Result of a Partial R/W Taking)	<u>\$64,000</u>

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

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

The liability of Johnson-Perkins & Associates, Inc., 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.

The Bylaws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select. However, selected portions of this appraisal report shall not be given to third parties without the prior written consent of those signing the appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or other media for public communication without the prior written consent of the appraisal firm.

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) appear(s) 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 governmental 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. 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 my 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 because of any subpoena, 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 scale. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

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/are not a construction, engineering, or architectural expert(s), 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 site 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.

AMERICANS WITH DISABILITIES ACT COMPLIANCE

The Americans with Disabilities Act (ADA) became effective January 26, 1992. Unless otherwise noted in this report, we have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, would reveal that the property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, and since these appraisers are not experts at identifying whether a property complies or does not comply with the ADA, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Before committing funds to any property, it is strongly advised that appropriate experts be employed to ascertain whether the existing improvements, if any, comply with the ADA. Should the improvements be found to not comply with the ADA, a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

TOXIC MATERIALS AND HAZARDS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, 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 toxic materials and/or conditions. If any 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, sub-surface rights (mineral and oil) were not considered in making this appraisal. 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/are 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/have 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 assume(s) 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.

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

If the total property value set forth in this report is distributed between land and improvements, this distribution applied only under the existing program of utilization as set forth in the appraisal. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

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.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on my 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) do(es) 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. They 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) do(es) 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.

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.

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 a good and workmanlike manner in accord with plans, specifications, or other information supplied to these appraisers and set forth in the appraisal report. 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 super-efficient.

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.

CHANGES AND MODIFICATIONS

The appraiser(s) reserve(s) the right 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 when the appraisal report was prepared.

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 1976
(Certified through 2012)

SREA - Senior Real Estate Analyst; Society of Real Estate Appraisers 1984

State Licensing and Certification

Certified General Appraiser-State of Nevada 1991
License # A.0000003-CG
(Certified through 4/30/2009)

Certified General Appraiser-State of California 1992
License # AG007038
(Certified through 6/18/2009)

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 - 1984-1991
(Appointed by Governor Richard Bryan, January 1984 & 1988)
(Appointed by Governor Kenny C. Guinn, March 2000 & 2004) 2000-2008
Member Nevada Commission of Appraisers of Real Estate - 1989-1994
(Appointed by Governor Bob Miller, August 7, 1989)

Offices Held

Chairman, National Ethics Administration Division 1995
Vice Chairman, National Ethics Commission 1993/94
Regional Member, Ethics Administration
Appraisal Institute, Region 1 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

**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
HOMWOOD 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

Secretary, Reno/Carson/Tahoe Chapter Appraisal Institute 1998
Treasurer, Reno/Carson/Tahoe Chapter Appraisal Institute 1999
Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2000
President, Reno/Carson/Tahoe Chapter Appraisal Institute 2001
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2002
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2003
Board of Trustees, Reno/Carson/Tahoe Chapter Appraisal Institute 2004
Education Chair, Reno/Carson/Tahoe Chapter Appraisal Institute 2006
Vice President, Reno/Carson/Tahoe Chapter Appraisal Institute 2008

Appraisal Education & Technical Training

Real Estate 103 and 202 1986
Truckee Meadows Community College

Real Estate Financing 1986
Truckee Meadows Community College

American Institute of Real Estate Appraisers 1991
Course 1A-1 "Real Estate Appraisal Principles"
Arizona State University, Tempe

Course 1A-2 "Basic Valuation Procedures"
University of Colorado, Boulder

Course 1BA "Cap Theory & Tech, Part A" 1992
Portland State University, Portland

Course 1BB "Cap Theory & Tech, Part B"
Portland State University, Portland

**QUALIFICATIONS OF APPRAISER
CINDY LUND FOGEL**

Appraisal Education & Technical Training (Continued)

Nevada Law (NRS 645C)	1993
Standards of Professional Practice Parts A & B	1993
Advanced Applications Portland State University, Portland	1993
Report Writing and Valuation Analysis University of San Diego, California	1995
Case Studies in Law and Ethics Las Vegas Chapter of the Appraisal Institute	1998
Standards of Professional Practice, Part C Las Vegas Chapter of the Appraisal Institute	1998
Course 510 – Advanced Income Capitalization University of San Diego, California	1999
Standards of Professional Practice, Part C. Reno-Carson-Tahoe Chapter of the Appraisal Institute	2000 & 2002
Appraisal Consulting: A Solutions Approach for Professionals Reno – Carson – Tahoe Chapter of the Appraisal Institute	2002
Scope of Work Seminar Reno – Carson – Tahoe Chapter of the Appraisal Institute	2003
7-Hour National USPAP Update Course Reno – Carson – Tahoe Chapter of the Appraisal Institute	2004
Appraisal Valuation Modeling Reno – Carson – Tahoe Chapter of the Appraisal Institute	2004
Subdivision Valuation Sacramento - Sierra Chapter of the Appraisal Institute	2004
The Road Less Traveled: Special Purpose Properties Sacramento - Sierra Chapter of the Appraisal Institute	2004

**QUALIFICATIONS OF APPRAISER
CINDY LUND FOGEL**

Appraisal Education & Technical Training (Continued)

Analyzing Distressed Properties Appraisal Institute Online Course	2005
Appraising From Blueprints and Specifications Appraisal Institute Online Course	2005
Market Analysis and Site to do Business Reno – Carson – Tahoe Chapter of the Appraisal Institute	2006
7-Hour National USPAP Update Course Reno – Carson – Tahoe Chapter of the Appraisal Institute	2006
Cost Approach to Commercial Appraising Appraisal Institute Online Course	2006
Uniform Appraisal Standards/Federal Land Acquisitions Reno – Carson – Tahoe Chapter of the Appraisal Institute	2007
7-Hour National USPAP Update Course Reno – Carson – Tahoe Chapter of the Appraisal Institute	2007
The Essentials, Current Issues & Misconceptions in Appraising Sacramento - Sierra Chapter of the Appraisal Institute	2007
Attacking & Defending an Appraisal in Litigation Sacramento - Sierra Chapter of the Appraisal Institute	2007
7-Hour National USPAP Update Course Reno – Carson – Tahoe Chapter of the Appraisal Institute	2008

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

**QUALIFICATIONS OF APPRAISER
CINDY LUND FOGEL**

Occupational History

Johnson - Perkins & Associates Real Estate Appraiser	1994 - Present
Johnson - Wright & Associates Real Estate Appraiser	1992 - 1994
Stephen R. Johnson & Associates Real Estate Appraiser	1990 - 1992
Cake and Flower Shoppe Head Floral Designer	1989 - 1990
Western Florist Manager	1975 - 1989

Admitted as Expert Witness

Washoe County Board of Equalization
Nevada State Board of Equalization