

**Carson City Board of Supervisors
Agenda Report**

Date Submitted: June 25, 2013

Agenda Date Requested: July 3, 2013

Time Requested: 15 minutes

To: Mayor and Board of Supervisors

From: City Manager

Subject Title: Public Hearing pursuant to NRS 244.2795(1)(a) to consider and deliberate potential subsequent action to accept a single appraisal not more than 6 months old for the purposes of a proposed sale or transfer of 2443 South Curry Street (APN 009-051-19) to Richard Campagni under the Board's NRS 244.2815 economic development authority.

Staff Summary: Johnson-Perkins & Associates, Inc, real estate appraisers & consultants has historically appraised this property for the City. The property was originally appraised on October 2, 2008 and effective January 3, 2013, Johnson-Perkins & Associates updated its November 22, 2010 summary appraisal of the property to establish the current market value of the parcel (APN 009-051-19) to be \$415,000.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify) **Public Hearing**

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: This is *not an action item*. However, public hearing testimony should be considered with regard to any subsequent action to accept the appraisal.

Explanation for Recommended Board Action: The property was originally appraised October 2, 2008 by Johnson-Perkins & Associates, Inc, real estate appraisers & consultants to establish 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. The whole parcel before right-of-way taking was appraised at \$820,000. 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. The remainder was assigned a New Assessor's Parcel Number (APN 009-051-19). 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. The City ultimately paid to the Former Owner \$875,000 for both the taking and purchase of the remainder of the entire parcel.

Thus, the subject property was acquired by the City under threat of condemnation for street right-of-way needs for \$875,000 (above the October 2, 2008 appraised value \$820,000, including just compensation for the right-of-way). Due to the recession, and the remainder of the property after deductions for right-of-way, the property is now appraised effective January 3, 2013 at \$415,000. The property has physical limitations (parking) and code compliance deficiencies (restrooms) that have prevented serious purchase inquiries during the past 4+ years since the City acquired it.

Pursuant to NRS 244.290 the property was first offered for re-conveyance back to the prior owner(s), who have rejected the above market value \$811,000 offer. This statute required the re-conveyance offer to be an "amount equal to the amount paid for the land by the board." Because the City purchased this land prior to the recession, the statutorily required re-conveyance amount was almost double the current market value.

Applicable Statute, Code, Policy, Rule or Regulation:

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

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

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

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

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

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

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

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

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

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

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

(a) The sale or lease is void; and

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

NRS 244.2815 Sale, lease or disposal of real property of county for redevelopment or economic development; requirements.

1. A board of county commissioners may sell, lease or otherwise dispose of real property for the purposes of redevelopment or economic development:

(a) Without first offering the real property to the public; and

(b) For less than fair market value of the real property.

2. Before a board of county commissioners may sell, lease or otherwise dispose of real property pursuant to this section, the board must:

(a) Except as otherwise provided in subsection 3, obtain an appraisal of the real property pursuant to NRS 244.2795; and

(b) Adopt a resolution finding that it is in the best interest of the public to sell, lease or otherwise dispose of the real property:

(1) Without offering the real property to the public; and

(2) For less than fair market value of the real property.

3. The board of county commissioners of a county whose population is less than 45,000 may lease real property pursuant to this section without obtaining the appraisal otherwise required pursuant to subsection 2 if:

(a) The real property was acquired by the county directly from the Federal Government; and

(b) The terms and conditions under which the real property was acquired prohibit the sale of the real property and provide for the reversion of the title to the real property to the Federal Government upon demand by the Federal Government.

4. As used in this section:

(a) "Economic development" means:

(1) The establishment of new commercial enterprises or facilities within the county;

(2) The support, retention or expansion of existing commercial enterprises or facilities within the county;

(3) The establishment, retention or expansion of public, quasi-public or other facilities or operations within

the county;

(4) The establishment of residential housing needed to support the establishment of new commercial enterprises or facilities or the expansion of existing commercial enterprises or facilities; or

(5) Any combination of the activities described in subparagraphs (1) to (4), inclusive,

to create and retain opportunities of employment for the residents of the county.

(b) "Redevelopment" has the meaning ascribed to it in NRS 279.408.

Fiscal Impact: None

Explanation of Impact: N/A

Funding Source: N/A

Alternatives: Table the item and referred back to staff for additional consideration.

Supporting Material:

- Copy of Appraisal and letter update

Prepared By: Randal R. Munn, Chief Deputy District Attorney

Reviewed By: _____

Date: _____

(Department Head)

Marema Swank

Date: 6/25/13

(City Manager)

Randy Allen

Date: 6/25/13

(District Attorney)

Harold Schultz

Date: 6/25/13

(Finance Director)

Board Action Taken:

Motion: _____

1) _____

Aye/Nay

2) _____

(Vote Recorded By)

A SUMMARY APPRAISAL
OF A

LIGHT INDUSTRIAL PROPERTY

LOCATED AT

2443 SOUTH CURRY STREET,
CARSON CITY, NEVADA
A.P.N. 009-051-19

OWNED BY

CARSON CITY

PREPARED FOR

CARSON CITY PUBLIC WORKS DEPARTMENT



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

A Complete Summary Appraisal
Of A

Light Industrial Property

Located At

2443 South Curry Street
Carson City, Nevada
A.P.N. 009-051-19

Owned By

Carson City

Prepared For

Carson City Public Works Department

For the purpose of
Estimating Market Value
As of
November 22, 2010

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

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FAX: Main Office (775) 322-1156 ■ Lake Tahoe Office (775) 588-8295
E-mail: jpreno@johnsonperkins.com ■ jpatahoe@johnsonperkins.com

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Cindy Lund Fogel, MAI
Scott Q. Griffin, MAI
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Benjamin Q. Johnson, MAI

Karen K. Sanders
Gregory D. Ruzzine
Chad Gerken

December 13, 2010

Ms. Kim Belt, Capital Program Manager
Carson City Public Works Department
3505 Butti Way
Carson City, Nevada 89701

Re: 2443 South Curry Street, Carson City, Nevada - A.P.N. 009-051-19

Dear Ms. Belt:

This is in response to your request for a summary appraisal of a property located at 2443 South Curry Street, Carson City, Nevada. The subject's larger parcel is identified as Carson City Assessor's Parcel Number 009-051-19 and is owned by Carson City.

The subject property is improved with a 7,200± square foot concrete block light industrial building which was originally constructed in 1957 with an expansion added in 1982. The subject site contains 36,413± square feet of land area. The subject property was previously occupied by Tetrus and is currently vacant. The subject property will be more thoroughly described in the following 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 discussion of the data, reasoning and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning and

analyses is retained 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. This appraisal firm is not responsible for unauthorized use of this report.


The purpose of this appraisal is to estimate the Market Value of the subject property as of a current date of valuation. The intended users of the report are Carson City and their representatives. The intended use of the appraisal report is to assist the client in establishing a reasonable asking price with respect to the subject property. Any other use of the appraisal report requires the prior written authorization of this appraisal firm.

After careful consideration of all data available, and upon thorough personal investigation of the subject property and comparable properties analyzed, it is our opinion that the Market Value of the subject property, as of November 22, 2010, is as follows:


FINAL MARKET VALUE CONCLUSION
(Market Value as of November 22, 2010)

\$500,000

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

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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Type	Light Industrial 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	009-051-19
Owner of Record	Carson City
Zoning	GC (General Commercial)
Master Plan	MUC (Mixed Use Commercial)
Land Area	36,413± Square Feet (.836± Acres)
Flood Zone	
FEMA Map Number	3200010094E
Effective Date	January 16, 2009
Flood Zone	"A"
Improvements:	
Building Type	Light Industrial Building
Year Built	1957/1982
Construction	Concrete Block
Gross Building Area	7,200± Square Feet
Condition	Average
Estimated Finished Area	1,422± Square Feet (19.75% of the GBA)
Land-to-Building Ratio	5.06:1
Highest and Best Use	Secondary Commercial or Industrial-Commercial Uses
Type of Report	Summary Appraisal Report
Completion Date of Report	December 13, 2010
Effective Date of Valuation	November 22, 2010

FINAL MARKET VALUE CONCLUSION

\$500,000

PURPOSE OF APPRAISAL

This appraisal was prepared for the purpose of estimating the Market Value of the subject property as of a current date of valuation.

INTENDED USE OF APPRAISAL

The appraisal report will be utilized by Carson City and their representatives. The intended use of the appraisal report is to assist the client in establishing a reasonable sale price for the subject property. Any other use of the appraisal report requires the prior written authorization of this appraisal firm.

SCOPE OF APPRAISAL

The preparation of this appraisal included:

- An inspection of the subject property;
- Identification and analysis of the subject neighborhood;
- Completion of a Highest and Best Use Analysis;
- Investigation of current rental rates and vacancies for comparable properties;
- Analysis of comparable property operating expenses and overall capitalization rates;
- Preparation of an Income Approach to Value utilizing a Direct Capitalization Analysis;
- Research and analysis of recent comparable property sales and listings;
- Completion of a Direct Sales Comparison Approach Analysis, utilizing a Price Per Square Foot Analysis;
- Correlation of the value indications to arrive at the Market Value of the subject property as of the effective date of valuation;
- Analysis of an appropriate marketing and exposure time for the subject property;
- Preparation of a summary appraisal report.

MARKET VALUE DEFINED

Market Value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by any one associated with the sale.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 November 22, 2010.

COMPLETION DATE OF REPORT

This appraisal report was completed on December 13, 2010.

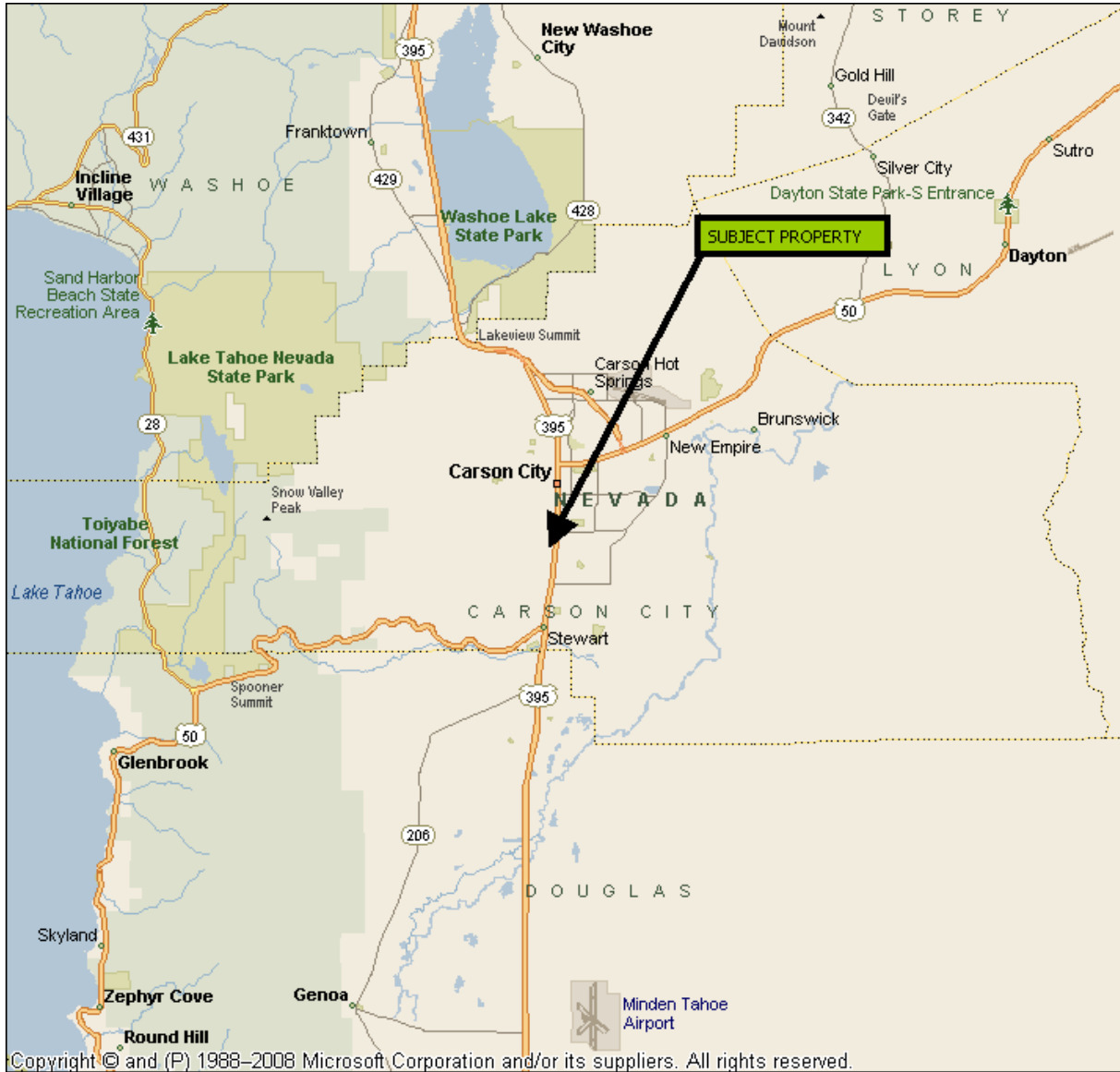
¹ Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, 12CFR Part 34.42(f)

² Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010.

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 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. The appraisers are not responsible for unauthorized use of this report.

CARSON CITY AREA MAP



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 *2008 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 42,000 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. A newer development 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. Stores in this area include J.C. Penney and a Raley's supermarket. The Casino Fandango and Save Mart supermarket are located on South Carson Street, south of Clearview Drive. The Casino Fandango has expanded, including a 10-screen Galaxy Movie Theater, parking garage and additional casino space. An adjacent 100-room Courtyard By Marriott was completed in 2007.

The 30,000± square foot Bodine's Casino, owned by the Carano family (Eldorado Hotel Casino) and famed race horse owner Michael Pegram, is located at U.S. 395 Freeway and Old Clear Creek Road. This newer 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 Freeway in south Carson City. Bodine's is near the planned south terminus of the Carson City bypass. Initial construction has begun on the final phase of the bypass.

Further north along South Carson Street there are several automotive dealers. A new Toyota, a new Subaru and a new Honda dealership facilities have recently been constructed along South Carson Street south of Rhodes Street. 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 former 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 Fairview Drive 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.

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).

Similar to the rest of the U.S., the current recession has had a negative impact on most sectors of the local economy. With the continued softness in the real estate market, the area is experiencing a decline in demand for both residential and commercial development. The unemployment rate for the State of Nevada is currently reported at 14%, one of the highest in the nation.

Electricity within the subject neighborhood is provided by NV Energy, 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 trash 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.

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.

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 AERIAL PHOTOGRAPH



Subject Property Outlined In Yellow

SUBJECT PHOTOGRAPHS



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



**VIEW LOOKING SOUTHERLY ALONG SOUTH CURRY STREET AT ITS
INTERSECTION WITH RHODES STREET**

SUBJECT PHOTOGRAPHS



VIEW LOOKING WESTERLY ALONG RHODES STREET ADJACENT TO THE SUBJECT



VIEW LOOKING EASTERLY ALONG RHODES STREET FROM ITS INTERSECTION WITH SOUTH CURRY STREET

SUBJECT PHOTOGRAPHS



**VIEW LOOKING SOUTHEASTERLY TOWARD THE SUBJECT PROPERTY
FROM SOUTH CURRY STREET**



**VIEW LOOKING EASTERLY TOWARD THE SUBJECT FROM
SOUTH CURRY STREET**

SUBJECT PHOTOGRAPHS

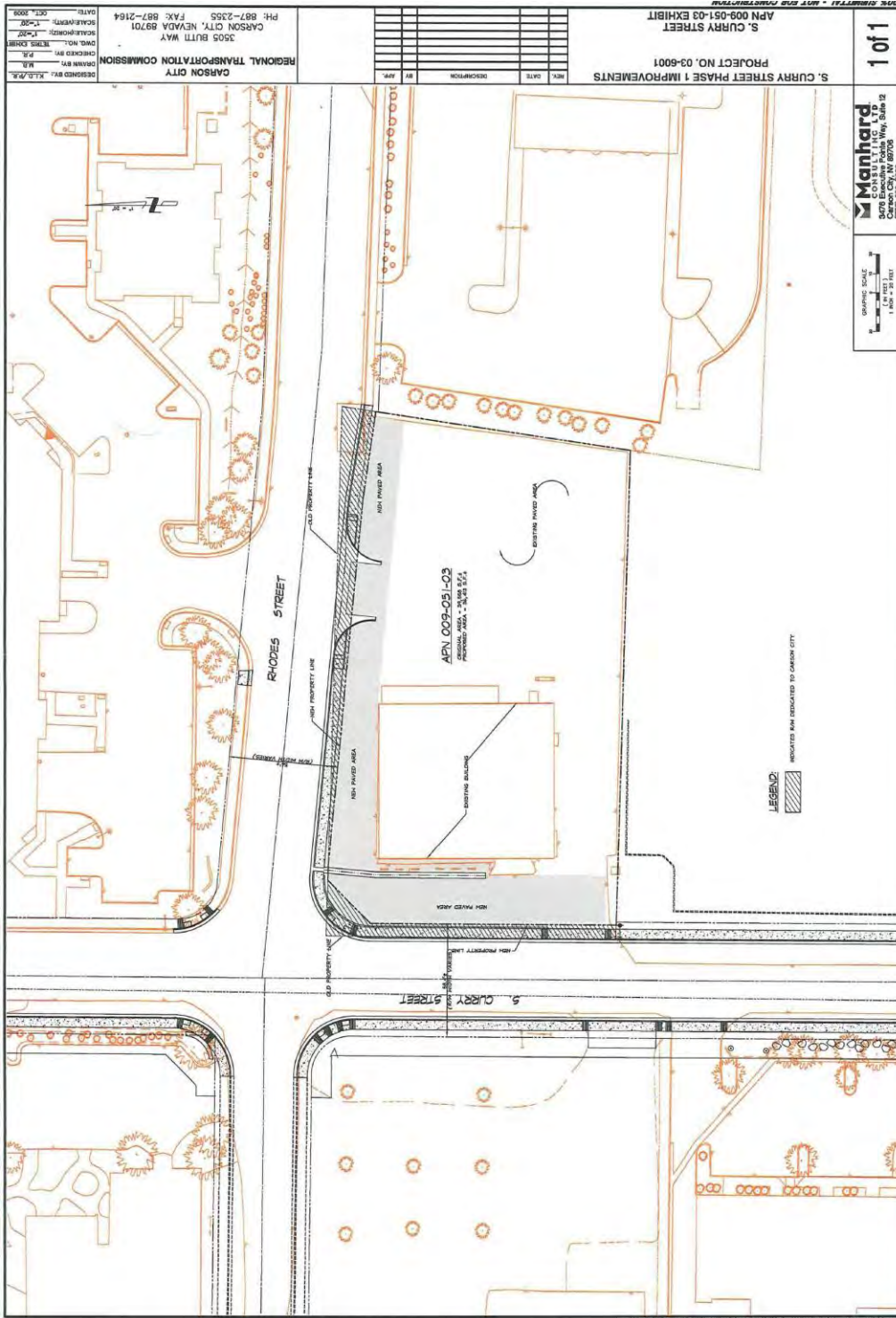


**VIEW LOOKING WESTERLY TOWARD THE SUBJECT FROM ITS
SOUTHEAST CORNER**



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

SUBJECT SITE PLAN



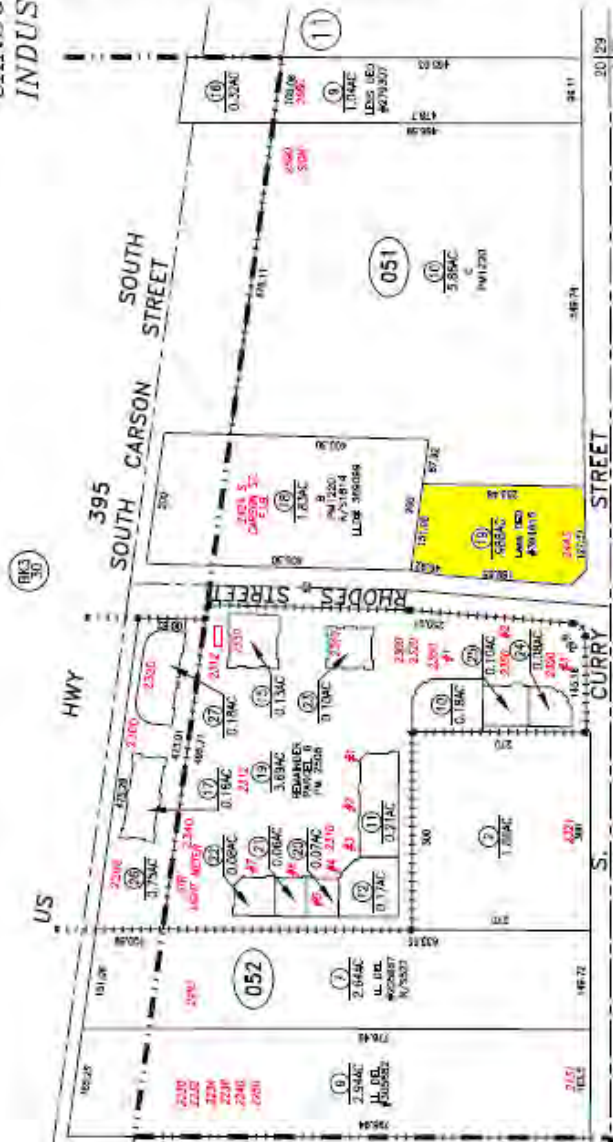
SUBJECT PLOT MAP (A.P.N. 009-051-19)

9-05

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

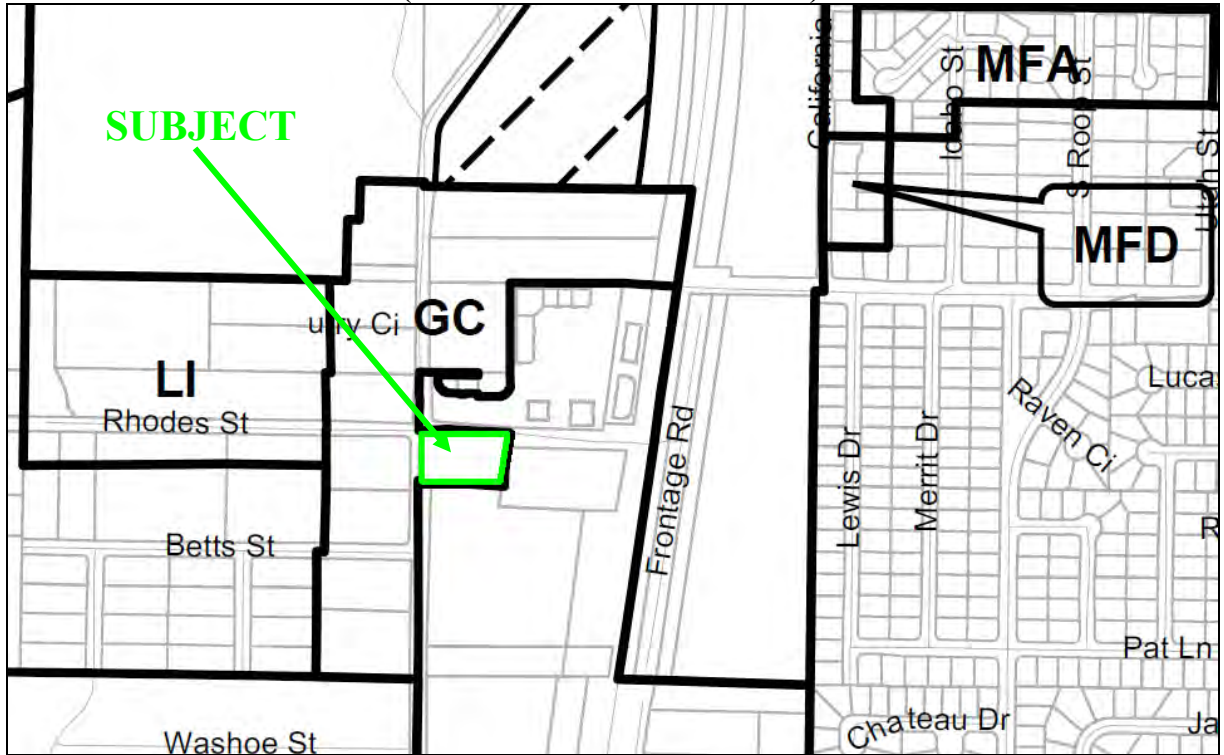
CARSON QUAIL PARK
INDUSTRIAL SUBDIV

APN	MAP
009-051-07	PARCEL 3 PARCER
009-051-11	PARCEL 1 PARCER
009-051-12	PARCEL 2 PARCER
009-051-15	PARCEL 5 PARCER
009-051-17	PARCEL 9 R/22215
009-051-20	PARCEL 13 R/22215
009-051-21	PARCEL 14 R/22215
009-051-22	PARCEL 12 R/22215
009-051-23	PARCEL 16 R/22215
009-051-24	PARCEL 1 R/22215
009-051-25	PARCEL 12 R/22215
009-051-26	REFINER 2 L.L. & J. SHERIDAN R/S 22215
009-051-27	PARCEL 10 R/22215 L.L. & J. SHERIDAN R/S 22215

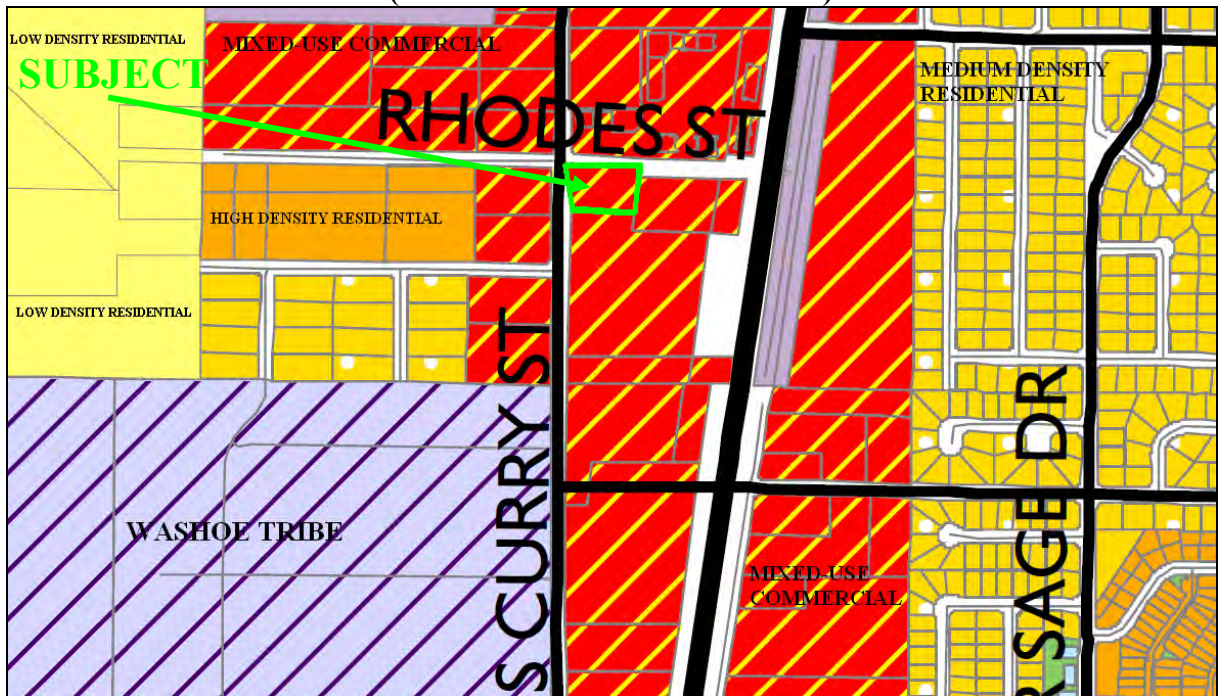


Revised Total Land Area: 36,413± Square Feet (.836± Acres)

**SUBJECT ZONING MAP
 (GENERAL COMMERCIAL)**



**SUBJECT LAND USE MAP
 (MIXED-USE COMMERCIAL)**



SUBJECT IDENTIFICATION AND SITE DESCRIPTION

Property Type	Light Industrial 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	009-051-19
Owner of Record	Carson City
Shape	Slightly irregular
Land Area	36,413± Square Feet (.836± Acres)

The land area for the subject's larger parcel has been provided by Manhard Consulting LTD and is assumed to be correct. It is noted that the land area as depicted on the Carson City Assessor's Parcel Map is .988± acres which differs from that calculated by the engineers at Manhard Consulting and is felt to be incorrect.

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 with center turn lanes. Both Streets are 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. According to the Carson City Municipal Code, there are no setback requirements other than corner sites do require a setback for sight

distance. For the purposes of this analysis it is assumed that the subject is either in conformance with the sight line set back requirement or it has been grandfathered in as a nonconforming use.

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 to support a wide variety of development.

Flood Zone

FEMA Map No.	3200010094E
Effective Date	January 16, 2009
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

All utilities are installed to the subject property.

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 which fronts on South Carson Street was recently improved with a new Toyota dealership. New and Honda Subaru dealership facilities have also been completed along South Carson Street in the vicinity of the subject.

Easements

We were not provided with a current Preliminary Title Report for the subject property. 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. Our physical inspection of the subject property revealed no overt signs of any easements which would impact its development potential.

Subject Sales History

The subject parcel was purchased by Carson City in 2009. The purchase price was reported at \$875,000 and the transaction involved cash. This sale was recorded on October 16, 2009 at Document Number 394615, in the Official Records, Carson City, Nevada. The subject property was purchased for the South Curry Street Improvement project. This project has now been completed.

Tax Data

Tax Year	2009-2010	2010-2011
Assessor's Parcel Number	009-051-19	009-051-19
Assessed Values		
Land	\$210,092	\$173,224
Improvements	\$47,706	\$44,568
Total Assessed Values	\$257,798	\$217,792
Exemptions	None	\$217,792
Taxable Value	\$736,566	\$622,263
Taxes	\$2,397.97	Exempt

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.

Not-for-profit organizations, quasi-governmental, and governmental organizations are exempt from real estate taxes.

Improvements

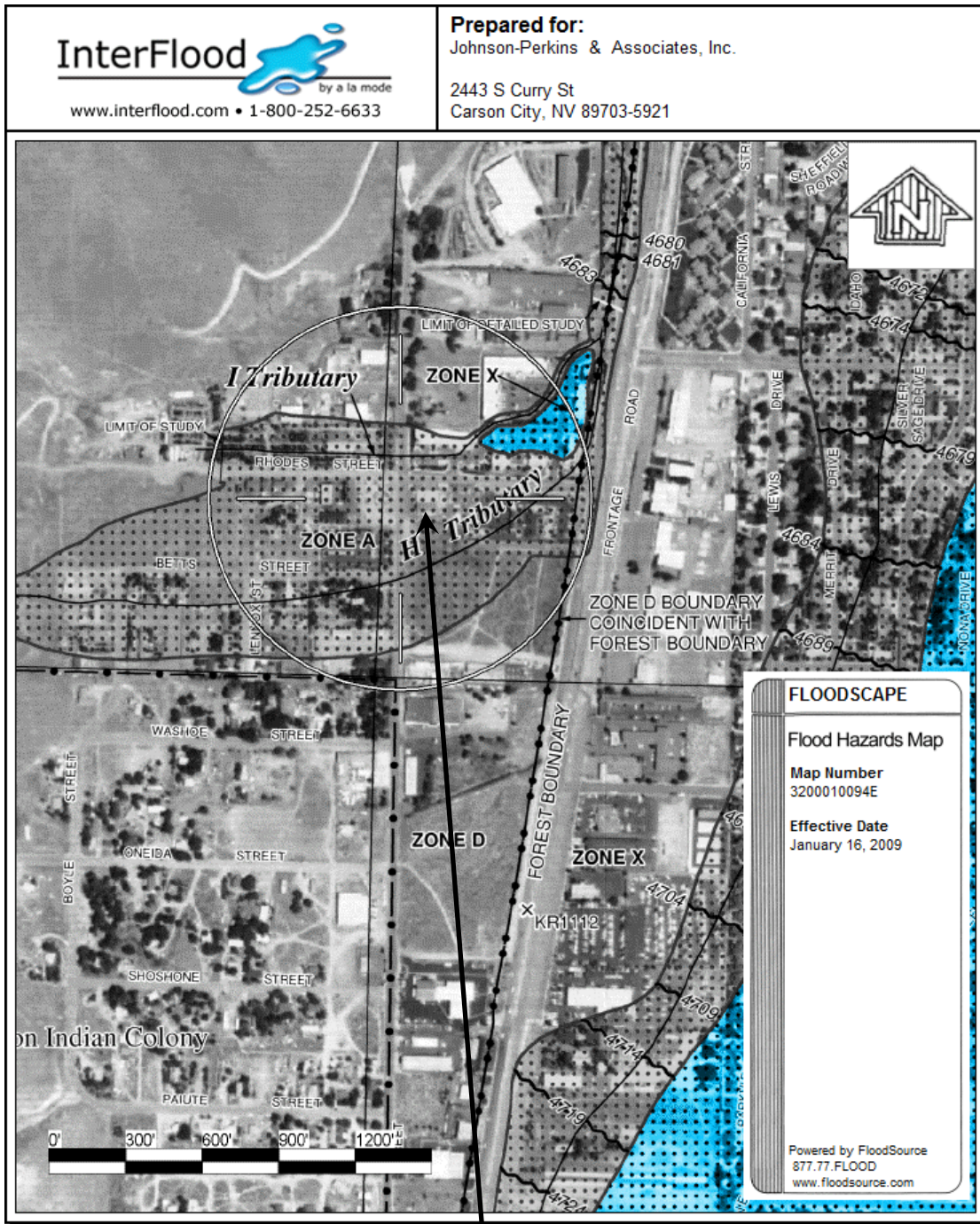
The subject's larger parcel is improved with a 7,200± square foot light industrial building. According to the Felesina family, the prior owners, the original structure was constructed in 1957 with an expansion added in 1982. Site improvements include asphalt paved parking, loading and storage yard areas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

Summary and Conclusion

In summary, the subject's larger parcel is slightly irregular and contains 36,413± square feet or .836± 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.

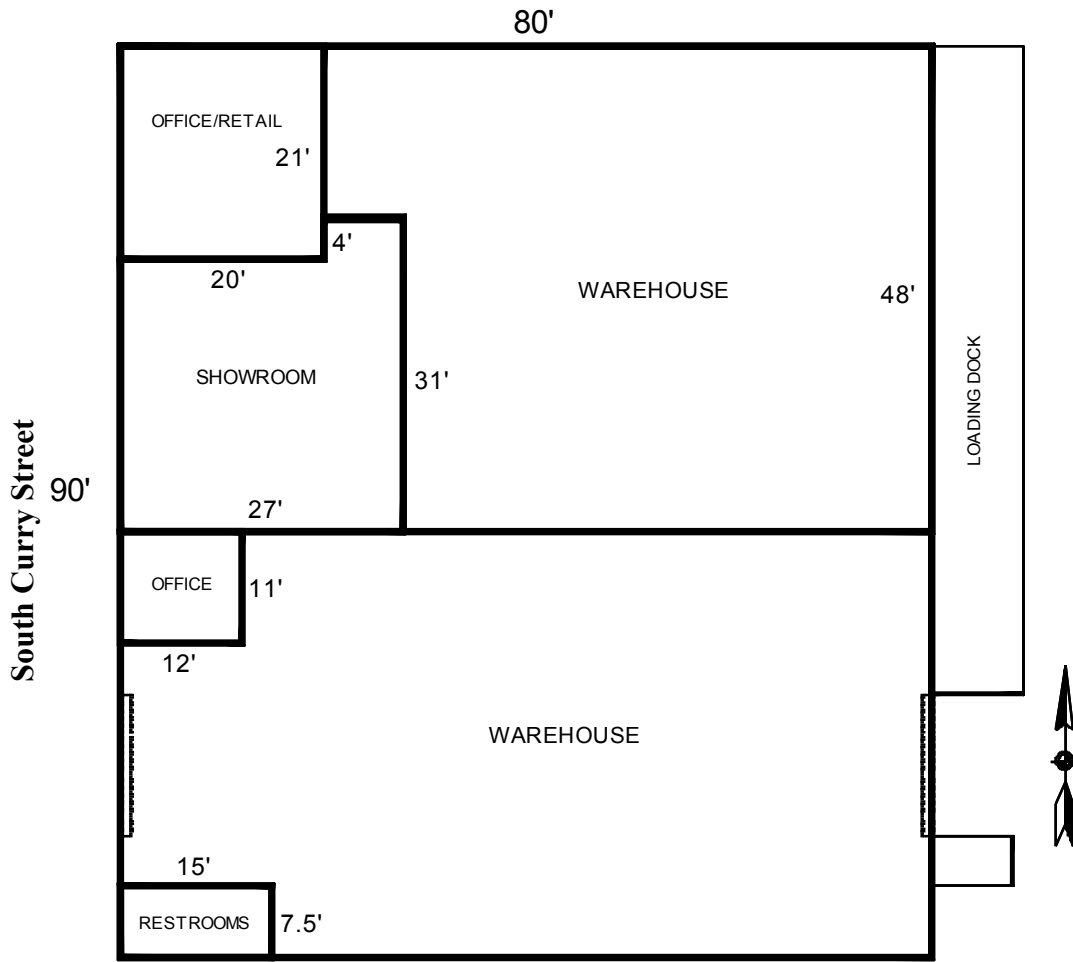
Reference is made to photographs and plot plan contained elsewhere in this appraisal report, which will enable the reader to more clearly visualize the subject property.

SUBJECT FLOOD MAP



© 1999-2009 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,831,326 and 6,878,815. Other patents pending. For Info: info@floodsource.com.

Subject Property
Federal Emergency Management Agency's Flood Insurance Rate Map
Community Panel Number 3200010094E
Effective Date: January 16, 2009



Gross Building Area: 7,200± Square Feet

Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY

BUILDING AREA BREAKDOWN

Code	Description	Net Size	Net Totals	Breakdown	Sub
GBA1	First Floor	7200.0		First Floor	
	First Floor	420.0		80.0 x 90.0	
	First Floor	3840.0		20.0 x 21.0	
	First Floor	788.0		48.0 x 80.0	
	First Floor	132.0		8.0 x 31.0	
	First Floor	120.0		8.0 x 15.0	

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE MAIN SHOWROOM AREA



VIEW OF THE MAIN SHOWROOM AREA

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE LARGE OFFICE/SHOWROOM AREA



VIEW OF THE SMALLER OFFICE AREA

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE SOUTH WAREHOUSE AREA



VIEW OF THE NORTH WAREHOUSE AREA

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE MEN'S RESTROOM



VIEW OF THE WOMEN'S RESTROOM

DESCRIPTION OF SUBJECT IMPROVEMENTS

Building Type	Light Industrial 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	5.06:1
Year Built	According to the Felesina family, the prior owners, 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 sloped roof is finished with composition asphalt shingles.
Average Ceiling Height	
South Warehouse	16± Feet
North Warehouse	10± Feet

Doors

The main entrance to the subject's retail showroom area is located along its west wall near the northwest corner of the structure. This door is glazed and is aluminum frame with an awning above. There is a metal pedestrian door along the east wall of the structure near its northeast corner which provides access to the subject's north warehouse area. The south warehouse area is equipped with two roll-up overhead metal doors.

Comments

The subject light industrial building contains 7,200± square feet of gross building area and is in average condition. The subject building is currently vacant and is owned by Carson City.

The layout of the subject building includes office space, retail showroom area, two restrooms, and two storage warehouse areas. The subject building contains approximately 1,422± square feet of finished space. The finished areas are generally located in the western portion of the building and contain fluorescent lighting and are finished with sheetrock walls and ceramic tile flooring. A gas fireplace is located in the southwest corner of the main showroom. The main entrance to the subject's retail showroom area is located along its west wall near the northwest corner of the structure.

The warehouse space contains approximately 5,778± square feet and is generally located within the eastern portion of the subject building. The subject's two warehouse areas are separated by a concrete block wall. An 8± foot wide opening provides access between the warehouse areas. The northern portion of the warehouse space contains a flat roof, while the southern portion has a gable roof. The north warehouse area ceiling is insulated. The warehouse space has concrete floors, suspended fluorescent lighting, and suspended gas fired space heaters. The interior walls in the warehouse are exposed concrete block.

The men's and women's restrooms are located in the far southeast corner of the subject building in the warehouse area. The men's restroom is finished with a handicap equipped water closet, pedestal sink with a wall mounted mirror above and a wall mounted wood cabinet. The women's restroom contains a formica wash basin within a wood base, a water closet and a shower stall. Both restrooms contain fluorescent lighting, ceramic tile flooring, sheetrock walls and sheetrock ceilings.

The subject building contains two metal roll-up doors which provide access into the warehouse area. The roll-up doors are located at the southeast and southwest corners of the building. The southeast door is at dock height and the southwest door is at grade.

Parking

As previously noted the subject property was purchased by Carson City as part of the South Curry Street Improvement project. Carson City required a total of 3,145± square feet of the subject's land area along its west boundary fronting South Curry Street and its north boundary fronting on Rhodes Street. With the installation of the street improvements the setback area between the new Right-of-Way (R/W) and the subject structure has decreased. The subject building is currently setback approximately 35 feet from the new South Curry Street Right-of-Way 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. Although there are asphalt paved areas along the north and west sides of the subject building, as a result of the decreased setback, there is limited space available for parking within these areas. As previously noted, the front entrance to the subject's showroom area is near the northwest corner of the building. Although there is sufficient land on site (to the east of the subject building), to provide additional parking, this is less convenient to the front entrance. It is noted that due to the South Curry Street improvements that street parking adjacent to the subject is limited.

On-site Improvements

On-site improvements include asphalt paving and a concrete loading dock located along the eastern side of the building. To better visualize the subject improvements, the reader is referred to the photographs and floor plan contained elsewhere in this report.

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 parcel, its location and physical characteristics must be considered. The subject parcel contains 36,413± square feet or .836± acres and is of sufficient size and shape to support a variety of utilizations. It is a corner site having frontage along both South Curry Street and Rhodes Street. As a result, the site has 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 wholesale and retail sales 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 Carson Quail Park which includes primarily retail-commercial and service-oriented commercial uses, a Wells Fargo Bank, the new Carson Toyota car dealership and single-family residential uses. The new Subaru and Honda dealerships are located a short distance south of the subject along South Carson Street. Given the surrounding development, we believe 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 future development with industrial-commercial or secondary commercial uses. Given the current soft market demand, it is our expectation that development would occur at such time as market demand would warrant.

The next step in this analysis is to consider the subject property as presently improved. The subject's larger parcel is improved with a light industrial 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. There are asphalt paved areas along the north and west sides of the subject building, however, as a result of the relatively narrow setback from the subject's street frontage along both Curry Street and Rhodes Street, there is limited space available for parking within these areas. As previously noted, the front entrance to the subject's showroom area is near the northwest corner of the building. Although there is sufficient land on site (to the east of the subject building), to provide additional parking, this is less convenient to the current front entrance.

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.

INTRODUCTION TO VALUATION ANALYSIS

In order to develop an estimate of the current Market Value of the subject property, 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. With consideration given to the older age of the subject improvements, the Cost Approach to Value has not been 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 involves the Direct Sales Comparison Approach to Value. The Direct Sales Comparison Approach is based upon the principal of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability. In this approach, the Direct Sales Comparison Approach will be completed utilizing a Price Per Square Foot Analysis.

In the final property value correlation and conclusion, the indications of value from the various approaches utilized are then correlated to arrive at the appraisers' final estimate of the Market Value of the subject's fee simple estate, as of a current date of valuation.

INCOME APPROACH TO VALUE

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.

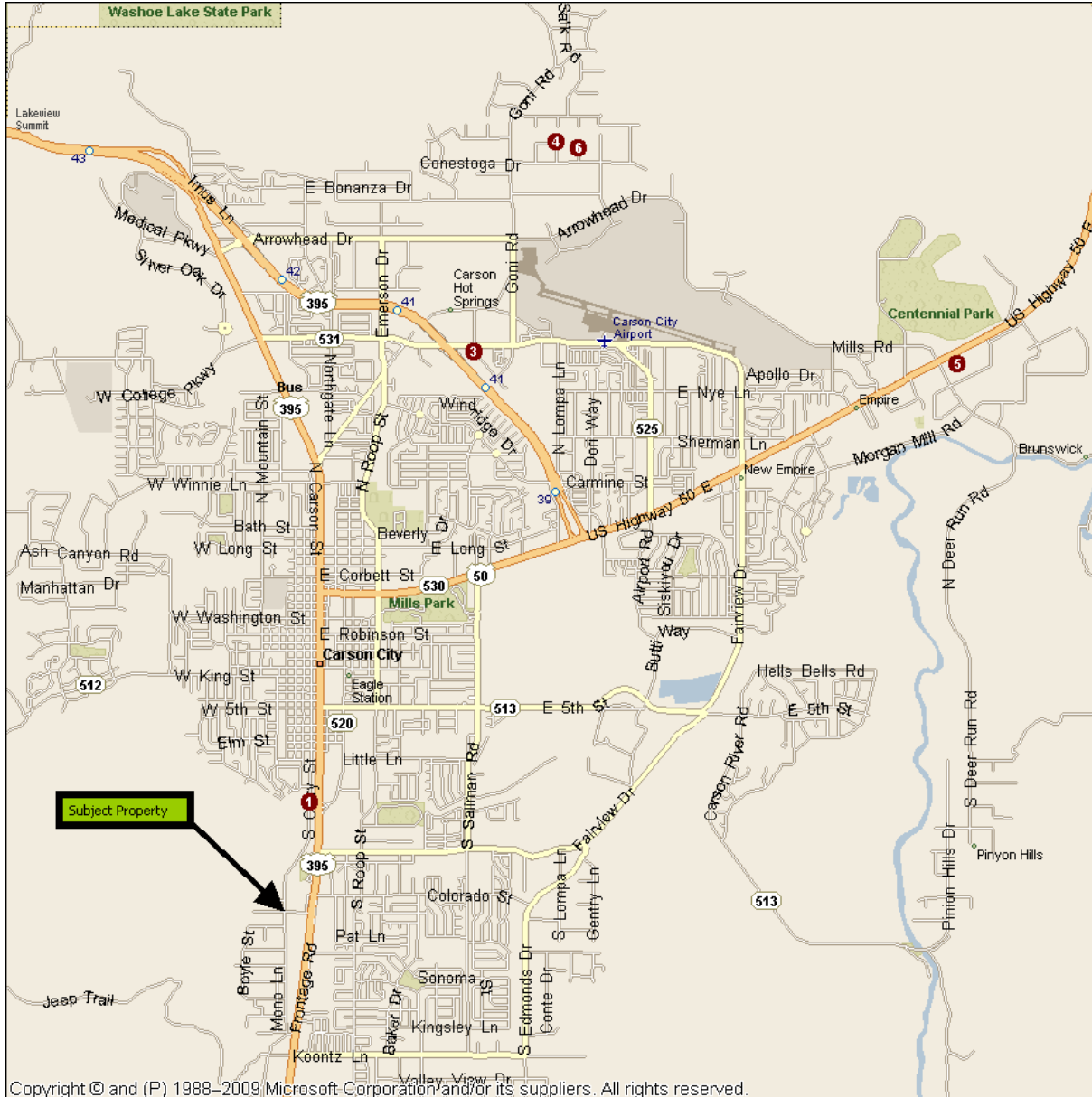
The net operating income which the subject property can reasonably be expected to produce is determined by subtracting the operating expenses from the effective gross income projection. An overall capitalization rate is then applied to the net income in order to arrive at an indication of the value for 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- Building Ratio	Expenses	Rent Per Square Foot
IR-1	003-064-12 Tile Outlet 1440 S. Curry Street	1997 Metal Average	6,600± SF 50% 4.49:1	Modified Gross	\$.53
IR-2	Confidential Southwest Carson City	1999 Metal Average	1,400± SF N/A 9.17:1*	Modified Gross	\$.50
IR-3	008-923-15 3267 Research Way	1995 Concrete Tilt-Up Average	6,000± SF N/A 1.68:1	NNN	\$.50
IR-4	008-816-78 & 89 Classic Dash 5225 Grumman Drive Suites 100 & 188	2005 Split Face Block Average	4,800± SF N/A 1.00:1 Plus Common Areas	NNN	\$.48
IR-5	008-523-04 Available 5831 Highway 50 East	1971 Metal Average	5,150± SF 19.42% 10.23:1	NNN	Asking \$.59
IR-6	008-816-74 Available 5130 Metric Way	2001 Concrete Tilt-Up Above Average	5,670± SF 25% 3.64:1*	NNN	Asking \$.50
Subject	009-051-19 Available 2443 S. Curry Street	1957/1982 Concrete Block Average	7,200± SF 19.75% 5.06:1	NNN	---

*Multi-tenant or multiple buildings

COMPARABLE INDUSTRIAL-COMMERCIAL RENTAL MAP



COMPARABLE RENTAL PHOTOGRAPHS



RENTAL IR-1
1440 S. Curry Street, Carson City

CONFIDENTIAL

RENTAL IR-2

COMPARABLE RENTAL PHOTOGRAPHS



RENTAL IR-3
3267 Research Way, Carson City



RENTAL IR-4
5225 Grumman Drive, Suites 100 & 188, Carson City

COMPARABLE RENTAL PHOTOGRAPHS



RENTAL IR-5
5835 Highway 50 East, Carson City



RENTAL IR-6
5130 Metric Way, Carson City

MARKET RENT ANALYSIS

To establish an indication of the market rental rate which the subject property could reasonably be expected to generate, a number of industrial-commercial building rentals in the Carson City area were surveyed. For the purposes of this analysis, the market rental projection for the subject property is based upon NNN lease terms.

The rents set out on the Comparable Industrial-Commercial Rental Chart indicate a narrow range from \$.48 to \$.53 per square foot per month. The asking rents range from \$.50 to \$.59 per square foot per square foot per month. The comparable rental units range in size from 1,400± square feet to 6,600± square feet, as compared to the subject at 7,200± square feet. The majority of the comparables are leased on triple net terms, while Rentals IR-1 and IR-2 are based on modified gross terms. The subject property is currently vacant.

Rentals IR-1 and IR-2 are located in the subject neighborhood. These comparables require downward adjustments due to their newer ages and modified gross lease terms. Rental IR-2 requires downward adjustments due to its smaller size and higher land-to-building ratio as compared to the subject. Rental IR-1 requires a downward adjustment due to this comparable's higher percentage of finished space. On the other hand, each of these comparables requires upward adjustments due to their inferior metal construction and due to the subject's corner situs. Rental IR-1 requires an additional upward adjustment due its lower land-to-building ratio. Rental IR-2 requires an additional upward adjustment as the subject is a freestanding building, which is considered more desirable. These comparables are similar to the subject in regards to location and condition. Overall, Rentals IR-1 and IR-2, at \$.50 and \$.53 per square foot per month, are considered to be reasonable indicators of an appropriate market rent for the subject.

Rental IR-3 is located at 3267 Research Way approximately ½ block southeast of College Parkway. This comparable requires downward adjustments due to its newer age, and slightly smaller building size. On the other hand, upward adjustments are required due to the subject's corner situs and much higher land-to-building ratio. This comparable is similar to

the subject in regards to location, type of construction, and condition. Overall, Rental IR-3, at \$.50 per square foot per month, is considered to be a reasonable indicator of an appropriate market rent for the subject.

Rentals IR-4 is a 4,800± square foot unit located in a multi-tenant industrial building located at 5225 Grumman Drive. This comparable is located at the Grumman Drive cul-de-sac in the Carson City airport submarket. This comparable requires downward adjustments due to its smaller size and much newer age. On the other hand, upward adjustments are necessary due to the subject's superior closer-in location and corner situs. Further upward adjustments are required due to the subject's much higher land-to-building ratio and as the subject is a freestanding building. Overall, Rental IR-4, at \$.48 per square foot per month, is considered to be a slightly low indicator of an appropriate market rent for the subject.

Rentals IR-5 is a freestanding, 5,150± square foot industrial warehouse building located at 5831 Highway 50 East which is currently available for lease. This comparable requires downward adjustments due to its superior frontage on Highway 50 East and much higher land-to-building ratio at 10.23:1. An additional downward adjustment is necessary due to this comparable's smaller building size. On the other hand, upward adjustments are necessary due to the subject's much superior closer-in location, corner situs and superior curb appeal. This comparable is similar to the subject in regards to age, condition, type of construction and percentage of finished space. Overall, Rental IR-5, at \$.59 per square foot per month, is considered to be a high indicator of an appropriate market rent for the subject.

Rentals IR-7 is a 5,670± square foot industrial warehouse unit which is currently available for lease located at 5130 Metric Way. This comparable is located on the west side of Metric Way, 310± feet north of Conestoga Drive in the Carson City airport submarket. This comparable requires downward adjustments due to its smaller size, much newer age and listing status. On the other hand, upward adjustments are necessary due to the subject's superior closer-in location and corner situs. Further upward adjustments are required due to the subject's higher land-to-building ratio and as the subject is a freestanding building.

Overall, Rental IR-6, at \$.50 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, type of construction, land-to-building ratio and other various factors, it is our opinion that the market rental rate applicable to the subject, as of November 22, 2010, is \$.50 per square foot per month based upon NNN terms.

POTENTIAL GROSS ANNUAL INCOME
(7,200± SF x \$.50 x 12 Months)

\$43,200

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. The allowance is usually estimated as a percentage of the potential gross income, which varies depending on the type and characteristics of the physical property, the quality of its tenants, the type and level of income streams, as well as national, regional and local economic conditions. In the case of the subject building, it is our expectation that the most likely occupant would be an owner-user with the ability to lease a portion of the building.

In order to estimate an appropriate vacancy and credit loss allowance for the subject, we have reviewed the Carson City Rental Vacancy Report as prepared by the Community Development Department of Carson City. The most recent survey available was as of April 2009. According to the report, the overall vacancy for industrial properties in Carson City, as of the survey date, was 21.50%. Additionally, the overall vacancy for retail properties in Carson City, was 19.76%. In recent interviews with brokers familiar with the industrial market in the Carson City area it was indicated that this market is still experiencing high vacancy rates with very limited demand.

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 purchaser would project a vacancy and credit loss allowance, for a typical holding period, of 10% for the subject.

POTENTIAL GROSS ANNUAL INCOME	\$43,200
LESS VACANCY AND CREDIT LOSS (10%)	<u>(\$4,320)</u>
EFFECTIVE GROSS ANNUAL INCOME	<u>\$38,880</u>

OPERATING EXPENSE ANALYSIS

The market rent projected for the subject assumes that the building would be leased on triple net terms with the tenant being responsible for all operating expenses. Even with triple net lease terms, however, the property owner will still incur some minor miscellaneous expenses including legal and accounting fees as well as for other miscellaneous expenses.

Although the lessee is responsible for a majority of the operating expenses, it is our opinion that a prudent investor in a property such as the subject would still deduct some allowance for miscellaneous expenses.

Miscellaneous Expenses

As it is not possible to anticipate all costs associated with the operation of the subject property, an allowance for miscellaneous operating expenses has been estimated in the amount of 5.0% of the effective gross annual income.

TOTAL EFFECTIVE GROSS INCOME	\$38,880
LESS OPERATING EXPENSES (5.0%)	<u>(\$1,944)</u>
NET OPERATING INCOME	<u>\$36,936</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 Sale IBS-3. Therefore, we have also considered the overall capitalization rates illustrated by the sales of a number of industrial property sales in the Carson City, Minden and Reno/Sparks areas. The overall capitalization rates indicated by the comparable properties are summarized as follows:

OVERALL CAPITALIZATION RATES

A.P.N. Location	Sale Date Sale Price	OAR
009-031-23 2310 S. Curry Street Carson City, NV	05-08-08 \$870,000	6.42%*
012-319-20 Raven Electronics/Potter's House 400 Edison Way Reno, NV	02-27-09 \$2,055,000	7.06%*
008-072-21 4770 Convair Drive Carson City, NV	02-26-10 \$325,000	7.58%*
1230-08-001-004 2379 Heybourne Road Minden, NV	04-22-10 \$5,300,000	8.58%
008-816-45 5200 Convair Drive Carson City, NV	Current Listing \$2,975,000	7.74%*

*Based on Estimated Income & Expenses

The comparable sales and listings illustrate a range of overall capitalization rates between 6.42% and 8.58%. It is noted that the most recent sale that has occurred in Carson City indicates an overall capitalization rate of 7.58%.

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. Consideration is also given to its corner situs, 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 7.50%.

Set forth following is a summary and indicated value of the subject property as of November 22, 2010, by the Income Approach to Value.

DIRECT CAPITALIZATION SUMMARY AND VALUE INDICATION

Potential Gross Annual Income (7,200± SF x \$.50 x 12 months)	\$43,200
Less Vacancy and Credit Loss (10%)	<u>(\$4,320)</u>
Effective Gross Annual Income	\$38,880
Less Operating Expenses (5%)	<u>(\$1,944)</u>
Net Operating Income	\$36,936
Overall Capitalization Rate	<u>7.50%</u>
	\$492,480
<u>INDICATED VALUE BY THE INCOME APPROACH (RD)</u>	<u>\$490,000</u>

SALES COMPARISON APPROACH TO VALUE

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-COMMERCIAL 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 Terms of Sale	Price/SF
IBS-1	008-292-21 2444 Empire Ranch Road Carson City	02-17-10 \$348,000 Current Listing \$398,000	1998 Metal Average	5,000± SF Nominal	.45± Ac 3.92:1	Carson Nugget Inc. C/O Steve Neighbors 397944 Cash to Seller	Sale Price \$69.60 Asking \$79.60 \$54.17
IBS-2	005-072-21 4770 Convair Drive Carson City	02-26-10 \$325,000	1992 Metal Average	6,000± SF 16.67%	.78± Ac 5.66:1	Arlen K. Bean 398225 Cash to Seller	\$54.17
IBS-3	034-430-05 1395 Spice Island Drive Sparks	05-07-10 \$625,000	1985 Wood Frame/Rock Accents Average	8,500± SF 22%	1.289± Ac 6.61:1	Nevada Energy Leasing, LLC 3879225/3907865 Cash to Seller	\$73.52
IBS-4	012-164-05 Travelers RV Repair Shop 1765 Lewis Street, Reno	06-24-10 \$400,000	1947 Concrete Block Fair to Average	5,892± SF Nominal	.865± Ac 6.39:1	Traveler's RV 3895180 Seller Financing	\$67.89
IBL-5	005-052-03 Available 3493 Arrowhead Drive Carson City	Current Listing 11-22-10 \$650,000	1991 Concrete Tilt-up Average	10,150± SF 11.51%	1.35± Ac 5.79:1	Owner of Record: Larry Evenson Family Trust N/A	Asking \$64.04
IBL-6	034-171-45 Available Newell Roofing 2085 Greg Street, Sparks	Current Listing 11-22-10 \$875,000	1989 Concrete Tilt-up Average	11,242± SF 25.44%	1.10± Ac 4.25:1	Owner of Record: R. & D. Newell N/A	Asking \$77.83
Subject	009-051-03 Former Tetras Building 2443 S. Curry St Carson City	Date of Valuation 11-22-10	1957/1982 Concrete Block Average	7,200± SF 19.75%	.836± Ac 5.06:1	Owner of Record: Carson City	---

COMPARABLE INDUSTRIAL-COMMERCIAL BUILDING SALES MAP



COMPARABLE BUILDING SALES PHOTOGRAPHS



SALE IBS-1
2444 Empire Ranch Road, Carson City



SALE IBS-2
4770 Convair Drive, Carson City

COMPARABLE BUILDING SALES PHOTOGRAPHS



SALE IBS-3
1395 Spice Island Drive, Reno



SALE IBS-4
1765 Lewis Street, Reno

COMPARABLE BUILDING SALES PHOTOGRAPHS



LISTING IBL-5
3493 Arrowhead Drive, Carson City



LISTING IBL-6
2085 E. Greg Street, Sparks

COMPARABLE BUILDING SALES DISCUSSION AND COMPARISON

The comparables presented on the preceding chart indicate sale prices ranging from \$54.17 per square foot to \$77.83 per square foot of gross building area. The comparable industrial building sales range in size from 5,000± square feet to 11,242± square feet, as compared to the subject's 7,200± square feet of gross building area. The sales occurred between February 2010 and June 2010. 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.

Sale IBS-1 is located at 2444 Empire Ranch Road in northeast Carson City, ½ block south of U.S. Highway 50 East. This property is situated on the southwest corner of Empire Ranch Road and Darla Way. This comparable is of metal construction and was built in 1998. This comparable contains 5,000± square feet of building area and was average condition at the time of sale. The improvements also include a 1,440± square foot modular home and an enclosed storage yard. Although the modular home may be used for an interim period, it is our expectation that an industrial user would in all likelihood remove this unit in order to better utilize the property's yard space. This property, excluding the modular unit, illustrates a land-to-building ratio of 3.92:1. It is noted that this property is currently available for sale at an asking price of \$398,000 or \$79.60 per square foot.

In comparison with the subject, this comparable requires a large upward adjustment due to the subject's superior closer in location. Upward adjustments are necessary due to the subject's superior type of construction and much higher percentage of finished space. Further upward adjustment is necessary due to the subject's higher land-to-building ratio. On the other hand, downward adjustments are required for this comparable's date of sale due to continuing soft market conditions. A downward adjustment is required due to this comparable's newer date of construction. A minor downward adjustment is necessary as the sale price included the modular home, which is considered to be an interim use. This

comparable is similar to the subject in regards to corner situs. Overall, Sale IBS-1, at \$69.60 per square foot, is considered to be a reasonable indication of an appropriate per unit value for the subject. As previously noted, this property is currently available for sale at \$79.60 per square foot. In light of the February purchase of this property and with consideration given to the fact that the real estate market is still very soft with declining values, this asking price is considered to be a high indicator for the subject as of a current date of valuation.

Sale IBS-2 is located at 4770 Convair Drive in the Airport sub-market area of Carson City. This property is situated at the southwest corner of Convair Drive and Boeing Way. This comparable is of metal construction and was built in 1992. This comparable was in average condition at the time of sale. The building contains 6,000± square feet of which 16.67% is finished space. This property illustrates a land-to-building ratio of 5.66:1. This comparable was listed at \$450,000 in November of 2009 and sold in February 2010 for \$325,000 indicating a decrease of 28% from the asking price.

In comparison with the subject, this comparable requires large upward adjustments due to the subject's superior location and superior type of construction. On the other hand, a minor downward adjustment is required due to this comparable's somewhat smaller size. A downward adjustment is necessary due to this comparable's newer date of construction. An additional downward adjustment is necessary due to the continuing soft market conditions. This comparable is similar to the subject in regards to corner situs, percentage of finished space and land-to-building ratio. Overall, Sale IBS-2, at \$54.17 per square foot, is considered to be a low indication of an appropriate per unit value for the subject.

Sale IBS-3 is located at 1395 Spice Island Drive in southeast Sparks. This property is situated on the east side of Spice Island Drive generally between the Truckee River and East Greg Street. Due to its proximity to the river this property is situated in an AE floodplain. According to the FEMA Flood Hazard Map for this parcel, it is also located entirely within a floodway. In general, properties located within a Floodway classification cannot be developed with any structures which would impede flood waters. This comparable building is

of wood frame construction with decorative rock accents and was built in 1985. This comparable was in average condition at the time of sale. The building contains 8,500± square feet has 22% finished space and illustrates a land-to-building ratio of 6.61:1.

In comparison with the subject, this comparable requires a large upward adjustment due to its presence in a floodway. Upward adjustments are necessary due to the subject's corner situs, somewhat smaller building size and superior type of construction. On the other hand, a downward adjustment is required due to the comparable's superior location within the southeast Sparks industrial submarket, one of the largest in the Reno-Sparks area. Downward adjustments are required due to continuing soft market conditions and due to this comparable's higher land-to-building ratio. This comparable is similar to the subject in regards to age, type of construction, percentage of finished space and condition. Overall, Sale IBS-3 at \$73.52 per square foot, is considered to be a slightly high to reasonable indication of an appropriate per unit value for the subject.

Sale IBS-4 is located at 1765 Lewis Street near Renown Medical Center in central Reno. This property is situated at the northeast corner of Lewis Street and Gould Street, ½ block west of Kietzke Lane. This comparable is of concrete block construction and was built in 1947. This comparable was in fair to average condition at the time of sale and contains 5,892± square feet. This property has nominal office finish and illustrates a land-to-building ratio of 6.39:1.

In comparison with the subject, this comparable requires large upward adjustments due to the subject's newer average age and superior condition. Additional upward adjustment is required due to the subject's much higher percentage of finished space. On the other hand, downward adjustment are required due to this comparable's superior location, and due to soft market conditions. Downward adjustment are required due to this comparable's smaller size and higher land-to-building ratio as compared to the subject. This comparable is similar to the subject in regards to type of construction and corner situs. Overall, Sale IBS-4, at \$67.89

per square foot, is considered to be a slightly low to reasonable indication of an appropriate per unit value for the subject.

Listing IBL-5 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 11.51% 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 is currently listed at \$650,000 or \$64.04 per square foot. This price was reduced from the original asking price from approximate one year ago at \$975,000 or \$96.06 per square foot indicating a decrease of 33% in the asking price.

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 much smaller size and higher percentage of finished space. On the other hand, downward adjustments are required due to this comparable's newer age, superior interior finish 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-5, at \$64.04 per square foot, is considered to be a low indication of an appropriate per unit value for the subject.

Listing IBL-6 is located at 2085 East Greg Street in southeast Sparks. This property is situated at the south terminus of Kleppe Lane between the Truckee River and East Greg Street. Due to its proximity to the river, this property is situated in an AE floodplain. According to the FEMA Flood Hazard Map for this parcel, the very south portion of the site is also located within a floodway. In general, properties located within a Floodway classification cannot be developed with any structures which would impede flood waters. This comparable building is of concrete tilt-up construction and was built in 1989. This

comparable was in average condition at the time of sale. The building contains 11,242± square feet has 25.44% finished space and illustrates a land-to-building ratio of 4.25:1.

In comparison with the subject, this comparable requires an upward adjustment due to its presence in a floodplain and partially within a floodway. Upward adjustments are necessary due to the subject's corner situs, smaller building size and higher land-to-building ratio. On the other hand, a downward adjustment is required due to the comparable's superior location within the southeast Sparks industrial submarket. Downward adjustments are required due to this comparable's newer average age, higher percentage of finished space and listing status. This comparable is similar to the subject in regards to type of construction, and condition. Overall, Listing IBL-6, at \$77.83 per square foot, is considered to be a high indication of an appropriate per unit value for the subject.

The subject parcel was purchased by Carson City from the Genevieve Felesina Family Trust by Carson City. The purchase price was reported at \$875,000 and the transaction involved cash. This sale was recorded on October 16, 2009 at Document Number 394615, in the Official Records, Carson City, Nevada. The purchase of the subject had been under negotiation for approximately one year. It is our understanding that the negotiations were based upon the appraisal of the subject property prepared by this firm with a date of valuation of October 2, 2008. The purpose of the appraisal was to estimate the Market Value and recommended Just Compensation due the owners of the subject property as a result of a partial Right-of-Way taking for the Curry Street Improvement project. The valuation of the whole subject property, as of that date, was \$820,000. The property owners negotiated the sale price for the entire property at \$875,000, which the city paid in order to avoid lengthy, expensive litigation. Overall, with consideration given to current soft market conditions as well as the influence of the Curry Street Improvement project, it is our opinion that the October 2009 sale of the subject property is well above current market levels.

In summary Sale IBS-2 and Listing IBL-5, at \$54.17 and \$64.04 per square foot, were considered to be low to very low indications of an appropriate per unit value for the subject.

Sale IBS-4, at \$67.89 per square foot, was considered to be a slightly low to reasonable indicator. Listing IBL-6, at \$77.83 per square foot, was considered to be a high indicator. The current listing of Sale IBS-1, at \$79.60 per square foot was considered to be a high indicator. The 2010 sales of Comparables IBS-1 and IBS-3 at \$69.60 and \$73.52 per square foot, were considered to reasonable indications of an appropriate per unit value for the subject.

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 of \$70.00 per square foot would be applicable to the subject. Applying the indicated per unit value to the subject's 7,200± square feet, results in an indicated value by the Per Square Foot Analysis, as of November 22, 2010, of \$504,000, which is rounded to \$505,000.

INDICATED VALUE BY SALES COMPARISON APPROACH

\$505,000

CORRELATION AND FINAL VALUE INDICATION

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. 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 two valuation methods. The values from each of the approaches are summarized as follows:

INCOME APPROACH	\$490,000
SALES COMPARISON APPROACH	\$505,000

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 a 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-commercial 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. It is our expectation that the most likely occupant of the subject would be an owner-user with the ability to lease a portion of the building.

In the final analysis, both approaches to value were 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 property, as of November 22, 2010, is \$500,000.

FINAL MARKET VALUE CONCLUSION

\$500,000

EXPOSURE AND MARKETING TIME

Exposure time is defined as the length of time that would have been necessary to expose the property on the open market, in order to have consummated the sale as of the effective date of valuation. This analysis assumes the property was marketed at the value conclusion contained in this report.

Marketing time, on the other hand, is the time necessary to consummate a sale of the subject property assuming that a marketing effort is begun as of the effective date of valuation and that the property is marketed at the final property value conclusion contained in this report.

In arriving at an estimate of the exposure time and marketing time applicable to the subject property, consideration is given to the demand for similar properties. In their *Third Quarter Industrial Market Research Survey* for the Reno-Sparks area, Colliers International reports that “although it appears that the Northern Nevada industrial market is showing signs of stabilizing in the third quarter, in our opinion, there still remains a great deal of risk and uncertainty in the market. There continues to be problematic financing of transactions and sales prices are likely to continue to set new lows for the next several quarters as any buyers in the market are seeking value oriented opportunities.” Of concern is the fact that financing is still very tight – the majority of completed sales transactions were cash deals and distressed properties, short sales and foreclosures – while still minimal in our market, may still keep downward pressure on sales prices for the foreseeable future.

The *Third Quarter 2009 Korpacz Real Estate Investor Survey* reports the average marketing time as indicated by respondents for the National Warehouse markets, which includes investment grade properties, at 9.08 months, an increase over the prior quarter at 8.15 months and the prior year at 5.75 months.

In arriving at an estimate of the exposure time and marketing time applicable to the subject property, consideration must be given to the current soft market conditions, difficulty

in obtaining financing and competition from distressed properties. Consideration is also given to the subject's secondary industrial-commercial location. On the other hand, consideration is given to the subject's average condition, average quality and overall desirability. Overall, it is our opinion that an appropriate exposure time and marketing time applicable to the subject property would be approximately one to two years.

EXPOSURE AND MARKETING TIME

ONE TO TWO YEARS

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.

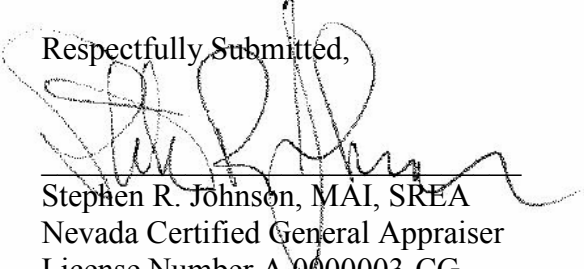
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The appraiser has appraised the subject property in the preceding three years.

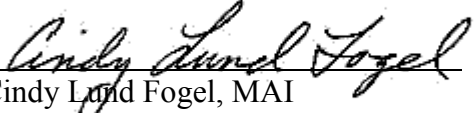
After careful consideration of all data available, and upon thorough personal investigation of the subject property and comparable properties analyzed, it is our opinion that the Market Values of the subject property, as of November 22, 2010, is as follows:

FINAL MARKET VALUE CONCLUSION
(Market Value as of November 22, 2010)

\$500,000

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

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

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT

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

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

CONFIDENTIALITY

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

INFORMATION SUPPLIED BY OTHERS

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

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

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

EXHIBITS AND PHYSICAL DESCRIPTIONS

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

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

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

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

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

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

TOXIC MATERIALS AND HAZARDS

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

adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

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

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

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

ARCHEOLOGICAL SIGNIFICANCE

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

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

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

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

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

AUXILIARY AND RELATED STUDIES

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

DOLLAR VALUES AND PURCHASING POWER

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

ROUNDING

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

QUANTITATIVE ANALYSIS

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

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

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

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

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value

estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.

ECONOMIC AND SOCIAL TRENDS

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

EXCLUSIONS

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

SUBSURFACE RIGHTS

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

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

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

MANAGEMENT OF PROPERTY

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

FEE

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

LEGAL EXPENSES

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

CHANGES AND MODIFICATIONS

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

DISSEMINATION OF MATERIAL

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

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

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Professional Designations

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

State Licensing and Certification

Certified General Appraiser-State of Nevada License # A.0000003-CG (Certified through 4/30/2011)	1991
Certified General Appraiser-State of California License # AG007038 (Certified through 6/18/2011)	1992

Association Memberships and Affiliations

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

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 -1	1980
Admissions Committee, Sierra-Nevada Chapter #60, AIREA	
Board of Directors, Sierra-Nevada Chapter #60, AIREA	1984-1986
Board of Directors, Reno-Carson-Tahoe Chapter	

Appraisal Experience

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

Qualified as an Expert Witness

Nevada District Courts:
Washoe County, Carson City, Douglas County,
and Elko County

U.S. Bankruptcy Courts:
Reno, Las Vegas, Sacramento, and Los Angeles

U.S. District Court, San Francisco, California

United States Tax Court

Arizona Superior Court, Maricopa County, Phoenix

Douglas County Board of Equalization

Washoe County Board of Equalization

Nevada State Board of Equalization

King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Formal Education

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

Appraisal Education

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

Numerous Continuing Education Seminars and Courses

Appraisal Instructor

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

**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 5/31/12) 1996

Offices Held

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

Occupational History

Johnson - Perkins & Associates 1994 - Present
 Real Estate Appraiser

Johnson - Wright & Associates 1992 - 1994
 Real Estate Appraiser

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

Admitted as Expert Witness

Washoe County Board of Equalization
 Nevada State Board of Equalization

Appraisal Education & Technical Training

Real Estate 103 and 202 1986
 Real Estate Financing 1986
 American Institute of Real Estate Appraisers 1991
 Course 1A-1 "Real Estate Appraisal Principles"
 Course 1A-2 "Basic Valuation Procedures"
 Course 1BA "Cap Theory & Tech, Part A" 1992
 Course 1BB "Cap Theory & Tech, Part B"
 Nevada Law (NRS 645C) 1993

**QUALIFICATIONS OF APPRAISER
 CINDY LUND FOGEL**

Appraisal Education & Technical Training (Continued)

Standards of Professional Practice Parts A & B	1993
Advanced Applications	1993
Report Writing and Valuation Analysis	1995
Case Studies in Law and Ethics	1998
Standards of Professional Practice, Part C	1998
Advanced Income Capitalization	1999
Standards of Professional Practice, Part C	2000 & 2002
7-Hour National USPAP Update Course	2004
7-Hour National USPAP Update Course	2006
Cost Approach to Commercial Appraising	2006
Uniform Appraisal Standards/Federal Land Acquisitions	2007
7-Hour National USPAP Update Course	2007
7-Hour National USPAP Update Course	2008
Business Practices and Ethics	2008
Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)	2009
7-Hour National USPAP Update Course	2010
Business Practices and Ethics	2010
Corridor Valuation & Yellow Book Issues and Divided Partial Interests	2010

Appraisal Seminars

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

Formal Education

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

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

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

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

Karen K. Sanders
Gregory D. Ruzzine
Chad Gerken

January 9, 2013

Ms. Kim Belt
Purchasing & Contracts Manager
Carson City Department of Finance
201 North Carson Street, Suite 3
Carson City, Nevada 89701

Mr. Patrick Pittenger, AICP, PTP
Transportation Manager
Carson City Public Works Department
3505 Butti Way
Carson City, Nevada 89701

Re: Updated Appraisal of 2443 South Curry Street, Carson City, Nevada
A.P.N. 009-051-19

Dear Ms. Belt and Mr. Pittenger:

This is in response to your request for an updated appraisal regarding the property located at 2443 South Curry Street, Carson City, Nevada. The subject property is further described as Carson City Assessor's Parcel Number 009-051-19. The subject property is improved with a 7,200± square foot industrial-commercial building. The property is currently owned by Carson City.

On December 13, 2010, we prepared a summary appraisal of the Market Value of the subject property's fee simple estate as of November 22, 2010. This updated appraisal involves an effective date of valuation of January 3, 2013 and is an addendum to our original report. This supplemental letter is intended to be used in conjunction with the initial appraisal, as a result, much of the descriptive information and valuation analysis set forth in the original report will not be repeated in this updated analysis.

The intended use of this letter is to estimate the Market Value of the subject property's fee simple estate, as of the current date of value. The intended users of the appraisal report include Carson City and their designated representatives. The updated appraisal will be utilized to assist the client in establishing a value for possible sale of the property. Any other use of this appraisal report requires the written authorization of these appraisers.

This is an updated appraisal report that is intended to comply with the Advisory Opinion 3 (AO-3) of the *Uniform Standards of Professional Appraisal Practice*. In an updated appraisal analysis, the appraiser addresses any changes in market conditions and the status of the subject since the effective date of the original appraisal, and analyzes the effect of these changes in arriving at a current value opinion for the subject property.

This updated appraisal report has been prepared in accordance with the Assumptions and Limiting Conditions as set forth in the original appraisal report.

The subject property is located in the southwest portion of Carson City. The subject is situated approximately one block west of South Carson Street which is a major commercial corridor. Commercial development along South Carson Street includes a number of freestanding commercial uses as well as neighborhood shopping centers. Further north along South Carson Street there are several automotive dealers. Within the past three years, a new Toyota, a new Subaru and new Honda dealership facilities have been constructed along South Carson Street south of Rhodes Street. In addition, the GMC dealership facility has undergone a major remodel. It is noted that the new development along South Carson Street has made this area more desirable and is attracting more retailers including some who have relocated from the north end of Carson Street. These include the Subaru and Honda dealerships noted above, as well as Big Five Sporting Goods. Burlington Coat Factory, Big Lots and Kohl's are in the same shopping center as Big 5 and are new to south Carson City. An Olive Garden restaurant was completed in the early part of 2012 along South Carson Street in the same

center as the Burlington Coat Factory. An Auto Zone Store and a new Discount Tire store were recently constructed along South Carson Street.

Overall, the development is varied consisting of additional automotive dealerships including Hyundai, Ford, GMC/Chevrolet, and the Dodge and Jeep dealerships, various service oriented commercial and retail uses and public facilities.

The subject site was inspected on January 3, 2013. Based upon our physical inspection of the subject property, it appears to be physically unchanged from our original date of valuation. A current review of the zoning, master plan and flood zone for the subject indicates that the status of the property in regards to these factors is also unchanged as our original date of valuation of November 22, 2010. It is noted that the subject property was unoccupied as of our original date of valuation and continues to sit idle.

As discussed in our original appraisal report, the land area for the subject parcel, at 36,413± Square Feet (.836± Acres), has been provided by Manhard Consulting LTD and is assumed to be correct. It is noted that the land area as depicted on the Carson City Assessor's Parcel Map is .988± acres which differs from that calculated by the engineers at Manhard Consulting and is felt to be incorrect.

Set out following is a summary of salient facts for the subject as of a current date of valuation of January 3, 2013.

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Type	Light Industrial 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	009-051-19
Owner of Record	Carson City
Zoning	GC (General Commercial)
Master Plan	MUC (Mixed Use Commercial)
Land Area	36,413± Square Feet (.836± Acres)
Flood Zone	"A"
FEMA Map Number	3200010094E
Effective Date	January 16, 2009
Improvements:	
Building Type	Light Industrial Building
Year Built	1957/1982
Construction	Concrete Block
Gross Building Area	7,200± Square Feet
Condition	Average
Estimated Finished Area	1,422± Square Feet (19.75% of the GBA)
Land-to-Building Ratio	5.06:1
Highest and Best Use	Continued use of the subject improvements for secondary commercial or industrial-commercial utilizations
Type of Report	Updated Appraisal Report
Completion Date of Report	January 9, 2013
Effective Date of Valuation	January 3, 2013

UPDATED VALUATION ANALYSIS

In our original appraisal, we utilized the Income and Sales Comparison Approaches to Value to establish the Market Value of the subject property. The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. The Sales Comparison Approach is based upon the principal of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

In the final property value correlation and conclusion, the indications of value from the various approaches utilized are then correlated to arrive at the appraisers' final estimate of the Market Value of the subject's fee simple estate, as of a current date of valuation.

UPDATED INCOME APPROACH TO VALUE DIRECT CAPITALIZATION ANALYSIS

The first step in the Income Approach to Value 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.

To establish an indication of the market rental rate which the subject property would reasonably be expected to generate, a number of industrial-commercial building rentals in the Carson City area were surveyed. For the purposes of this updated analysis, the market rental projection for the subject property is based upon NNN lease terms.

COMPARABLE INDUSTRIAL-COMMERCIAL BUILDING RENTAL CHART

Rental Number	A.P.N. Tenant Address	Year Built Construction Condition	Building Area Leased Percent Office Land-to-Building Ratio	Expenses	Rent Per Square Foot
BR-1	016-164-28 TDS Company 27 Bruce Way, Moundhouse, Lyon County	1998 Metal Average	9,000± SF 7% 5.86:1	Modified Gross	\$.35
BR-2	016-424-05 Electronics Assembly Facility 19 PPF Way, Moundhouse, Lyon County	1998 Metal Average	8,760± SF 23% 3.29:1	Modified Gross	\$.35
BR-3	003-064-12 Tile Outlet 1440 S. Curry Street, Carson City	1997 Metal Average	6,600± SF 50% 4.49:1	Modified Gross	\$.53
BR-4	004-053-03 Sierra La Bone Pet Supplies 880 S. Stewart Street, Carson City	1983 Masonry Fair to Average	3,480± SF 100% 3.88:1	Modified Gross	\$.57
BR-5	008-816-09 Multi-Tenant Industrial 5055 Metric Way, Carson City	1990 Concrete Tilt-up Average	4,307± SF Small Office/Reception Area 2.91:1*	NNN	Asking \$.40
BR-6	008-814-04 Multi-Tenant Industrial 3000 Conestoga Drive, Carson City	1982 Concrete Tilt-up Average	6,700± SF 45% 4.27:1*	Modified Gross Tenant Pays Electric, Gas	Asking \$.40
BR-7	003-063-05 Free Standing Shop Building 1356 S. Carson Street, Carson City	1974 Concrete Block Average	7,534± SF 30% 2.71:1	NNN	Asking \$.50
Subject	009-051-19 Free Standing Showroom/Warehouse Building 2443 S. Curry Street, Carson City	1957/1982 Concrete Block Average	7,200± SF 19.75% 5.06:1	NNN	---

*Multi-Tenant or Multi-Building Project

COMPARABLE RENTAL PHOTOGRAPHS



RENTAL BR-1
27 BRUCE WAY, MOUNDHOUSE



RENTAL BR-2
19 PFF WAY, MOUNDHOUSE

COMPARABLE RENTAL PHOTOGRAPHS



**RENTAL BR-3
1440 S. CURRY STREET, CARSON CITY**



**RENTAL BR-4
880 S. STEWART STREET, CARSON CITY**

COMPARABLE RENTAL PHOTOGRAPHS



RENTAL BR-5
5055 METRIC WAY, CARSON CITY



RENTAL BR-6
3000 CONESTOGA DRIVE, CARSON CITY

COMPARABLE RENTAL PHOTOGRAPHS



RENTAL BR-7
1356 S. CARSON STREET, CARSON CITY

Market Rent Analysis

The rents set out on the preceding chart range from \$0.35 per square foot per month to \$0.57 per square foot per month. The comparable building rentals range in size from 3,480± to 9,000± square feet, as compared to the subject at 7,200± square feet. As previously noted, the market rent estimated for the subject property will be projected based upon NNN terms.

In comparison to the subject Rentals BR-1 and BR-2, at \$.35 per square foot per month, are considered to be low indicators of an appropriate market rent for the subject primarily due to their remote locations in the Moundhouse area and inferior type of construction.

Rentals IR-2 and IR-7 are located in the immediate subject neighborhood. Rental IR-3, at \$.53 per square foot per month is considered a high indicator primarily due to its higher percentage of finished space and modified gross lease terms. Rental BR-7, at \$.50 per square foot per month is considered a high indicator primarily due to its South Carson Street frontage and as this comparable is an asking rent. It is noted that, at the time of our inspection, a new tenant was moving into this space. Although we have made inquiries into the actual rent achieved, no information has been forthcoming from the listing broker/owner.

Rental IR-4 is the Sierra la Bone Pet Supplies located at 880 South Stewart Street. This comparable, at \$.57 per square foot per month, is considered a high indicator of an appropriate rental rate for the subject due to its modified gross lease terms, much smaller size and as it includes 100% finished space.

Rentals IR-5 and IR-6 are both located in multi-tenant buildings in the Carson City Airport industrial submarket area. The asking rent for each of these comparables is \$.40 per square foot per month. Each of these comparables is considered to be a low indicator for the subject primarily due to the subject's superior location in South Carson City less than one

block west of South Carson Street. The subject is also considered superior as it is a freestanding building with a large yard area.

With consideration given to the analysis set out above, it is our opinion that the market rental rate applicable to the subject is \$.45 per square foot per month on triple net terms.

Vacancy and Credit Loss Analysis

The potential gross annual rental income estimate is 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 for the subject, we have reviewed the *2011 Carson City State of the Market* study as presented by Coldwell Banker Commercial Premier Brokers. As of the 2nd Quarter (most recent available) the industrial submarket vacancy was report at 11.4%. It was further reported that the amount of vacant industrial space has declined sharply in recent months. In order to ascertain an appropriate vacancy and credit loss allowance for the subject we have also conducted interviews with commercial brokers familiar with the Carson City industrial market. It was the generally consensus that the average vacancy has continued to decline and that the current average vacancy is in the range of 10%. Based upon an analysis of the available data, an allowance for vacancy and credit loss for the subject, for a typical holding period, has been projected at 10% of the potential gross annual income.

Operating Expense Analysis

The projected market rent for the subject assumes triple net lease terms, in which the tenant of the property would be responsible for operating expenses. Although the tenant would be responsible for a majority of the operating expenses associated with the property, a prudent investor in a property such as the subject would still deduct some allowance for

miscellaneous expenses, which would include a reserve for major structural repairs, ownership professional expenses, and miscellaneous expenses and administrative fees. Within the market, a typical expense projection associated with triple net properties is 5% of effective gross annual income. Therefore, we have estimated an allowance for miscellaneous operating expenses in the amount of 5.00% of the effective gross annual income.

Overall Capitalization Rate Analysis

The next step in the Income Approach is to establish an estimate of an appropriate overall capitalization rate for the subject property. Capitalization is the process in the Income Approach that translates an income projection into an indication of value. The connecting link is a rate that reflects the return necessary to attract investment capital.

To establish an indication of an appropriate overall capitalization rate applicable to the subject properties, an analysis of comparable building sales was conducted.

OVERALL CAPITALIZATION RATES

A.P.N. Location	Sale Date Sale Price	OAR
008-072-21 4770 Convair Drive, Carson City	02/26/2010 \$325,000	7.58%*
008-125-05 & 06 3650-3656 Research Way Multi-tenant Industrial-Commercial, Carson City	10/21/2011 \$710,000	9.00%
034-112-13 John Deere 955 Greg Street, Sparks, Washoe County	04/25/2012 \$850,000	8.78%
034-262-12 East Sparks Industrial Submarket Capurro Trucking, Manufacturing Building, 955 Deming Way, Sparks, Washoe County	07/11/2012 \$1,600,000	7.87%*
016-181-29 42 Carry Way, Moundhouse, Lyon County	11/11/2012 \$460,757	6.00%**
008-816-38 Industrial Building 5070 Sigstrom Drive, Carson City	Current Listing 01/03/2013 \$1,425,000	7.43%*
008-816-36 Industrial Building 5200 Sigstrom Drive, Carson City	Current Listing 01/03/2013 \$1,400,000	7.74%*

*Based on Estimated Income (Asking Rent) & Expenses

**Per Broker's Proforma

In arriving at an estimate of the appropriate overall capitalization rate applicable to the subject property, consideration is given to its average quality of construction, its average condition, older age and overall desirability. Although the subject has a secondary commercial location, it does offer a corner location and is less than one block west of South Carson Street.

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 8.00%.

Set forth following is a summary and indicated value of the subject property by the Direct Capitalization Approach to Value, as of a current date of valuation.

**UPDATED INCOME APPROACH
DIRECT CAPITALIZATION SUMMARY AND VALUE INDICATION**

Potential Gross Annual Income (7,200± SF x \$.45 x 12 months)	\$38,880
Less Vacancy and Credit Loss (10%)	(\$3,888)
Effective Gross Annual Income	\$34,992
Less Operating Expenses (5%)	(\$1,750)
Net Operating Income	\$33,242
Overall Capitalization Rate	<u>8.00%</u>
	\$415,530
<u>INDICATED VALUE BY THE INCOME APPROACH (RD)</u> (As of January 3, 2013)	<u>\$415,000</u>

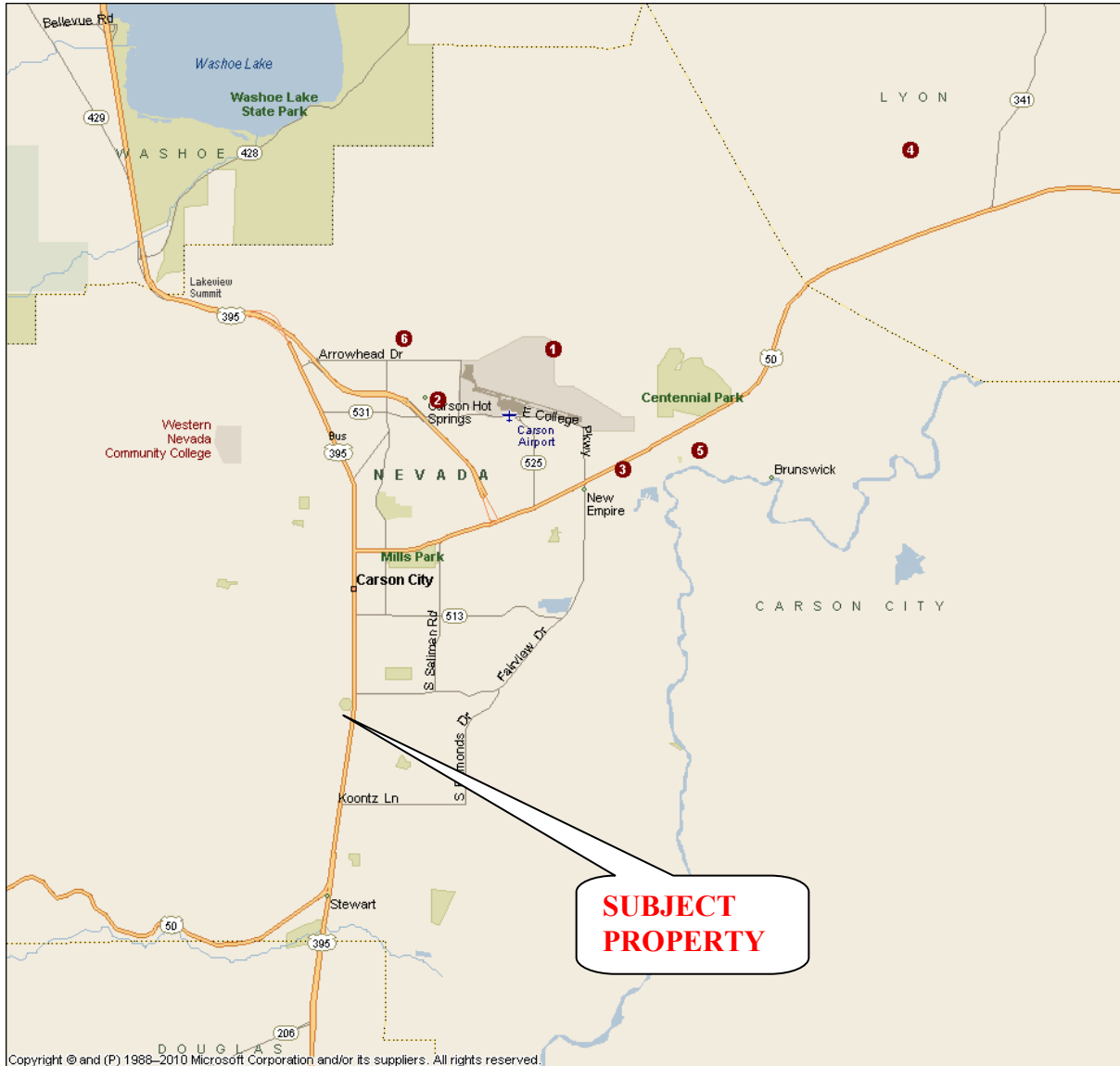
**UPDATED SALES COMPARISON APPROACH TO VALUE
(As of January 3, 2012)**

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. A search of current industrial-commercial building listings within the Carson City area was also conducted. All sales and listings found were investigated, analyzed and compared to the subject property. 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-COMMERCIAL BUILDING SALES CHART

Sale No.	A.P.N. Location	Sale Date Sale Price	Age Construction Condition	G.B.A. % Finished Ceiling Height	Land Area Land-to- Building Ratio	Price/SF
IBS-1	005-052-03 SEA Group 3493 Arrowhead Drive, Carson City	12/30/2010 \$575,000	1991 Concrete Tilt-up Average	10,150± SF 11.51% 16'	1.35± Ac 5.79:1	\$56.65
IBS-2	008-125-05 & 06 Multi-Tenant Industrial/ Commercial Center 3650 & 3656 Research Way, Carson City	10/21/2011 \$710,000	1988 Concrete Block Average	17,156± SF 26.23% 16'	.96± Ac 2.44:1	\$41.38
IBS-3	008-292-21 2444 Empire Ranch Road, Carson City	08/27/2012 \$291,200	1998 Metal Average	5,000± SF Nominal 19'	.45± Ac 3.92:1	\$58.24
IBS-4	016-181-29 42 Carry Way, Moundhouse, Lyon County	11/11/2012 \$460,757	2004 Metal Average	10,000± SF Nominal 12'	.98± Ac 4.27:1	\$46.08
IBL-5	008-541-63 5576 Bighorn Drive, Carson City	Current Listing 01/03/2013 \$495,000	2001 Masonry Average	8,967± SF 60% 16'	.70± Ac 3.40:1	Asking \$55.20
IBL-6	008-683-06 1701 S. Sutro Terrace, Carson City	Current Listing 01/03/2013 \$599,000	2001 Concrete Block Average	9,536± SF 57% 10'	.75± Ac 3.43:1	Asking \$62.81
Subject	009-051-03 Former Tetrus Building 2443 S. Curry Street, Carson City	Date of Valuation 01/03/2013	1957/1982 Concrete Block Average	7,200± SF 19.75% 10' – 16'	.836± Ac 5.06:1	---

COMPARABLE INDUSTRIAL-COMMERCIAL BUILDING SALES MAP



COMPARABLE BUILDING PHOTOGRAPH AND DISCUSSION



SALE IBS-1
3493 ARROWHEAD DRIVE, CARSON CITY



SALE IBS-2
3650 & 3656 RESEARCH WAY, CARSON CITY

COMPARABLE BUILDING PHOTOGRAPH AND DISCUSSION



**SALE IBS-3
2444 EMPIRE RANCH ROAD, CARSON CITY**



**SALE IBS-4
42 CARRY WAY, MOUNDHOUSE, LYON COUNTY**

COMPARABLE BUILDING PHOTOGRAPH AND DISCUSSION



LISTING IBL-5
5576 BIGHORN DRIVE, CARSON CITY



LISTING IBL-6
1701 S. SUTRO TERRACE, CARSON CITY

**UPDATED SALES COMPARISON APPROACH TO VALUE
(As of January 3, 2012)**

The comparables presented on the preceding chart indicate sale prices ranging from \$41.38 per square foot to \$62.81 per square foot of gross building area. The comparable building sales range in size from 5,000± square feet to 17,156± square feet, as compared to the subject's 7,200± square feet of gross building area. The sales occurred between December 2010 and November 2012. The listings are current as of the date of valuation.

In arriving at an indication of the per square foot value applicable to the subject property, consideration is given to its physical characteristics including its closer-in location on South Curry Street, approximately one block west of the Carson Street commercial corridor. Consideration is also given to its corner situs, average quality, older age and condition and overall desirability.

The lowest sale price is illustrated by Sale IBS-2, at \$41.38 per square foot. This comparable is located at 3650 and 3656 Research Way in the Carson City Airport industrial submarket. This comparable is considered a very low indicator of an appropriate per unit value for the subject primarily due its inferior location, much larger building size and much lower land-to-building ratio as compared to the subject.

The next lowest price is illustrated by Sale IBS-4, at \$46.08 per square foot. This comparable is located at 42 Carry Way in the Moundhouse industrial submarket in Lyon County. This comparable requires a large upward adjustment due to its remote location in Moundhouse as compared to the subject's superior closer-in location. This comparable is considered a very low indicator of an appropriate per unit value for the subject primarily due its inferior location, larger building size, smaller percentage of finished space and lower land-to-building ratio as compared to the subject.

The highest price per unit is illustrated by Listing IBL-6, at \$62.81 per square foot. This comparable is located at 1701 South Sutro Terrace in the Carson City Airport industrial submarket. This comparable is considered a high indicator of an appropriate per unit value for the subject primarily due to its newer age, much higher percentage of finished space and listing status. It is noted that this comparable is inferior to the subject in regards to location, average ceiling height and land-to-building ratio.

The remainder of the comparables, Sales IBS-1, IBS-3 and Listing IBL-5 indicate a narrow range in sale or listing prices of \$55.20 to \$58.24 per square foot. Each of these comparables is inferior to the subject in regards to location. Sales IBS-1 and IBS-3 are inferior to the subject due to their lower percentage of finished space. Sale IBS-3 is also considered inferior in regards to type of construction. Sale IBS-3 and Listing IBL-5 require upward adjustment due to the subject's higher land-to-building ratio. On the other hand, each of these comparables is superior to the subject due to their newer dates of construction. Sale IBS-1 is smaller than the subject and has a higher average ceiling height. Listing IBL-5 has a much higher percentage of finished space which is superior to the subject.

Overall, Sales IBS-1, IBS-3 and Listing IBL-5, at \$55.20 to \$58.24 per square foot, are considered to bracket an appropriate per unit value for the subject.

The analysis set out above indicates that an appropriate per square foot value for the subject property would fall in the range of \$55 and \$60 per square foot. Applying the indicated value range to the subject's 7,200± square feet indicates a value range of \$396,000 and \$432,000, which is correlated to \$415,000.

INDICATED VALUE SALES COMPARISON APPROACH
(As Of January 3, 2013)

\$415,000

FINAL PROPERTY VALUE CORRELATION AND CONCLUSION

In the preceding section of this appraisal report, we have utilized a Direct Capitalization Approach and a Sales Comparison Approach to estimate the market value of the subject property as of a current date of valuation. The following summarizes the indicated fee simple value conclusions by the each of the approaches to value.

SUMMARY OF VALUE INDICATIONS

Income Approach	
Direct Capitalization Analysis	\$415,000
Sales Comparison Approach	
Price Per Square Foot Analysis	\$415,000

Generally, the Income Approach Analysis is considered to be one of the most reliable indications of value, since it directly reflects the income producing capabilities of a property, as well as the expenses associated with generating that income. In this instance, the Income Approach to Value was considered to be well supported and to have resulted in a reasonable indication of the Market Value of the subject property.

We have also utilized the Sales Comparison Approach to Value. In the Sales Comparison Approach to Value, the sales of several comparable buildings were compared with the subject property using a Price Per Square Foot of Building Area Analysis. This analysis is felt to have been well documented and to have resulted in a reasonable indication of the Market Value of the subject.

In the final analysis, equal weight has been given to both the Income and the Sales Comparison Approaches to Value. The real property, which is the subject of this update letter, was valued, as of January 3, 2013, as follows:

<u>UPDATED MARKET VALUE CONCLUSION</u>	<u>\$415,000</u>
(As of January 3, 2013)	

APPRAISERS' CERTIFICATION

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

- Stephen R. Johnson and Cindy Lund Fogel have made a personal inspection of the property that is the subject of this report.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have preformed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- No one provided significant real property appraisal assistance to the person signing this certificate.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.

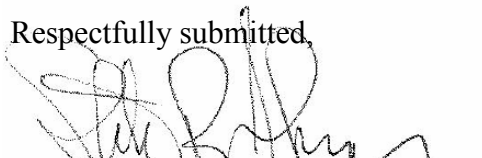
- The appraiser's state registration/certification has not been revoked, suspended, canceled or restricted.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Stephen R. Johnson and Cindy Lund Fogel have completed 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.
- This is an update appraisal report that is intended to comply with the Advisory Opinion 3 (AO-3) of the Uniform Standards of Professional Appraisal Practice. It is intended that this update appraisal report be utilized in conjunction with the original summary appraisal report of the subject property, which was prepared by this appraisal firm on December 13, 2010, with an effective date of November 22, 2010.

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's fee simple estate, as of January 3, 2013, is set out as follows:

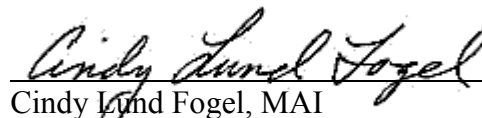
FINAL MARKET VALUE CONCLUSION
(Fee Simple Market Value As Of January 3, 2013)

\$415,000

Respectfully submitted,

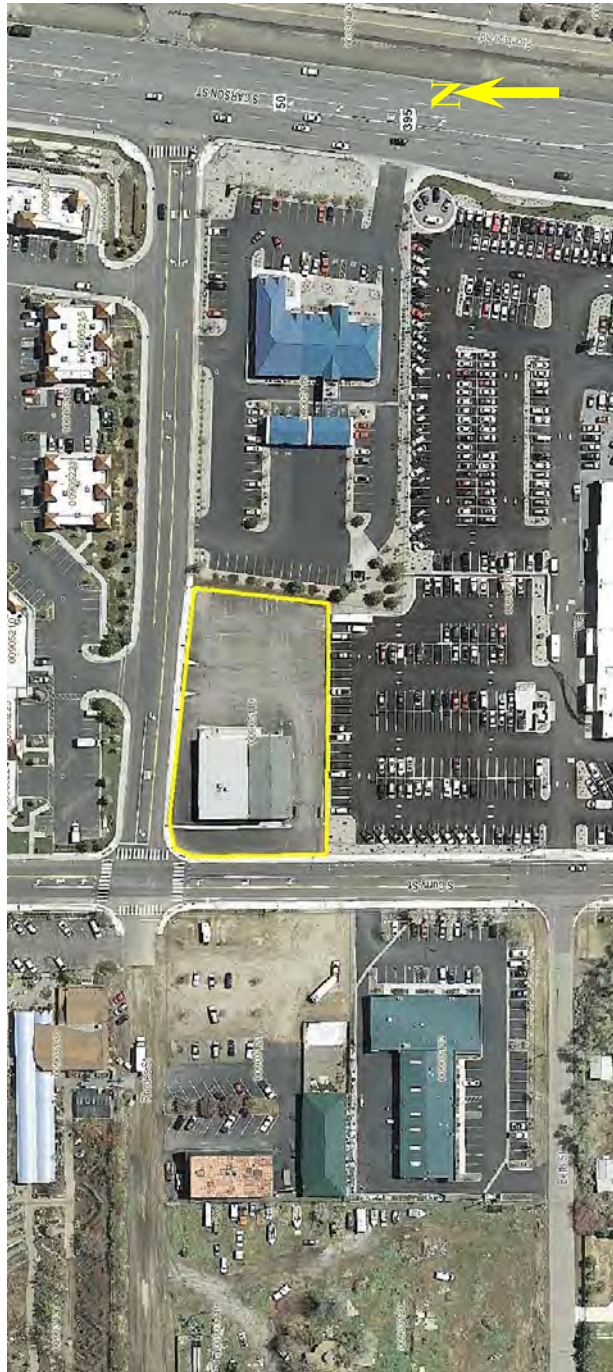


Stephen R. Johnson, MAI, SREA
Nevada Certified General Appraiser
License Number A.0000003-CG



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

**SUBJECT AERIAL PHOTOGRAPH
(A.P.N. 009-051-19)**



Subject Property Outlined In Yellow

SUBJECT PHOTOGRAPHS



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



**VIEW LOOKING EASTERLY ALONG RHODES STREET FROM ITS
INTERSECTION WITH SOUTH CURRY STREET**

SUBJECT PHOTOGRAPHS



**VIEW LOOKING NORTHERLY TOWARD THE SUBJECT FROM
SOUTH CURRY STREET**



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

SUBJECT PHOTOGRAPHS



VIEW LOOKING SOUTHEASTERLY TOWARD THE SUBJECT FROM THE INTERSECTION OF SOUTH CURRY STREET AND RHODES STREET



VIEW LOOKING WESTERLY TOWARD THE SUBJECT PROPERTY FROM RHODES STREET

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE MAIN SHOWROOM AREA



VIEW OF THE MAIN SHOWROOM AREA

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE COUNTER AREA WITHIN THE SHOWROOM SPACE



VIEW OF THE FINISHED OFFICE AREA

INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE FINISHED OFFICE SPACE



VIEW OF A TYPICAL RESTROOM IN THE SUBJECT BUILDING

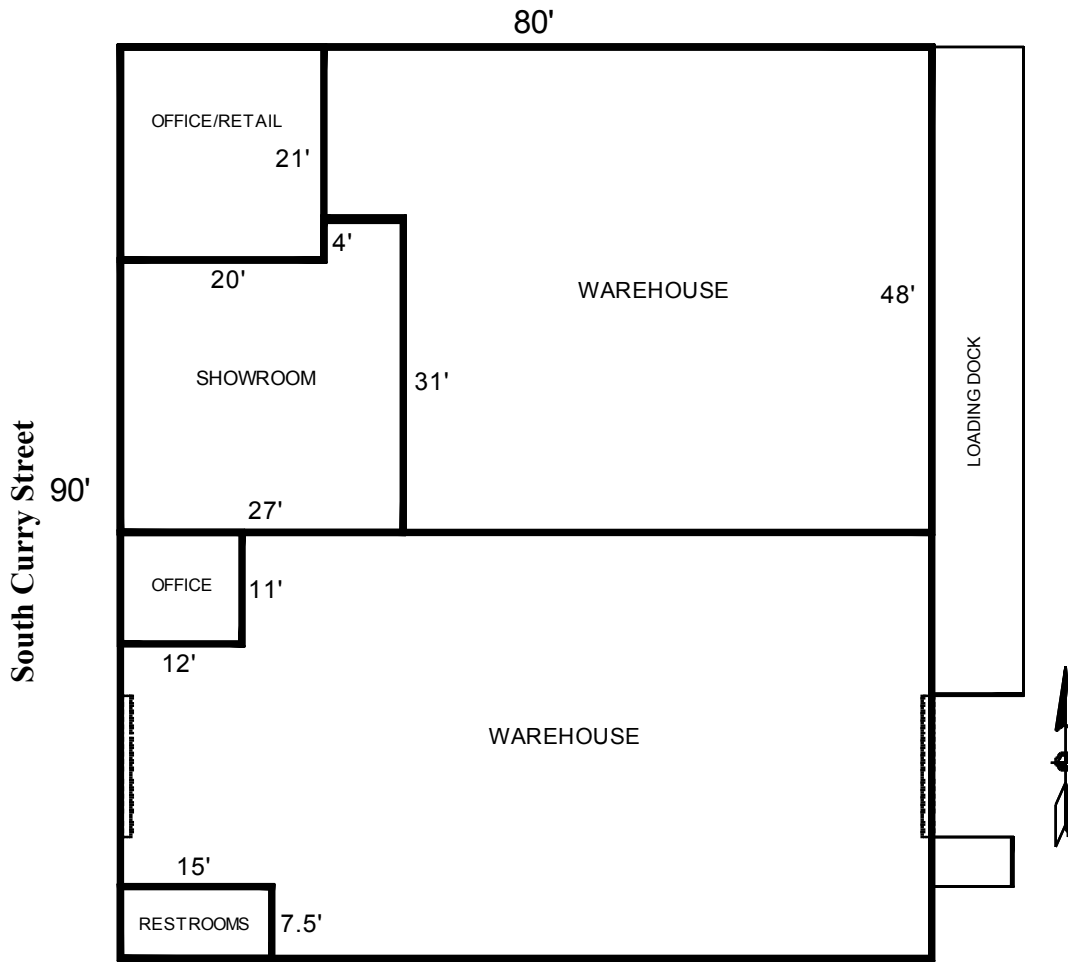
INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF THE SUBJECT'S NORTHERLY WAREHOUSE AREA



VIEW OF THE SUBJECT'S SOUTHERLY WAREHOUSE AREA



Gross Building Area: 7,200± Square Feet

Sketch by Apex IV™

Comments:

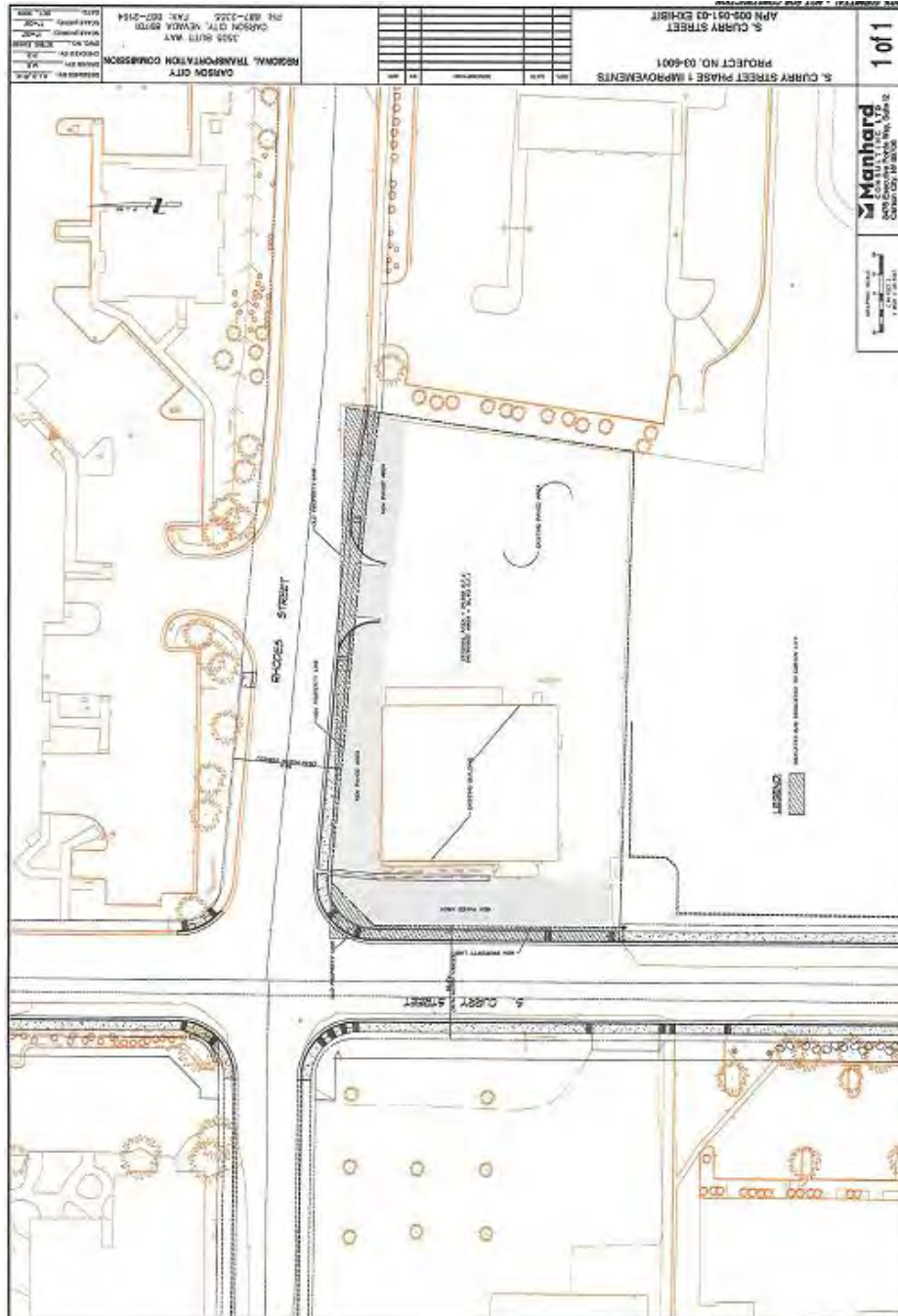
AREA CALCULATIONS SUMMARY

Code	Description	Net Size	Net Totals
GBA1	First Floor	7200.0	
	First Floor	420.0	
	First Floor	3840.0	

BUILDING AREA BREAKDOWN

Breakdown	Sub
First Floor	
80.0 x 90.0	
20.0 x 21.0	

SUBJECT SITE PLAN



**Land Area: 36,413± Square Feet (.836± Acres)
 Per Manhard Consulting Ltd.**