

LATE MATERIAL

MEETING DATE 12/18/14
ITEM # 18

LEASE

This LEASE, dated this _____ day of _____, 2014, is entered by and between THE EVANS BROADCASTING COMPANY, INC., a Nevada corporation, Carson City, Nevada, hereinafter called LESSEE, and CARSON CITY, a consolidated municipality and political subdivision of the State of Nevada, hereinafter called LESSOR. LESSEE and LESSOR are at times collectively referred to hereinafter as the "Parties" or individually as the "Party."

WITNESSETH:

1. LESSOR herewith leases to LESSEE the real property described in Paragraph 3 for a term of ten (10) years commencing on January 1, 2015, and terminating December 31, 2024.
2. LESSOR herewith leases to LESSEE the real property described in Paragraph 4 for a term not to exceed eighteen (18) months commencing on January 1, 2015 and terminating no later than July 1, 2016, hereinafter called RELOCATION PERIOD.
3. The real property, herein called the PREMISES, and all right, easements and appurtenances thereto belonging in Carson City, Nevada described in Exhibit A.
4. The real property, herein called the OLD PREMISES, and all right, easements and appurtenances thereto belonging in Carson City, Nevada described in Exhibit B.
5. LESSEE shall, within the RELOCATION PERIOD, remove buildings and fixtures and reasonably restore the OLD PREMISES to the condition in which they were before the installation thereof. LESSEE shall be responsible for constructing the new facility, including the acquisition of a new tower. LESSOR agrees to terminate the RELOCATION PERIOD once LESSEE has completed this requirement.
6. LESSEE shall pay LESSOR as rent the annual sum of \$8,737.72 until such time as the RELOCATION PERIOD is terminated. In the event the LESSEE has not fully complied with the terms of paragraph five (5) on or before July 1, 2016 the annual sum shall increase to \$26,654.40; an amount equivalent to fair market value of OLD PREMISES as determined by a certified appraiser in accordance with NRS 645C and attached to this LEASE agreement as Exhibit C, hereinafter called APPRAISAL. Upon termination of the RELOCATION PERIOD LESSEE shall pay LESSOR as rent the annual sum

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LATE MATERIAL

MEETING DATE

ITEM #

of ~~\$4,000 per Acre-\$4,449.60~~; an amount equivalent to fair market value of PREMISES per APPRAISAL. The rent shall be paid quarterly in advance on ~~July 1, October 1,~~ January 1, and April 1, ~~July 1, October 1~~. The rent shall increase each ~~July~~ January 1st by 3% annually per APPRAISAL. LESSEE shall pay a five percent (5%) penalty on the unpaid balance for any rental payment that is more than fifteen (15) days delinquent. LESSOR may request a rent adjustment based on a change in fair market value of PREMISES as determined above. All costs related to an adjustment in rent including an appraisal shall be paid by LESSEE.

7. The ~~LEASE Agreement~~ may be renewed for a period of ten (10) years subject to renegotiation, ~~of Paragraph 6 (Rent)~~.
8. LESSEE shall pay all ~~real property~~ taxes assessed by the Carson City Assessor ~~pursuant to NRS 361.157~~ when the same shall be due.
9. LESSEE will keep the premises, including any access road, parking area, lawn, plants, shrubs and grounds clean and neat in appearance and free of trash, and refuse.
10. LESSEE will use the premises primarily to operate thereon a radio broadcasting station and or transmitter (tower) site and will not conduct thereon another business except as correlated with and incidental thereto. LESSEE may not contract any obligation for which LESSOR may become liable or commit or permit any waste or activity on the premises in violation of any law, ordinance or covenant. LESSEE may not, without LESSOR's prior written consent, sublet any portion of the premises. LESSOR's consent to sublet will not be unreasonably withheld.
11. LESSEE shall adequately illuminate Antenna Tower(s) to ensure visibility for helicopter operations in and around the Carson City Corporate Yard. Both Parties shall agree on the illumination and marking methods prior to construction and/or implementation.
12. LESSOR, its employees and agents, may, without interfering with or inconveniencing LESSEE's use or occupation thereof, enter upon the premises at any time for the purpose of inspection and compliance with the terms of this LEASE.
13. LESSEE may construct and install buildings and fixtures after securing all appropriate permits, access roads and parking areas, convenient to its business, but shall remove same at or before 120 days after the termination hereof, and reasonably restore the premises to the condition in which they were before the installation thereof.

14. All portions of the communication facility brought onto the PREMISES by LESSEE will be and remain LESSEE'S ~~personal~~ property and, at LESSEE'S option, may be removed by LESSEE at any time during the Term. Footings, foundations, and concrete will be removed to a depth of one foot below grade. Within one hundred twenty (120) days of the termination of this LEASE Agreement, LESSEE will remove all of LESSEE'S above ground improvements and LESSEE will, to the extent reasonable, restore the PREMISES to its condition at the commencement of this LEASE Agreement, reasonable wear and tear and loss by casualty or other causes beyond LESSEE'S control excepted. LESSEE will be responsible for the replacement of any trees, shrubs, or other vegetation displaced in the decommissioning of the PREMISES.
15. LESSOR grants LESSEE an underground utility easement as shown and described in **Exhibit D** for the purpose of bringing power, phone, and cable to the PREMISES. LESSEE will be responsible for paying on a monthly or quarterly basis all utilities charges for electricity, telephone service or any other utility used or consumed by LESSEE on the Premises.
16. During the term of this LEASE, and depending upon availability as determined by LESSOR, LESSEE may expand the LEASE PREMISES to include the "Optional Future Lease Area" shown on **Exhibit E** for the purpose of adding an additional antenna in order to increase night time coverage. The area of expansion must not be greater than one acre. The "Optional Future Lease Area" legal description and record of survey shall be attached as **Exhibit F**. LESSEE is responsible for all costs associated with this expansion. The rent shall be increased according to the provisions of paragraph 6. LESSOR is under no obligation to reserve the property for this purpose and LESSEE has no claim to it until such time as this provision is acted upon.
17. LESSOR will have twenty-four (24) hour per day, seven (7) day per week pedestrian and vehicular access to and over the Property, from an access road to the Premises, for the installation, maintenance and operation of the Communication Facility and any utilities serving the PREMISES. LESSOR grants to LESSEE an easement for such access.
18. LESSOR shall not be liable to LESSEE, its employees, or to any other person whatsoever for any injury (including death) or damage to property by or from any cause whatsoever while in or upon the leased premises and the LESSEE agrees that it will indemnify and hold the LESSOR harmless from and defend the LESSOR against any and all actions or claims for any such injury or damage to any person or property whatsoever occurring in or on the premises or occurring as a result of the use by the LESSEE of any of the facilities or

equipment and property situated thereon. LESSEE shall, at all times during the term of this LEASE, keep in force and effect a policy of public liability insurance protecting and insuring both the LESSOR and LESSEE for injuries to both persons and property occurring upon the demised premises providing for a minimum coverage of One Million Dollars. LESSEE shall deliver a copy to LESSOR of a certificate of insurance showing LESSOR as an Additional Insured, as evidence that said insurance is in full force and effect as provided herein prior to the effective date of this LEASE and annually thereafter on renewal of said public liability.

19. Each of the following events shall constitute a default:

- (a) Nonpayment of rent as herein provided or insolvency, including an assignment for the benefit of creditors or filing or acquiescing to a petition in any court in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings.
- (b) Assignment by operation of law.
- (c) Vacating the PREMISES.
- (d) Refusing to take possession of the PREMISES or permitting the PREMISES to remain unoccupied and unattended.
- (e) Failure to perform any other condition required to be performed by LESSEE under this LEASE and the failure shall continue for fifteen (15) days after written notice.

20. If a default occurs, LESSOR may give LESSEE a notice of intention to cancel or terminate this LEASE at the expiration of the time specified in the notice. At the expiration of the notice period, the term of this LEASE shall end. LESSEE must then quit and surrender the premises to LESSOR. LESSEE's liability under all of the provisions of this LEASE will continue notwithstanding any expiration and surrender, or reentry, repossession or disposition pursuant to the following paragraph. LESSEE shall have thirty (30) days upon cancelation of this LEASE to remove all fixtures and tenant improvement items and, thereafter LESSOR shall be entitled to retain same. Upon cancelation of this LEASE, LESSOR or its agents or employees may after said thirty (30) day period or anytime thereafter enter the PREMISES and remove LESSEE, LESSEE's agents, any subtenants, any licensees, any invitees and any items of property from the PREMISES.

21.

Upon default in the payment of the rental as herein provided, LESSEE shall have five (5) days after written notice has been sent to LESSEE to pay all sums due according to the terms herein. Should LESSEE fail to pay said rental after

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notice has been given as provided herein the LESSEE's right to possession shall cease and this LEASE shall terminate as of the date set forth in said notice. On the date of termination caused by a failure to pay rent, the LESSEE shall pay all rents owed. A failure to pay all rents owed on the date of termination will result in interest accruing, as liquidated damages, on the amount owed from the termination date until paid. The rate shall be an annual percentage rate of twelve percent (12%). In the event of the failure of LESSEE to perform any other provision agreed to be performed by LESSEE herein, the LESSOR shall have written notice of such failure in writing. Upon the failure to correct the violation as set forth in the notice within fifteen (15) days from the date of said notice unless LESSEE is diligently pursuing said correction, this LEASE shall be terminated and all prepaid rentals will be retained by the LESSOR as liquidated damages, actual damages being difficult if not impossible to ascertain.

22. The provisions hereof bind and inure to the benefit of the heirs, legal representatives, successors and assigns of each party.

23. LESSEE may assign this LEASE only with the prior written consent of LESSOR. Although sSuch consent is not to be unreasonably withheld, the assignee would have to have equal or better financial capacity as LESSEE and, until an assignment has been consented to by LESSOR, there shall be no release of LESSEE's liability hereunder.

24. To the fullest extent of NRS Chapter 41 liability limitations, each Party shall indemnify, hold harmless and defend, not excluding the other Party's right to participate in any litigation, the other Party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the Party, its officers, employees or agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any Party or person described herein. This indemnification obligation is conditioned upon receipt of written notice by the indemnifying Party within 30 days of the indemnified Party's notice of an actual or pending claim or cause of action. The indemnifying Party shall not be liable to hold harmless any attorneys' fees or costs incurred by the indemnified Party if the indemnified Party elects to participate in any litigation or arbitration with legal counsel of its own choice.

25. The laws of the State of Nevada shall be applied in interpreting and construing this LEASE Agreement.

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26. This LEASE Agreement constitutes the entire agreement of the Parties and as such is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this LEASE Agreement specifically displays a mutual intent to amend a particular part of this Agreement LEASE, general conflicts in language between any such attachment and this Agreement LEASE shall be construed consistent with the terms of this Agreement LEASE. Unless otherwise expressly authorized by the terms of this Agreement LEASE, no modification or amendment to this Agreement LEASE shall be binding upon the Parties unless the same is in writing and signed by the respective Parties hereto, ~~and approved by each Parties respective counsel.~~

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27. Each party agrees to keep and maintain under general accepted accounting principles full, true and complete records and documents pertaining to this Agreement LEASE and will present, at any reasonable time, such information for inspection, examination, review, audit and copying at any office where such records and documentation is maintained.

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28. Neither Party shall assign, transfer or delegate any rights, obligations or duties under this Agreement LEASE without the prior written consent of the other party.

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29. The Parties hereto represent and warrant that the person executing this Agreement LEASE on behalf of each Party has full power and authority to enter into this Agreement LEASE.

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30. Failure of either Party to perform any obligation of this Agreement LEASE shall be deemed a breach. Except as otherwise provided for by law or this Agreement LEASE, the rights and remedies of the Parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to actual damages incurred, and reasonable attorneys' fees and costs incurred by the prevailing Party.

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31. Neither Party shall be deemed to be in violation of this Agreement LEASE if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, acts of a public enemy, accidents, fires, explosions, or acts of God, including without limitations, earthquakes, floods, winds or storms. In such an event the intervening cause must not be through the fault of the Party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of the Agreement LEASE after the intervening cause ceases.

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32. If any provision contained in this AgreementLEASE is held to be unenforceable by a court of law or equity, this AgreementLEASE shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this AgreementLEASE.

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~~33. Any future modification of the Agreement shall be subject to the provisions covered by this Agreement and approval of such modifications shall be in writing and signed by a representative of each Party.~~

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~~34.~~

~~35.~~ All notices or other communications required or permitted to be given under this AgreementLEASE shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other Party at the address set forth below:

~~36.~~ 33.

CARSON CITY
201 N. Carson Street
Carson City, Nevada 89701

THE EVANS BROADCASTING COMPANY, INC.
1960 Idaho Street
Carson City, NV 89701

IN WITNESS WHEREOF, the Parties have executed this AgreementLEASE on the day and year first above written.

CARSON CITY, NEVADA

THE EVANS BROADCASTING
COMPANY, INC.

Mayor – Robert L. Crowell
Board of Supervisors

Jerry Evans, President

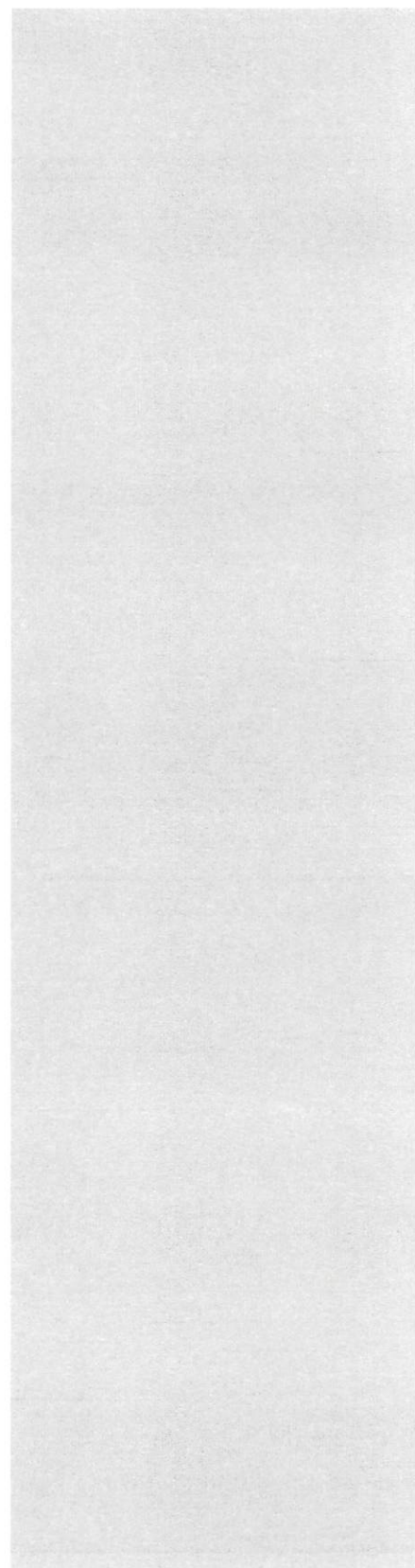
Attest:

City Clerk

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Approved as to Form:

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District Attorney



LEASE

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Acre; an amount equivalent to fair market value of PREMISES per APPRAISAL. The rent shall be paid quarterly in advance on January 1, and April 1, July 1, October 1. The rent shall increase each January 1st by 3% annually per APPRAISAL. LESSEE shall pay a five percent (5%) penalty on the unpaid balance for any rental payment that is more than fifteen (15) days delinquent. LESSOR may request a rent adjustment based on a change in fair market value of PREMISES as determined above. All costs related to an adjustment in rent including an appraisal shall be paid by LESSEE.

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18. LESSOR shall not be liable to LESSEE, its employees, or to any other person whatsoever for any injury (including death) or damage to property by or from any cause whatsoever while in or upon the leased premises and the LESSEE agrees that it will indemnify and hold the LESSOR harmless from and defend the LESSOR against any and all actions or claims for any such injury or damage to any person or property whatsoever occurring in or on the premises or occurring as a result of the use by the LESSEE of any of the facilities or equipment and property situated thereon. LESSEE shall, at all times during the term of this LEASE, keep in force and effect a policy of public liability

insurance protecting and insuring both the LESSOR and LESSEE for injuries to both persons and property occurring upon the demised premises providing for a minimum coverage of One Million Dollars. LESSEE shall deliver a copy to LESSOR of a certificate of insurance showing LESSOR as an Additional Insured, as evidence that said insurance is in full force and effect as provided herein prior to the effective date of this LEASE and annually thereafter on renewal of said public liability.

19. Each of the following events shall constitute a default:

- (a) Nonpayment of rent as herein provided or insolvency, including an assignment for the benefit of creditors or filing or acquiescing to a petition in any court in any bankruptcy, reorganization, composition, extension, arrangement or insolvency proceedings.
- (b) Assignment by operation of law.
- (c) Vacating the PREMISES.
- (d) Refusing to take possession of the PREMISES or permitting the PREMISES to remain unoccupied and unattended.
- (e) Failure to perform any other condition required to be performed by LESSEE under this LEASE and the failure shall continue for fifteen (15) days after written notice.

20. If a default occurs, LESSOR may give LESSEE a notice of intention to cancel or terminate this LEASE at the expiration of the time specified in the notice. At the expiration of the notice period, the term of this LEASE shall end. LESSEE must then quit and surrender the premises to LESSOR. LESSEE's liability under all of the provisions of this LEASE will continue notwithstanding any expiration and surrender, or reentry, repossession or disposition pursuant to the following paragraph. LESSEE shall have thirty (30) days upon cancelation of this LEASE to remove all fixtures and tenant improvement items and, thereafter LESSOR shall be entitled to retain same. Upon cancelation of this LEASE, LESSOR or its agents or employees may after said thirty (30) day period or anytime thereafter enter the PREMISES and remove LESSEE, LESSEE's agents, any subtenants, any licensees, any invitees and any items of property from the PREMISES.

21. Upon default in the payment of the rental as herein provided, LESSEE shall have five (5) days after written notice has been sent to LESSEE to pay all sums due according to the terms herein. Should LESSEE fail to pay said rental after notice has been given as provided herein the LESSEE's right to possession shall cease and this LEASE shall terminate as of the date set forth in said notice. On the date of termination caused by a failure to pay rent, the LESSEE shall pay all rents owed. A failure to pay all rents owed on the date of

termination will result in interest accruing, as liquidated damages, on the amount owed from the termination date until paid. The rate shall be an annual percentage rate of twelve percent (12%). In the event of the failure of LESSEE to perform any other provision agreed to be performed by LESSEE herein, the LESSOR shall have written notice of such failure in writing. Upon the failure to correct the violation as set forth in the notice within fifteen (15) days from the date of said notice unless LESSEE is diligently pursuing said correction, this LEASE shall be terminated and all prepaid rentals will be retained by the LESSOR as liquidated damages, actual damages being difficult if not impossible to ascertain.

22. The provisions hereof bind and inure to the benefit of the heirs, legal representatives, successors and assigns of each party.
23. LESSEE may assign this LEASE only with the prior written consent of LESSOR. Although such consent is not to be unreasonably withheld, the assignee would have to have equal or better financial capacity as LESSEE and, until an assignment has been consented to by LESSOR, there shall be no release of LESSEE's liability hereunder.
24. To the fullest extent of NRS Chapter 41 liability limitations, each Party shall indemnify, hold harmless and defend, not excluding the other Party's right to participate in any litigation, the other Party from and against all liability, claims, actions, damages, losses, and expenses, including but not limited to reasonable attorneys' fees and costs, arising out of any alleged negligent or willful acts or omissions of the Party, its officers, employees or agents. Such obligation shall not be construed to negate, abridge, or otherwise reduce any other right or obligation of indemnity which would otherwise exist as to any Party or person described herein. This indemnification obligation is conditioned upon receipt of written notice by the indemnifying Party within 30 days of the indemnified Party's notice of an actual or pending claim or cause of action. The indemnifying Party shall not be liable to hold harmless any attorneys' fees or costs incurred by the indemnified Party if the indemnified Party elects to participate in any litigation or arbitration with legal counsel of its own choice.
25. The laws of the State of Nevada shall be applied in interpreting and construing this LEASE.
26. This LEASE constitutes the entire agreement of the Parties and as such is intended as a complete and exclusive statement of the promises, representations, negotiations, discussions, and other agreements that may have been made in connection with the subject matter hereof. Unless an integrated attachment to this LEASE specifically displays a mutual intent to

amend a particular part of this LEASE, general conflicts in language between any such attachment and this LEASE shall be construed consistent with the terms of this LEASE. Unless otherwise expressly authorized by the terms of this LEASE, no modification or amendment to this LEASE shall be binding upon the Parties unless the same is in writing and signed by the respective Parties hereto.

27. Each party agrees to keep and maintain under general accepted accounting principles full, true and complete records and documents pertaining to this LEASE and will present, at any reasonable time, such information for inspection, examination, review, audit and copying at any office where such records and documentation is maintained.
28. Neither Party shall assign, transfer or delegate any rights, obligations or duties under this LEASE without the prior written consent of the other party.
29. The Parties hereto represent and warrant that the person executing this LEASE on behalf of each Party has full power and authority to enter into this LEASE.
30. Failure of either Party to perform any obligation of this LEASE shall be deemed a breach. Except as otherwise provided for by law or this LEASE, the rights and remedies of the Parties shall not be exclusive and are in addition to any other rights and remedies provided by law or equity, including but not limited to actual damages incurred, and reasonable attorneys' fees and costs incurred by the prevailing Party.
31. Neither Party shall be deemed to be in violation of this LEASE if it is prevented from performing any of its obligations hereunder due to strikes, failure of public transportation, civil or military authority, acts of a public enemy, accidents, fires, explosions, or acts of God, including without limitations, earthquakes, floods, winds or storms. In such an event the intervening cause must not be through the fault of the Party asserting such an excuse, and the excused Party is obligated to promptly perform in accordance with the terms of the LEASE after the intervening cause ceases.
32. If any provision contained in this LEASE is held to be unenforceable by a court of law or equity, this LEASE shall be construed as if such provision did not exist and the nonenforceability of such provision shall not be held to render any other provision or provisions of this LEASE.
33. All notices or other communications required or permitted to be given under this LEASE shall be in writing and shall be deemed to have been duly given if delivered personally in hand, by telephonic facsimile with simultaneous

regular mail, or mailed certified mail, return receipt requested, postage prepaid on the date posted, and addressed to the other Party at the address set forth below:

CARSON CITY
201 N. Carson Street
Carson City, Nevada 89701

THE EVANS BROADCASTING COMPANY, INC.
1960 Idaho Street
Carson City, NV 89701

IN WITNESS WHEREOF, the Parties have executed this LEASE on the day and year first above written.

CARSON CITY, NEVADA

THE EVANS BROADCASTING
COMPANY, INC.

Mayor – Robert L. Crowell
Board of Supervisors

Jerry Evans, President

Attest:

City Clerk

Approved as to Form:

District Attorney

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EXHIBIT B

OLD PREMISES

Being a portion of the SE 1/2 ; NW 1/2 of Section 15, Township 15 N;
Range 20 E; M.D.B.&M., and described as follows to wit:

Commencing at the northeast corner of a parcel of land conveyed to Carson City by the State of Nevada and identified as corner number 2 on a Record of Survey filed as Plat Number 143 in the Official Records of Carson City, Nevada; thence SO°07'10"W 386.72 feet to the beginning of a curve to the right; thence following said curve, having a central angle of 24°32'30" and a radius of 1106.00 feet, for a distance of 473.74 feet to a point identified as corner number 4 on said Plat Number 143 and also the Point of Beginning for the parcel herein described; thence continuing on the following nine courses' in a clockwise direction; 1) S24°25'20"W 41.77 feet; 2) N41°11'18"W 104.44 feet; 3) S24°25'20"W 274.78 feet; 4) S89°59'40"W 420.17 feet; 5) N45°03'45"W 169.87 feet; 6) N0°07'10"W 180 feet; 7) N44°56'15"E 326.00 feet; 8) N89°59'40"E 229.2 feet; 9) S41°11'18"E 426.69 feet to the Point of Beginning. The parcel herein described has an area of 6.47 acres, plus or minus.

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EXHIBIT C

An Appraisal of

**A 1.00±ac. Portion of APN
010-031-04**

**Located at
3303 Butti Way
Carson City, NV**

**Owned By
The City of Carson City**

**Prepared For
Mr. Tom Grundy,
Senior Project Manager
Carson City Public Works Department - Capital Projects**

**For the Purpose of
Developing an Opinion of Market Rent**

**As of
November 11, 2014**

**Date of Report
November 24, 2014**

**Submitted By
Robert E. Schiffmacher, MAI**

Warren & Schiffmacher LLC
REAL PROPERTY CONSULTANTS

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ROBERT SCHIFFMACHER, MAI
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November 24, 2014

Mr. Tom Grundy
Senior Project Manager
Carson City Public Works Department - Capital Projects
3505 Butti Way
Carson City, NV 89701

RE: APN(s): 010-031-04, a 1.00±ac. portion
3303 Butti Way
Carson City, NV 89701

Dear Mr. Grundy,

At your request, I have completed an appraisal of, and prepared the following summary appraisal report for the property referenced above.

The purpose of my appraisal is to develop and report an opinion of the market rent for a 1.00±ac. portion of a much larger parcel containing 52.00±ac.

The subject of the analysis is a generally circular site designed to accommodate an AM radio transmission antenna. Although the site is unusually shaped, the shape was determined through agreement between the lessor (Carson City) and the lessee (Evans Broadcasting) and does not have an effect on the value or the rental rate.

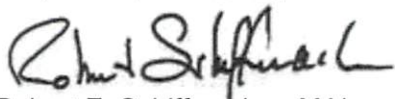
This appraisal was prepared for use by the City of Carson City in determining an appropriate rental rate for the site. The rental term is for a period of 10 years and the tenant is responsible for all taxes, insurance, and the expense of developing their specialized improvements, including the cost of extending utilities.

The proposed site overlaps a portion of the same property that has been used by Evans Broadcasting for the past 10 years. The new agreement is necessary to facilitate the relocation of the antenna and associated equipment building.

My research and analysis of the market and the subject has led me to the following market value opinion:

Market Value	\$50,000
Market Rent	\$4,000/year
Annual Increase	3.00%

Respectfully Submitted,



Robert E. Schiffmacher, MAI

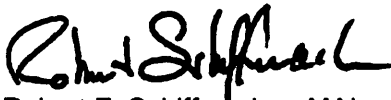
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APPRAISER'S CERTIFICATION

- 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 I have no personal interest with respect to the parties involved.
- 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*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- I have performed no appraisals or other services with regard to the subject of this report within the 3 year period immediately preceding the acceptance of this assignment.
- 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.
- The use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

Respectfully submitted,



Robert E. Schiffmacher, MAI
Nevada Certified General Appraiser #A.0002492-CG

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Address 3303 Butti Way
Carson City, NV 89701

Location

The subject is part of a larger parcel or Parent Tract, located at the southwest corner of Butti Way and Fairview Drive, in the eastern part of Carson City. Specifically the Lease Area is a circle, centered approximately 800' southwest of the intersection of Butti Way and Fairview drive, because of the curvature of each of the roadways, it is 565' south of Butti Way and 630' west of Fairview. The leased site location is depicted on site plan provided by the City of Carson City and presented later in this report.

Assessor's Parcel Number/Address/Land Area

Parent Tract	APN 010-031-04	52.00±ac.
Lease Area		1.00±ac.

Zoning PR - Public Regional

Master Plan Public/Quazi Public

Flood Zone Designation

Community Flood Map 320001 0111F

The Lease Area is in a Zone AE with a designated flood elevation of between 4,623' and 4,623'. The Lease Area is at 4,620' and flooding can be anticipated.

Current Use Vacant, the Lease Area overlaps and will replace an area that is currently being used as an antenna site by the same user

Existing Improvements None

Highest and Best Use Industrial or secondary commercial development, compatible with the current use of the parent tract which houses the Carson City Corporate yard and Public Works Departments.

Environmental Information

The subject's long term history is unclear but environmental contamination would not be anticipated.

Seismic Risk Zone Risk Zone 3

Effective Date of Value November 11, 2014

Date of Report November 24, 2014

Property Rights Appraised The market rent of the Fee Simple Estate, subject to existing easements and legal restrictions

INTRODUCTION

Client	City of Carson City C/O Tom Grundy Senior Project Manager Carson City Public Works Department - Capital Projects 3505 Butti Way Carson City, NV 89701
Appraiser	Robert E. Schiffmacher, MAI Nevada Certified General License #A.0002492-CG Warren & Schiffmacher, LLC 85 Keystone Avenue, Suite C Reno, Nevada 89503
Subject	A 1.00±ac. portion of APN 010-031-04 which contains 52±ac.

Intended Users/Use of the Appraisal

This appraisal is intended for use by the City of Carson City and Jerry Evans, President/CEO of Evans Broadcast Company. The appraisal will be used in the negotiation of a new site lease, of the Lease Area. The new Lease Area will replace an area of the Parent Tract that is currently being used by the same tenant.

Purpose of the Appraisal

To develop and report an opinion of the subject's market rent.

"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, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is 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 anyone associated with the sale.¹

Property Rights Appraised

Market Lease Rate of the Lee Simple Estate,
subject to existing easements and legal
encumbrances.

¹ Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions (f)

Appraisal Development and Reporting Process (Scope)**Reporting Option**

This document is a Summary Appraisal Report, setting forth the results of what is commonly referred to as a complete appraisal. It is intended to conform to Section 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP)

Scope

In the course of conducting this appraisal, I undertook the following activities.

- a) Performed an inspection of the subject and its neighborhood;
- b) Researched the subject's current physical and legal condition, as well as its background and history;
- c) Examined the market to determine the existing and proposed inventory, demand and marketability of properties similar to the subject;
- d) Researched and investigated relevant market data including recent sales, listings, leases and other transactions;
- e) Interviewed real estate brokers, agents, developers and property owners with experience in this segment of the market; and
- f) Prepared this appraisal report.

Standard Assumptions and Limiting Conditions

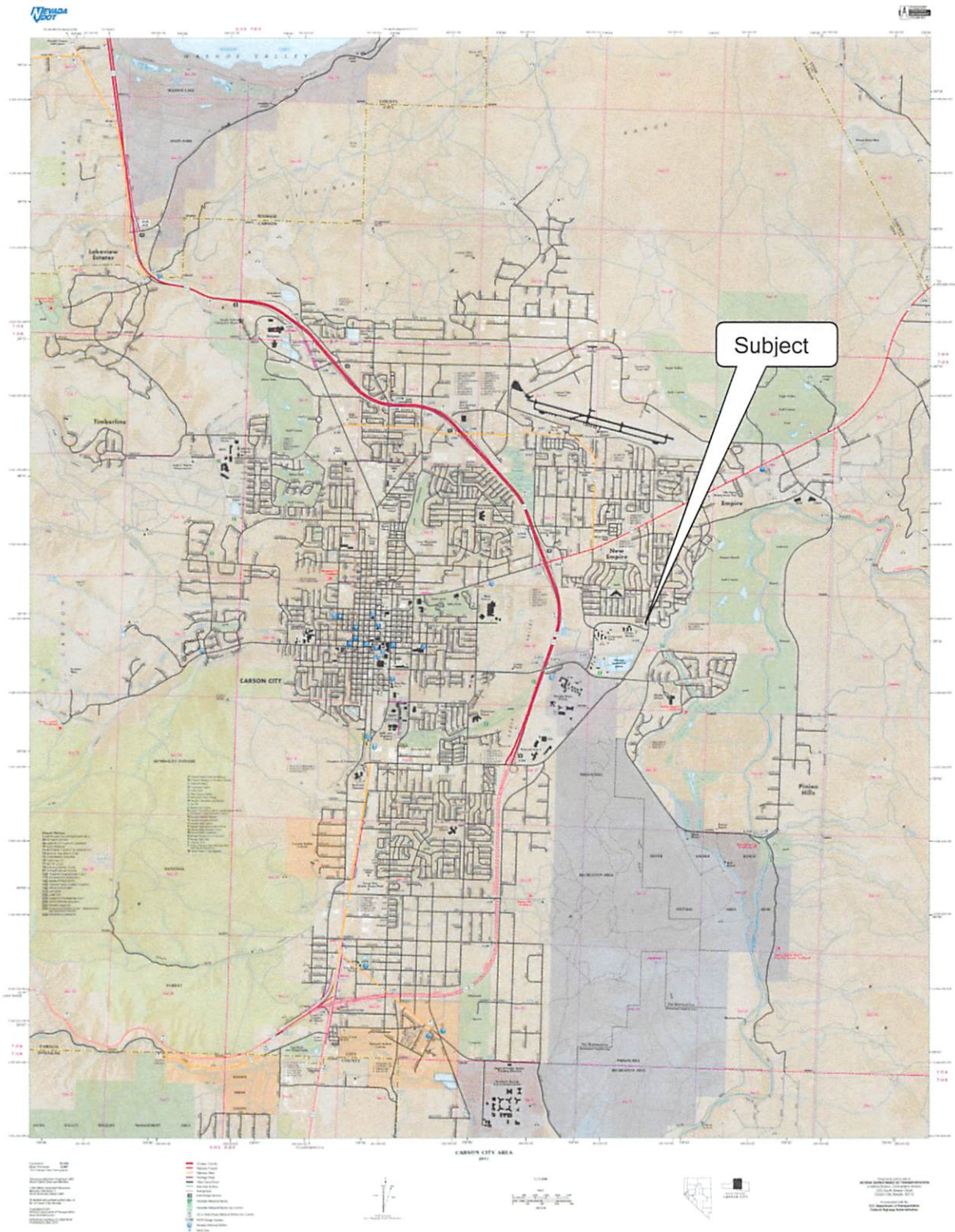
This appraisal was prepared subject to a standard set of assumptions and limiting conditions which are typical for the appraisal industry. These assumptions and limiting conditions are provided in detail in the Addenda.

Property Inspection

I inspected the property on November 11, 2014 and other dates.

Effective Date of Value	November 11, 2014
Date of Report	November 24, 2014
Extraordinary Assumptions	None
Hypothetical Conditions	None

AREA MAP



CARSON CITY AREA DESCRIPTION

Carson City is the Nevada State Capital. It is a consolidated city-county municipal entity with a total jurisdictional area of approximately 153 square miles. It is bounded on the north by Washoe County, on the east by Lyon County, south by Douglas, and by California on the west. Most of the county's area is in Eagle Valley, an intermountain basin traversed by the Carson River.

In 2010, the state demographer estimated the county's population at 55,850, up from 15,464 in 1970. Between 1970 and 1980, the county's population more than doubled. In recent decades population growth slowed as demonstrated in the chart to the right.

YEAR	ESTIMATE	% CHANGE
1970	15,468	
1980	32,022	107.0%
1990	40,950	27.9%
2000	43,250	5.6%
2010	55,850	29.1%
2013	55,441	-0.7%

Between 2000 and 2010 growth slowed significantly and in response to the national recession which hit Nevada particularly hard and Carson City's population actually declined between 2010 and 2013.

U.S. Highway 395 (I 580) is the main transportation corridor through Carson City and Douglas County. The Highway runs north-south through the west coast interior, linking Southern California to Eastern Washington. It traverses all three of Northern Nevada's major population centers, including Reno, Carson City and Minden - Gardnerville. In the past US395 ran through the center of Carson City but in the past several years, the Department of Transportation has been constructing a bypass of the downtown to the east. The bypass is approximately 70% complete and now provides an uninterrupted link between Reno to the North and Fairview Drive in the southern part of Carson City. The next leg of the extension is expected to be complete in the next several years.

U.S. Highway 50 links Carson City directly with Sacramento via South Lake Tahoe. Highway 50 connects with Highway 395 just north of the Douglas County/Carson City boundary. Highway 50 and Highway 395 are co-located for about two miles to the center of Carson City, at which point Highway 395 continues north, and Highway 50 departs to the east. It links Carson City with remote central Nevada communities scattered along its length.

Carson City is the state capital, and government employees comprise the largest single sector of its work force. In Douglas County which incorporates both the Minden Gardnerville areas and South Lake Tahoe employment is dominated by service jobs at the Stateline casinos. In the Carson Valley itself, where the bulk of the population lives, casino employment is nominal. The single largest casino employer in the Carson Valley is the Carson Valley Inn. Overall, the area's employment and unemployment have tracked Nevada's. Since 2007, total employment has dropped and unemployment has increased significantly as demonstrated below.

AVERAGE ANNUAL LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT						
CARSON CITY	2005	2010	2011	2012	2013	2014* (ytd)
TOTAL LABOR FORCE	27,316	29,330	28,860	27,960	27,060	26,620
UNEMPLOYMENT	1,355	3,820	3,690	3,200	2,760	2,240
UNEMPLOYMENT RATE	5.00%	13.00%	12.80%	11.50%	10.20%	8.40%
TOTAL EMPLOYMENT 1/	25,961	25,510	25,170	24,760	24,300	24,380
DOUGLAS COUNTY	2005	2010	2011	2012	2013	2014* (ytd)
TOTAL LABOR FORCE	22,086	22,700	22,570	21,940	21,350	21,200
UNEMPLOYMENT	1,077	3,310	3,160	2,690	2,250	1,800
UNEMPLOYMENT RATE	4.90%	14.60%	14.00%	12.30%	10.50%	8.50%
TOTAL EMPLOYMENT 1/	21,009	19,390	19,410	19,250	19,100	19,400

*year to date through September 2014

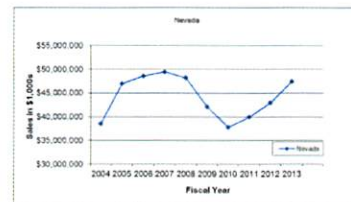
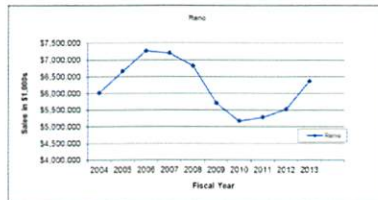
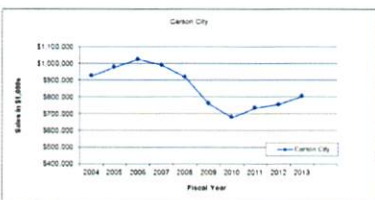
In Douglas County much of the employment revolves around the leisure and hospitality industries, but the area is becoming well known as a retirement area. Carson City’s largest employment category is government, which is logical as it is the state capital.

Carson City and Douglas County to the south are affluent counties by Nevada standards. In 2010, the latest year for which statistics are available, Douglas County ranked in the top three with a median family income reported at \$73,543 and, Carson City ranked in the near the mid-point with a median family income of \$65,389. This compares with Nevada’s median family income for the same period of \$64,418. Douglas County’s income statistics are skewed, with a significant portion of its employees, particularly in the leisure and hospitality industries at the low end of the range, and extremely high income earners in and around the Lake Tahoe Basin at the high end of the range. These higher income individuals typically obtain their income from sources outside the local community.

Carson City’s median household income reflects the large number of mid-level wage-earners employed by the state and federal governments in the capital city.

Retail trade is an increasingly important part of the region’s economic picture. In the mid-1990’s, Carson City’s population reached a threshold where it attracted attention from national retailers. Carson City hosted Northern Nevada’s first Wal-Mart in 1993 (now closed and moved to north Douglas County), and a Super K-Mart in 1995 (now closed), two Albertson’s-anchored neighborhood centers opened in 1996, one at the south end of town on U.S. Highway 395, and one on the east side of town on U.S. Highway 50. During that same period, there was considerable infill along the south Highway 395 retail strip as well, with national restaurant chains (Applebee’s), fast food restaurants, and similar users.

Carson City’s retail inventory continues to grow but the recent financial crisis has had a marked impact on retail sales. After climbing to over \$1.024 billion in 2006, retail sales fell to \$678.6 million in 2010. This drop in sales is somewhat greater than experienced by Nevada and the Reno/Sparks area as demonstrated below



The impact of the recession on Carson City's taxable sales was exacerbated by the opening of several major retailers just over the Carson City/Douglas County line to the south. These properties are convenient but tax revenues from sales to Carson City residents go to Douglas County. It is noted that for the year to date, Carson City's taxable revenues appear to be recovering somewhat faster than the state or Reno/Sparks.

Northern Nevada has a strong industrial market, centered primarily on the warehouse distribution sector in Reno/Sparks. Carson City is an important part of the total industrial picture in Northern Nevada, but development here and in Douglas County has focused on light manufacturing rather than distribution centers. The Reno/Sparks market is well served by major road and rail transportation corridors, and by Reno-Tahoe International Airport. These services are not as convenient to the Carson/Douglas market, and thus the emphasis on light manufacturing over distribution.

Carson City's industrial district is in the northeast part of town, centered on the municipal airport. Small to mid-sized assembly plants and similar facilities dominate. Typical industrial occupants in Carson City include a manufacturer of ski lifts, electronics component assembly, metallurgical works, and so forth.

Another important part of Carson City's industrial inventory is industrial flex, otherwise known as incubator office-warehouses. Many blocks of industrial flex have been constructed on the east side of Carson City south of the airport industrial area. New developments are clustered around the newly constructed interchange of College Parkway and the U.S. Highway 395 freeway.

As the local and national economies continue to recover, both Carson City and Nevada overall are expected to experience a fairly long and slow L shaped recovery. In the fall of 2014, Tesla announced that they will be building a 10,000,000±sf. battery factory, dubbed a "Giga Factory" in the Tahoe Reno Industrial Center. The factory is expected to employ as many as 6,500 people with relatively high wages and stable employment. Additionally, because of its size and reach, it is anticipated that ancillary companies will come to the area to support the Tesla plant and their employees. One of the byproducts of the announcement is the acceleration of construction on the USA Parkway which will connect Interstate 80 to Highway 50 several miles east of Carson City. This will open the Carson City, Dayton and Silver Springs areas to provide both housing and supplies to the factory.

It is noted that the State Demographer in his 2010 - 2030 population estimate is projecting Carson City's population to decline by nearly 5% in the next 5 years and Douglas County's population to decline by nearly 2.5% during the same time frame. As of now, the Demographer has not revised his projections to account for the impact of the Tesla factory.

In Carson City, future job growth will probably come from the industrial sector. The state budget problems suggest that there may be a loss of government employment over the next several years as the state grapples with significant budget deficits, an obsolete tax structure and the real possibility of significant budget cuts.

In Carson City, one of the major public works projects that will have an impact on the shape of growth in the area is the extension of the U.S. Highway 395 freeway. This will provide a freeway bypass of Business 395, which is frequently congested on its traverse through downtown Carson City. The first leg of this project extended the existing freeway south from Washoe Valley through northeast Carson City to terminate at Highway 50 on the east side of town and is complete. The second phase will connect this segment to Highway 50's westward extension at the south end of Carson City, and will tie freeway 395 with the existing surface route south of

Highway 50. At present, the freeway terminates at Fairview Drive. This project is being funded by the State of Nevada and the Federal Highway Administration, but the local jurisdiction is engaged in improving connecting streets and redesigning circulation to accommodate two major new interchanges constructed at College Parkway and Highway 50. If NDOT is able to proceed as planned, within 10 years there will be freeway-quality access north to Interstate 80 into Reno. This may have a positive effect on Carson City's suitability as a distribution center and will significantly decrease traffic in the downtown core.

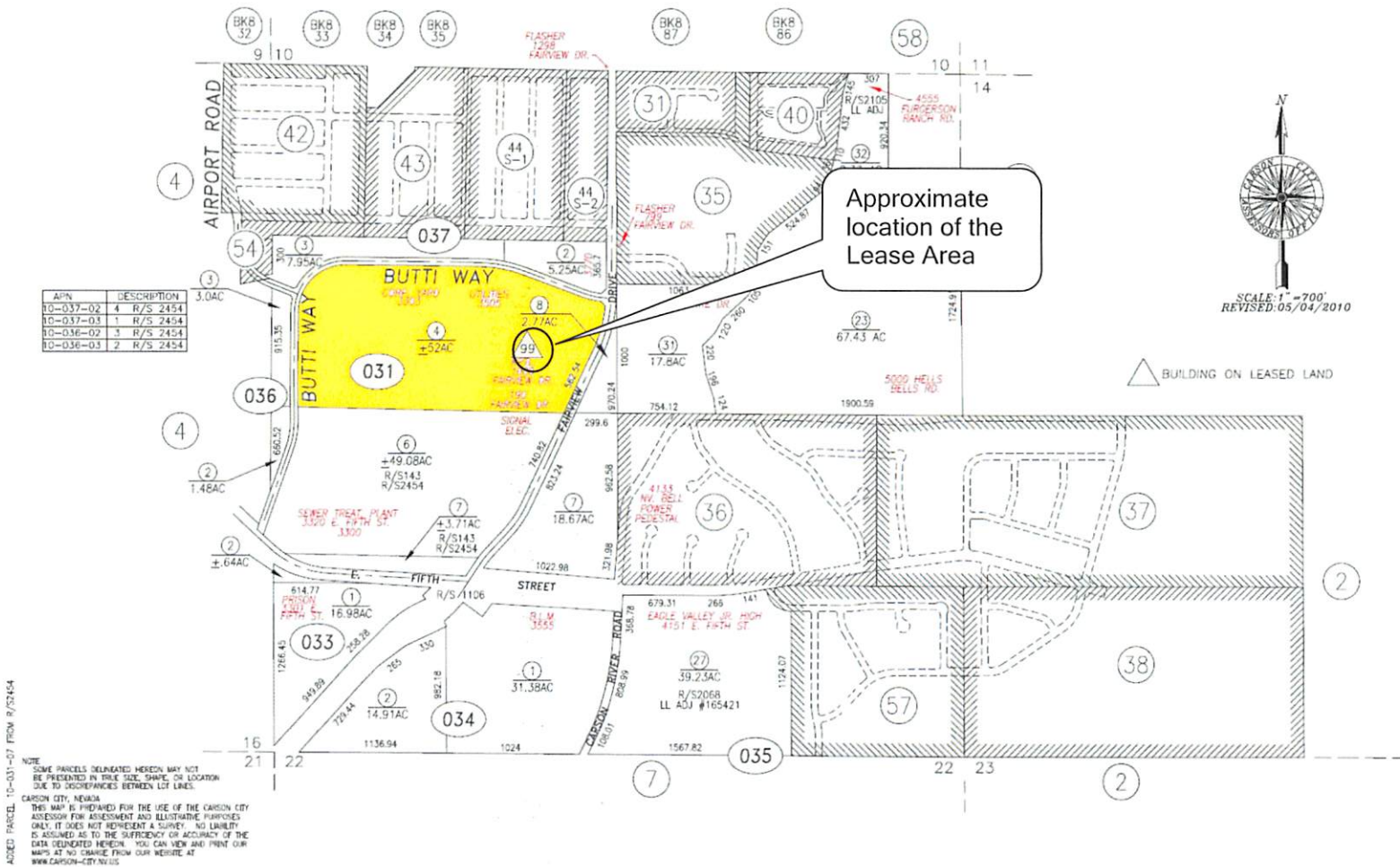
In summary, Carson City is the state's capital. Much of the community's employment is based on governmental spending with state government and support agencies dominating the landscape. Future population growth may be slow because of the prospect of cuts in governmental employment brought on by the current financial crisis. As the population of the region grows, the availability of development land in the adjoining counties of Douglas, Lyon and Washoe will likely provide much of the area's housing. US 395 gives the area easy access from throughout northern Nevada. Although it lacks rail and commercial air service, those services are available in the Truckee Meadows 30 miles to the north.

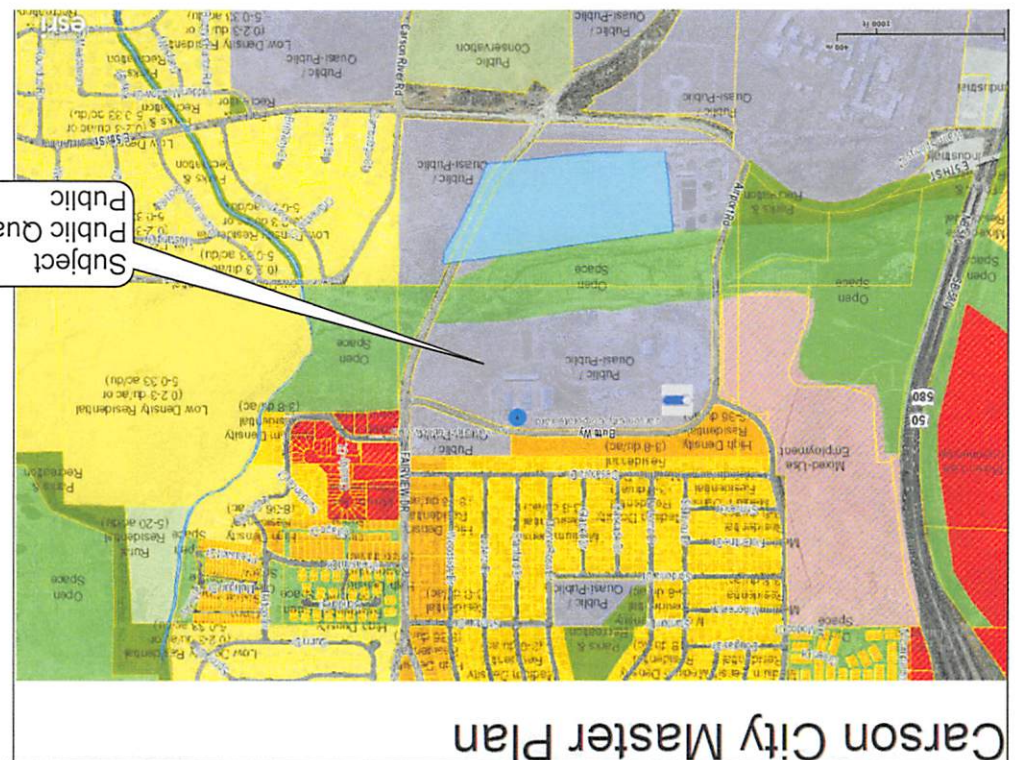
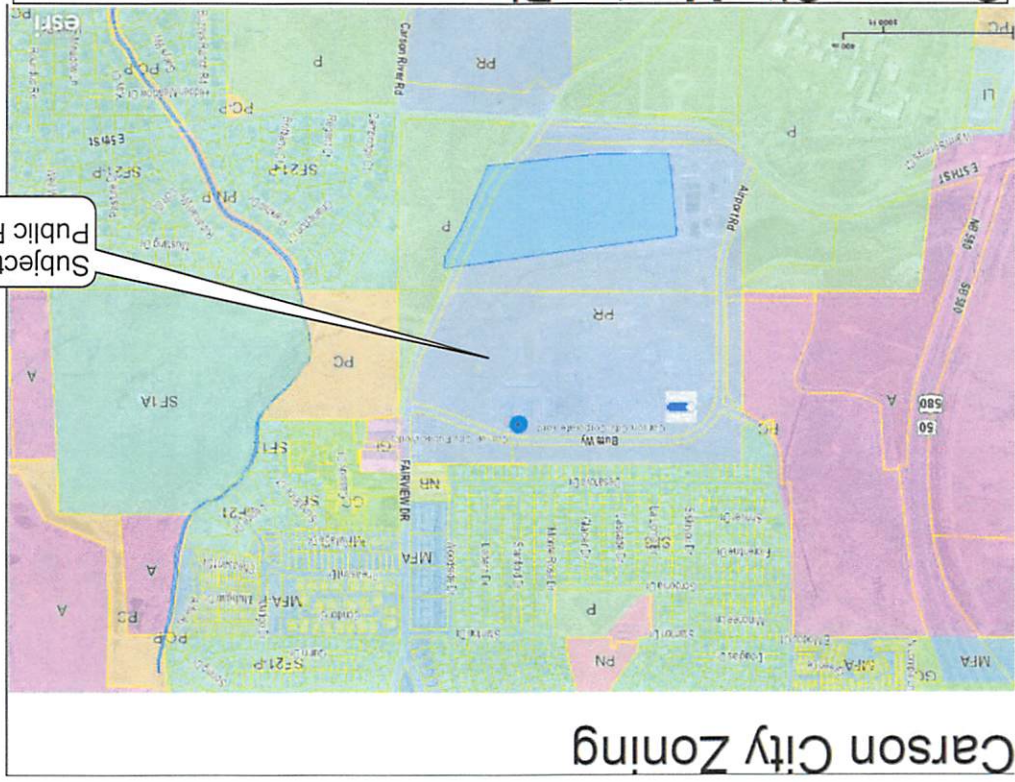
It is likely that the region will continue to climb back to more robust employment growth and more vigorous economic activity. Home prices are increasing, and there is a general sense of cautious optimism from the construction sector. Retail sales have rebounded. The regional population is again on the increase, albeit at a modest pace. Many retail businesses and restaurants small and large disappeared during the depths of the recession, but vacant holes in shopping centers are starting to refill, if slowly. Many structural weaknesses remain, but the general outlook is one of guarded optimism.

ASSESSOR'S PARCEL MAP

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

10-03

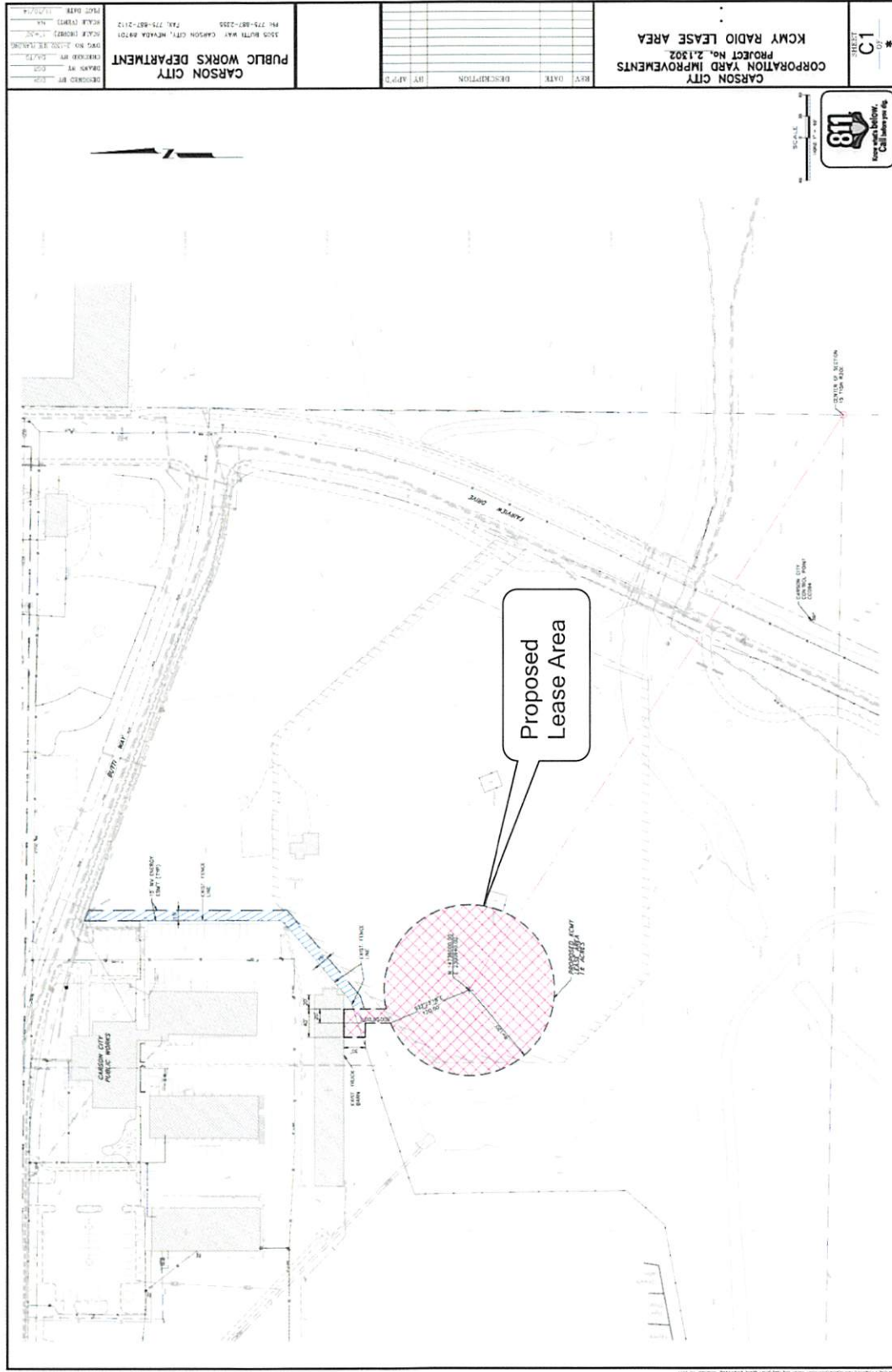




AERIAL PHOTO OF THE SUBJECT AND THE AREA



Site Map



SUBJECT PHOTGRAPHS



Looking west along Butti Way in front of the parent tract.



Looking east along Butti Way in front of the parent tract.

SUBJECT PHOTOGRAPHS

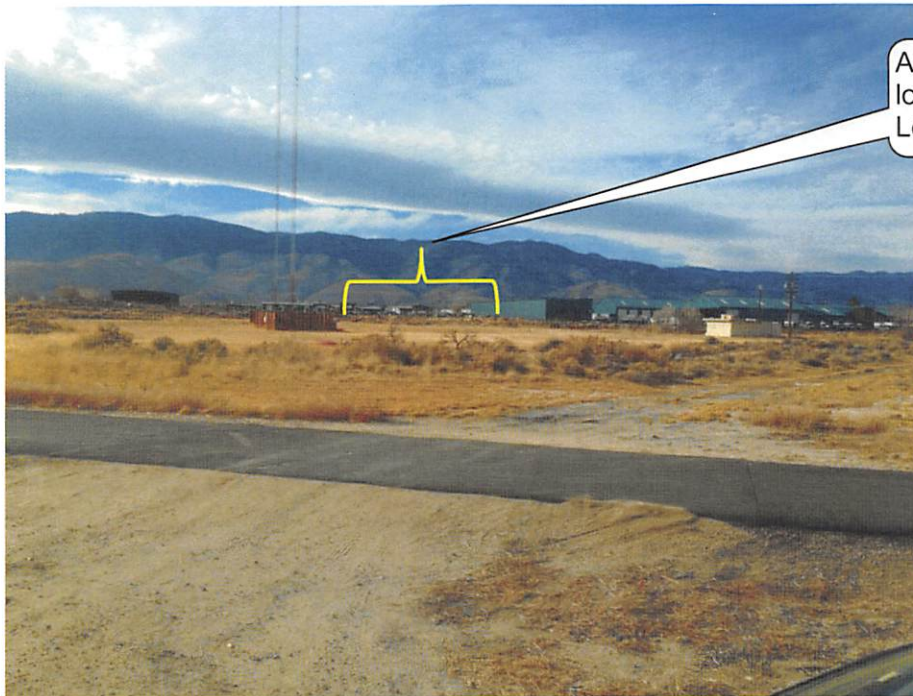


Looking north along the parent tract's Fairview Drive frontage.

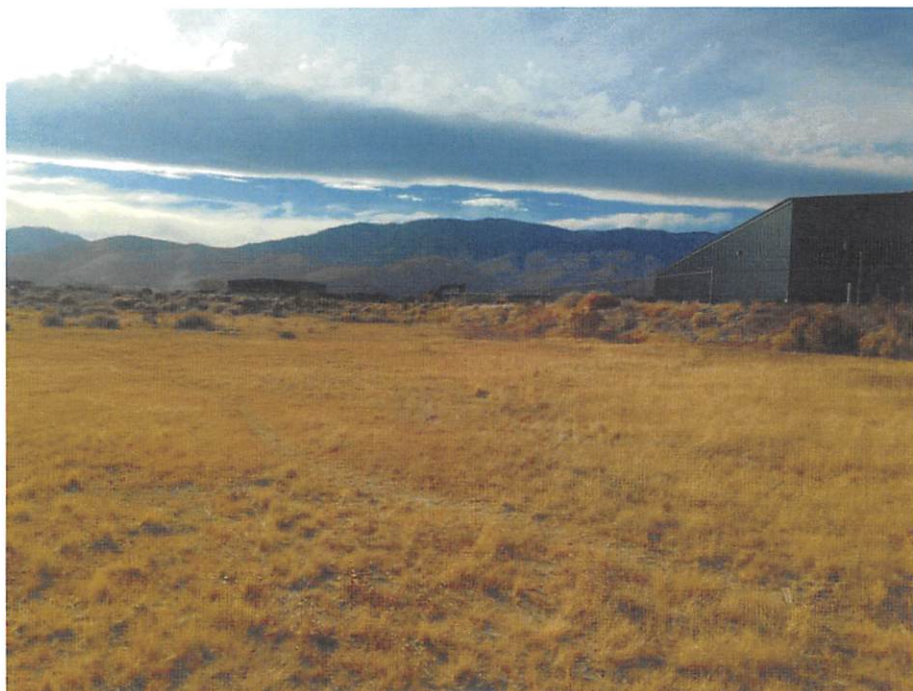


Looking south along the parent tract's Fairview Drive frontage

SUBJECT PHOTOGRAPHS



Looking west toward the Lease Area from Fairview Drive



Looking west across the Lease Area

SUBJECT PHOTOGRAPHS



Looking north across the Lease Area

PROPERTY IDENTIFICATION AND SITE DESCRIPTION

Parcel Address 3303 Butti Way
Carson City, NV 89701

Assessor's Parcel Number(s)/Land Area		
Parent Tract	010-031-04	52.00±ac.
Lease Area	010-031-04 (a portion)	1.00±ac.

Property Ownership and Recent History

Title to the subject is vested as follows:

City of Carson City

There have been no transactions involving the subject in the 10 years preceding the date of value.

Site Dimensions/Shape

The Parent Tract is generally rectangular with a width along its Butti Way frontage of approximately 2,300 feet and a depth in a north south direction of approximately 1,090 feet.

The Lease Area is basically a circle with a radius of 120 feet. Although this is an unusual shape for a parcel in the area, it was agreed upon by the parties (the City of Carson City and Evans Broadcasting) and as a result, in the following analysis, its unusual shape will not be considered a detriment to its value.

Access

The parent tract has developed access at several points on Butti Way which fronts its northern boundary. There is also evidence of casual access along its Fairview Drive frontage to the west and its Airport Road frontage to the west.

The most likely access to the Lease Area will come from the eastern most driveway on Butti Way and will go through the parking area serving the Carson City Public Works facility.

In the broader sense, the Lease Area and the Parent Tract are easily accessible from all areas of Carson City. Fairview intersects with US 50 approximately 1 mile to the north and the current (temporary) terminus of the I580 freeway extension slightly less than 2 miles to the south.

Topography

The site is generally level, a couple of feet below the adjoining road grade. The Parent Tract's elevation ranges from 4,620 to 4,642 feet with the elevation of the Lease Area at approximately 4,621 feet

Flood Zone

Community Panel 320001 011 F

The Parent Tract is in both the zone X and the Zone AE with an established flood elevation of 4,624 feet at the east side and 4,628 feet at the west side.

The Lease Area is in the zone AE and has an estimated flood elevation of between 4,623 feet and 4,624 feet. This compares to its elevation of approximately 4,621 feet and as a result, building construction would require the elevation of the building's foundation above the flood elevation.

Soil Conditions

A site specific soil survey was not available for the subject but the nature of the surrounding development suggests that the subject's soils can accommodate development.

Seismic Hazards

Seismic Risk Zone 3.

Wetlands

None noted, none anticipated.

Master Plan

Public/Quazi Public

Zoning

PR, Public Regional

Easements/Encumbrances

A preliminary title report was not available at the time this appraisal was prepared, however a review of the available mapping and a physical inspection did not reveal any easements or other encumbrances that would restrict the development of the subject or impact its value.

Utilities

<u>Type of Utility</u>	<u>Purveyor</u>	<u>Availability</u>
Electricity	NVEnergy	To the property
Gas	Southwest Gas	Adjacent
Water	Carson City	To the property
Sewer	Carson City	To the property

Environmental Observations

An environmental site assessment was not available at the time this appraisal was prepared. The Parent Tract has been occupied by the Carson City Corporate Yard and Public Works department for decades and there is no indication that either use has created un-mitigated environmental contamination.

The Lease Area is vacant, except for a portion of an existing antenna support system. A review of historic photographs of the area indicates that this portion of the site has been undeveloped for several decades and may never have been developed.

This analysis is based on the assumption that the site is free of environmental contamination. However, an environmental site assessment is beyond the scope of this assignment and my professional training. If environmental contamination is a concern, I recommend engaging the services of the appropriate professionals.

Current Use

The Parent Tract contains both the Carson City Corporate Yard and the Carson City Public Works Department. The Lease Area is vacant other than the support system for one of the existing radio transmission towers.

Real Property Taxes**Assessor's Parcel No.**

<u>Tax Year 2014-2015</u>	<u>010-031-04</u>
Assessed Value (Land)	\$655,200
Assessed Value (Improvements)	<u>\$1,143,403</u>
Total Assessed Value	\$1,798,603
Tax Rate (\$3.54 per \$100 Assessed)	
2014-2015 Taxes Imputed	<u>\$63,670</u>

The subject is owned by the City of Carson City and is therefore tax exempt. The taxes have been calculated assuming private ownership.

The existing Evans Broadcasting array is identified by the Carson City Assessor as "personal property" with a possessory interest in an underlying 6.47±ac. site and its assessment is as follows.

Assessor's Parcel No.

<u>Tax Year 2014-2015</u>	<u>010-031-99</u>
Assessed Value (Land)	\$10,870
Assessed Value (Improvements)	<u>\$3,408</u>
Total Assessed Value	\$14,278
Tax Rate (\$3.54 per \$100 Assessed)	
2014-2015 Taxes	<u>\$505.63</u>

Special Assessments None

Adjacent Land Uses

The subject is located on the eastern side of the Carson City Urban Area.

The surrounding uses include:

To the North

Residential development including both single and multi-family homes

To the East

Vacant land designated as open space and a mix of light industrial and residential development.

To the South

The Carson City Waste Water Treatment facility, vacant land and the former Carson City Prison.

To the West

Vacant land and the southern extension of the I580 Freeway.

Summary

The Parent Tract is a 52.00±ac. site on the eastern fringes of the Carson City Urban Area that has been the location of the Carson City Corporate Yard and the Carson City Department of Public Works for several decades. Portions of the site are in the flood zone AE with a flood

elevation slightly above the site's current elevation. This is a condition that must be dealt with as the site is developed.

It is zoned PR, an artifact of the current use.

The Parent Tract is easily accessible and all utilities are available.

The Lease Area is a circular 1.00±ac. portion of the site that is in the eastern portion of the Parent tract. It is entirely in the flood zone AE. Although the Lease Area's shape is unusual, it was agreed to by the parties to the proposed lease and will not be considered a detriment in the following analysis.

HIGHEST AND BEST USE

Highest and best use is “the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, and results in the highest value.”²

Improved real estate has two components, the land itself and the improvements upon the land. The highest and best use analysis takes these two components into consideration by first analyzing the highest and best use of the land as if vacant, and then the highest and best use of the property as it is actually improved. The analysis of the subject addresses the market lease rate for a vacant site, so the focus of the highest and best use analysis is of the site, as though vacant.

Highest and Best Use as if Vacant

Physical Possibilities

The lease Area is circular, which is unusual but, because its configuration is the result of an agreement between the lessor (city of Carson City) and the lessee (Evans Broadcasting) it will not be considered a detriment in the subject’s analysis.

The Parent Tract and Lease Area have good accessibility, level topography and access to all typical public services and utilities. Development of either portions of the Parent Tract or the Lease Area will require accommodation of the flood zone AE designation. It is likely that construction of a building on the Lease Area would require elevation of the foundation above the designated flood elevation.

Legal Permissibility

The legally permissible uses of the subject are governed by the PR zoning designation. In this analysis, the private equivalent of industrial or light industrial designations will be used to establish the value and the market rent for the subject. This is the closest private equivalent to the PR zoning and would accommodate the proposed use.

Financially Feasible/Maximum Productivity

The financial feasibility of any development hinges on demand for the end product. The subject’s physical and legal characteristics suggest development of an industrial or light industrial use. After the financial collapse of the mid and late 2000s reached its lowest point, the local economy has begun to recover. Regionally, there have been a number of vacant land sales suggesting that the market is once again contemplating new construction after coming to a complete standstill during the recession.

There have also been several regional announcements including the announcement by Tesla that they have selected the Tahoe Reno Industrial Park as the location of their Giga Factory. It is expected that this will be a boost to the northern Nevada economy generally and has already prompted the acceleration of construction of the USA Parkway that will traverse the Tahoe Reno Industrial Park, connecting I80 to the north to Highway 50 east of Carson City.

As of the effective date of value, the highest and best use of the site is as a speculative investment or for development of a specific use, unique to the buyer.

² The Appraisal Institute, the Appraisal of Real Estate, 12th Edition, 2001, page 305.

Most Probable Purchaser

Under current market conditions, the most probable purchaser of the Lease Area would be an owner user, who would build a specialty improvement uniquely suited to their needs or a land investor/speculator willing to hold the site as the economy continues to recover from the current/recent recession.

APPRAISAL OVERVIEW

The purpose of this analysis is to establish an appropriate market rental rate for a 1.00±ac. portion of a larger site. Land leases of this nature are quite uncommon and as an alternative to a direct comparison to other leased industrial sites, a return on investment analysis is commonly used.

The steps in the valuation process for a site lease such as the one being addressed here is as follows:

1. Calculate the area to be leased.
2. Estimate the fee simple value of the leased area.
3. Multiply the fee value by the annual rent factor calculated above.
4. Develop a recommendation regarding any applicable adjustments during the term of the lease.

The result is an estimate of the starting rent and rent during the term of the lease.

The leased area is estimated at 1.00±ac. or 43,560±sf.

The next step in the analysis is to establish an estimate of the site's underlying fee value.

There are three generally accepted techniques typically available to estimate market value of real estate. These techniques or approaches are commonly referred to as the cost approach, the income approach and direct sales comparison approach. Each of these approaches can be applied independently to value property.

Cost Approach

The premise of the cost approach is that the value of an improved property may be equal to the cost to acquire a similar parcel and build improvements of like utility. The cost approach is effective for evaluating new and proposed projects where cost and value are likely to be similar. In this case the cost approach is not applicable.

Income Approach

The basis of the income approach is the relationship between the value of the property and its income producing capability. The appraiser uses information from the subject and the market to estimate operating income and then relates it to value through the application of a capitalization rate. Capitalization rates are market based, and represent the return on investment anticipated by buyers of income properties. This approach is appropriate for those properties which normally produce income and normally are bought and sold based upon their income producing capabilities.

The purpose of this analysis is to establish an estimate of market rent and the income approach is not applicable.

Sales Comparison Approach

The basis of the sales comparison approach is that the value of a property tends to be set by prices paid for similar/competing properties. This approach can be used to value improved or unimproved properties and is often the most accessible way to estimate value, since it relies on a common sense valuation of the subject versus competing properties. The sales comparison approach is the one appropriate analysis when valuing the subject.

In this analysis the sales comparison approach will be used to establish a site value, as a component of the calculation of a market rent.

SALES COMPARISON APPROACH TO VALUE

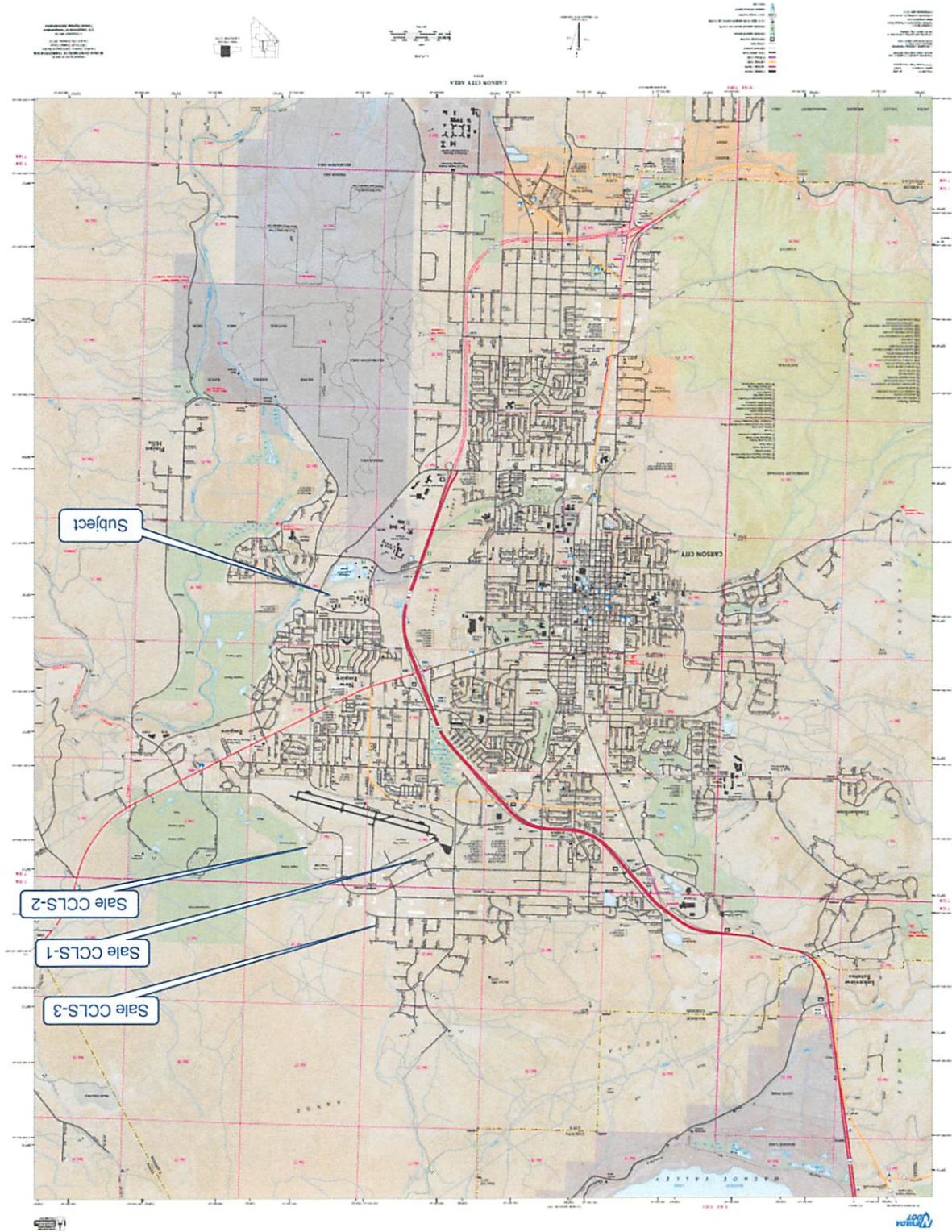
The first step in this approach is to identify the highest and best use of the subject. Then, the public record is canvassed for sales of properties with the same or a similar highest and best use. The appropriate sales are verified, and the sale prices are reduced to a consistent unit of measure, in this case a price per square foot. These prices can then be used to establish a typical range of value for a property of the subject's class. Individual elements of the sales are compared to the subject, and an overall judgment can be made as to how the subject compares with other properties in its class. The reader is reminded that although the shape of the Lease Area is unusual, it was agreed upon by the lessor and lessee and the value will not be penalized for it.

There have been very few sales of vacant industrial sites in Carson City during the current phase of the economic cycle. As a result, I expanded the search for comparable properties to the surrounding counties/communities. In addition to the few sales collected from Carson City, sales from the Johnson Lane area of Douglas County which is approximately 10 miles south of the subject between Carson City and Minden and sales from the Mound House portion of Lyon County which is approximately 5 miles east of the subject have been included. These are all properties that would appeal to the same class of buyers as the subject and would be viewed, in many cases, as alternatives to a purchase of the subject.

COMPARABLE LAND SALE CHART
Carson City

Sale Number	APN Location	Sale Date Sale Price	Zoning	Land Area Price/sf	Comments	Grantor Grantee Document
CCLS-1	005-061-10 Lockheed Way, south of Ryan Way Carson City	12/29/2011 \$400,000	AIP	1.96±ac. \$4.68	Raw, level site abutting the Carson City Airport in an industrial park	Steve & Marilee Hamilton et.al Click Bond Inc. 418322
CCLS-2	005-051-17, 19 4114 & 4138 Technology Way Carson City	2/20/2014 \$1,000,000	LI	2.19±ac. <u>2.27±ac.</u> 4.46±ac. \$5.14	Two transactions involving two adjoining finished pads in the Arrowhead Business Park, same grantor/grantee in both transactions.	Stephanie Serpa Holly Carson III & IV 442502, 442503
CCLS-3	008-816-39 2850 Conestoga Carson City	6/09/2014 \$144,619	LI	1.66±ac. \$2.00	Corner parcel in an industrial district north of the Carson City Airport.	Carl and Barbara Bernard T & D Machine Products 445006
Subject	010-031-04(a portion) 3303 Butti Way, Carson City	11/11/2014	PR	1.00±ac.	Circular site inside a larger holding owned by Carson City	City of Carson City

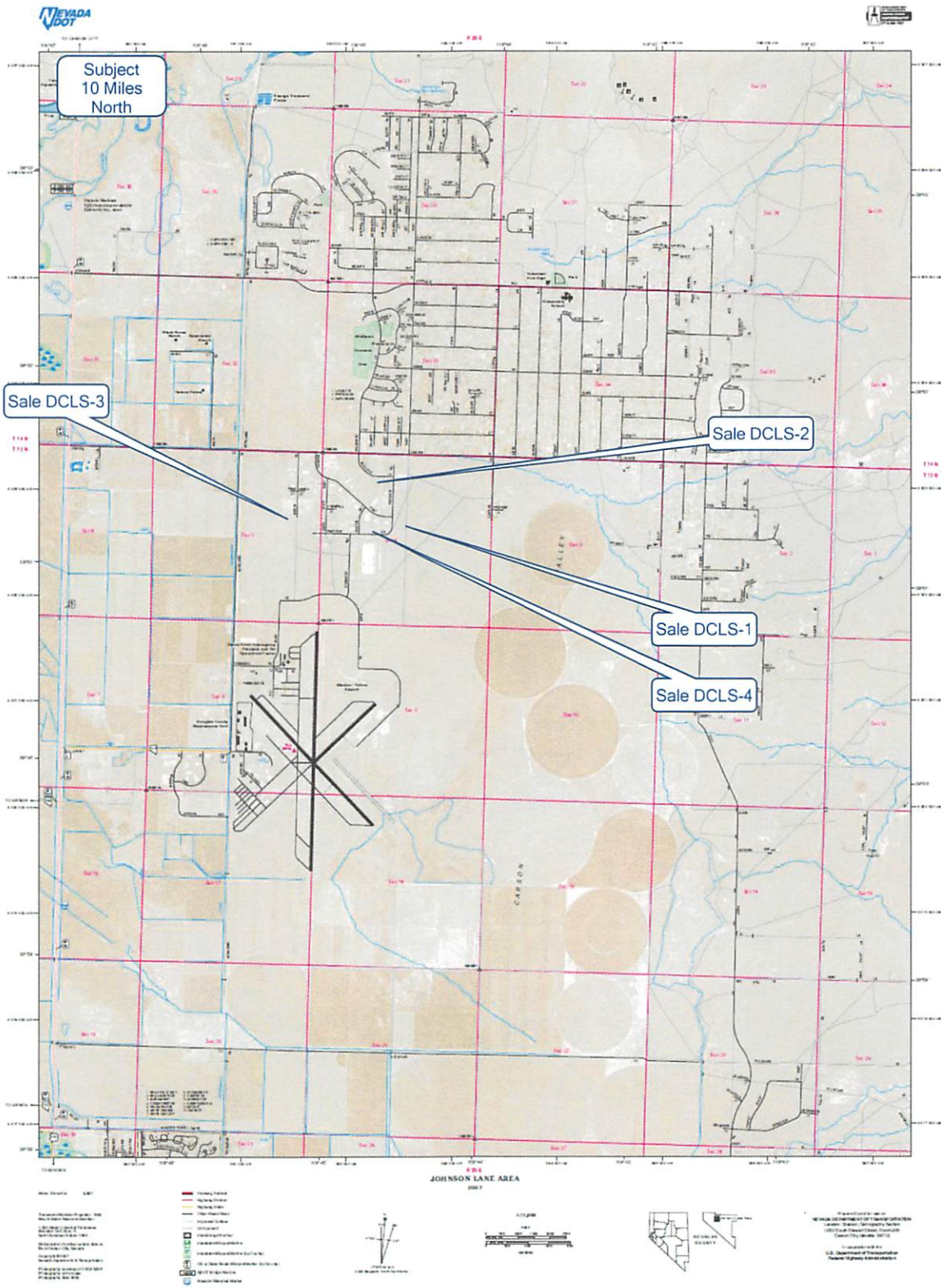
CARSON CITY LAND SALE MAP



COMPARABLE LAND SALE CHART
Douglas County

Sale Number	APN Location	Sale Date Sale Price	Zoning	Land Area Price/sf	Comments	Grantor Grantee Document
DCLS-1	1320-04-001-067 2519 Precision Drive Douglas County	12/31/2013 \$110,000	Industrial	2.04±ac. \$1.24	Raw lot on the east edge of the Carson Valley Business Park	Green Leaf LLC Callahan Revocable Family Trust 836171
DCLS-2	1320-04-001-033 Wild Horse Drive Douglas County	8/30/2013 \$187,000	Industrial	2.77±ac. \$1.54	Raw lot in the Carson Valley Business Park	Duncan Family Trust KJ Brown LLC 829873
DCLS-3	1320-05-001-018 2530 Nowlin Rd Douglas County	10/14/2014 \$135,000	Industrial	2.48±ac. \$1.24	Partially graded lot in an industrial district just west of the Carson Valley Business Park	Cornerstone Leasing West Tec Construction 851126
DCLS-4	1320-04-001-036 Precision Drive Douglas County	10/15/2014 \$125,000	Industrial	2.05±ac. \$1.40	Slightly elevated lot in the Carson Valley Business Park, directly across the street from Starbucks Coffee	Hanson Survivor Trust Davis Family Trust 581153
Subject	010-031-04(a portion) 3303 Butti Way, Carson City	11/11/2014	PR	1.00±ac.	Circular site inside a larger holding owned by Carson City	City of Carson City

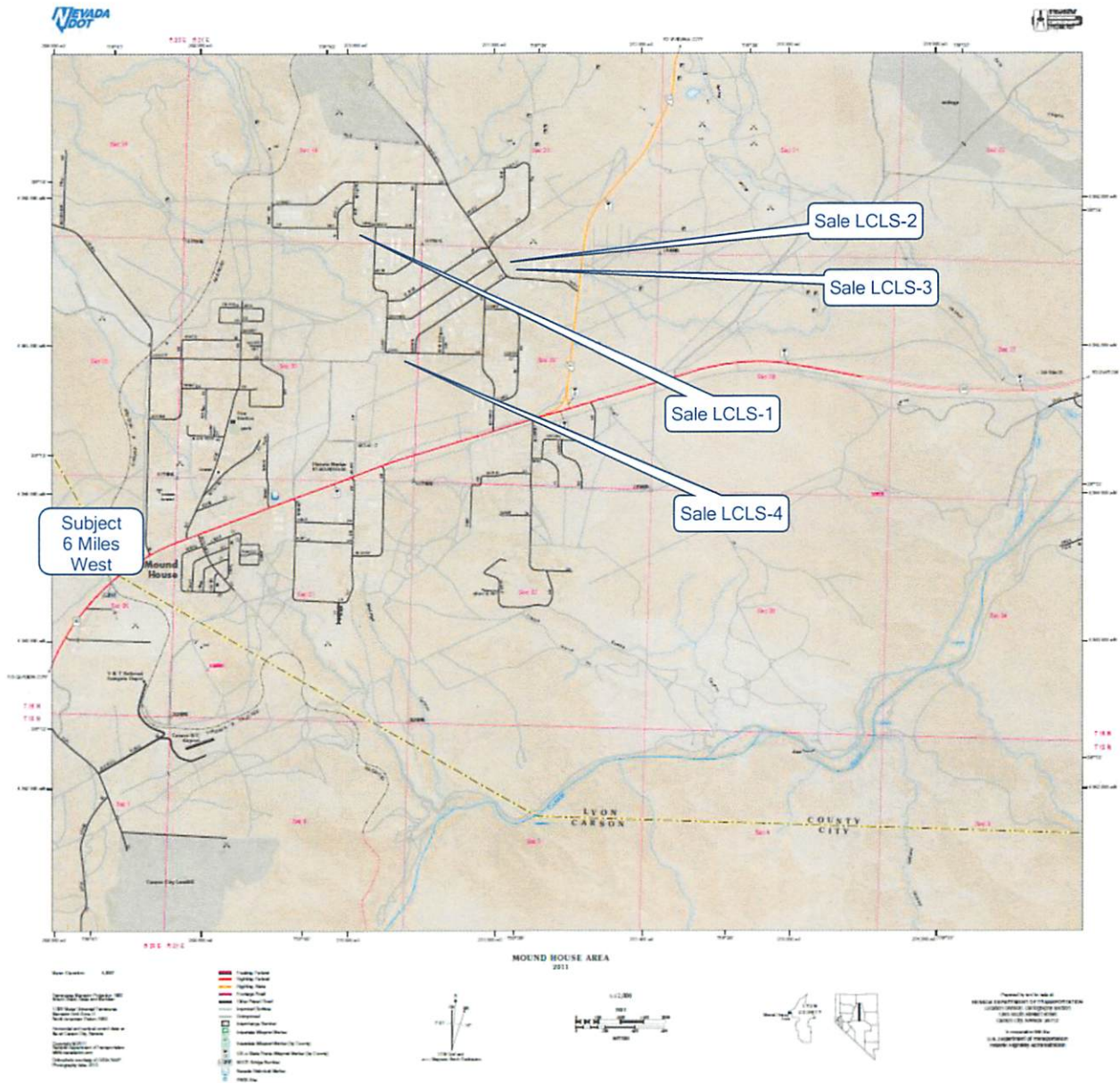
DOUGLAS COUNTY LAND SALE MAP



COMPARABLE LAND SALE CHART
Lyon County

Sale Number	APN Location	Sale Date Sale Price	Zoning	Land Area Price/ac	Comments	Grantor Grantee Document
LCLS-1	16-425-05 59 Diamond Back Dr. Mound House	1/18/2013 \$107,000	M1	1.637±ac. \$1.50	Industrial parcel that has been graded and leveled	Paul and Margaret Holloway Dandini Wallach LLC 501877
LCLS-2	16-193-15 40 Industrial Pkwy Mound House	6/27/2013 \$45,000	M1	1.34±ac. \$0.77	Raw industrial parcel, buyer indicates that due to drainage issues it will require fill material	Kevin and Brenda Murry BrownLine Ventures 508920
LCLS-3	16-193-14 Industrial Pkwy Mound House	2/04/2014 \$50,000	M1	1.34±ac \$37,313	Raw industrial parcel, buyer indicates that due to drainage issues it will require fill material	James Burkett Chris Sciarrotta (BrownLine Ventures) 517814
LCLS-4	16-185-04 Cash Drive Mound House	3/11/2014 \$40,000	M1	1.00±ac. \$40,000	Raw industrial parcel	Patigler Hardy Family Trust 518951
Subject	010-031-04(a portion) 3303 Butti Way, Carson City	11/11/2014	PR	1.00±ac.	Circular site inside a larger holding owned by Carson City	City of Carson City

LYON COUNTY LAND SALE MAP



LAND SALES ANALYSIS, CORRELATION AND VALUE CONCLUSION

The preceding charts contain information on 11 recent land sales from the Carson City, Douglas County and Lyon County communities. In general terms, these three communities are competitive and serve the Carson City market.

The comparable sales occurred between December 2011 and October 2014. The comparables were selected because they generally share a similar highest and best use with the subject, have competitive locations and would be attractive to a similar class of buyer as the subject. They are either in Carson City or the surrounding communities.

The comparables range in size from 1.00±ac. to 4.46±ac. In comparison, the Lease Area addressed in this analysis contains 1.00±ac. As has been indicated elsewhere in this appraisal, the recession that began in the fall of 2006 had a profound impact on the demand for development land. Although the market has seen an up-tick in transaction volume in the past 12 months, the increase in interest has been focused on properties that are easily developed or have a specific appeal for the buyer. Even the most desirable properties are still selling at steep discounts to their prices at the peak of the market.

The comparable sales indicate a range in sale prices from \$0.77 to \$5.14 per square foot.

On a per square foot basis, the comparables indicate the following per square foot values.

CARSON CITY		LYON COUNTY		DOUGLAS COUNTY	
Sale Number	Price Per Square Foot	Sale Number	Price Per Square Foot	Sale Number	Price Per Square Foot
CCLS-1	\$4.68	LCLS-1	\$1.50	DCLS-1	\$1.24
CCLS-2	\$5.14	LCLS-2	\$0.77	LS-2	\$1.54
CCLS-3	\$2.00	LCLS-3	\$0.86	LS-3	\$1.24
		LCLS-4	\$0.91	LS-4	\$1.40

These comparables are presented as legitimate representations of market value for the subject.

If these transactions are to express market value they must be examined to see whether they meet the tests of market value under the definition used in this report. Market value implies a freewill transaction, where knowledgeable parties transact business without duress and in good faith. In a market value sale, the property is adequately exposed to the market, good and marketable title passes, and consideration is paid in cash or its equivalent. Market value is also time sensitive; it is always as of a specific point in time. In this case, the date of value is November 11, 2014. The primary elements of a market transaction are discussed below:

Property Rights Conveyed

This portion of the appraisal addresses the subject's fee simple estate. In each case, the sales involve the transfer of the fee and no adjustments are required.

Financing

The market value definition used in this report is based upon a cash sale, or sale at terms equivalent to cash. In some cases, if the seller provides financing for a significant portion of the sale price, at terms that differ from the terms that would be available from a third party or commercial lender it could affect the sale price.

Although three of the sales; Sales CCLS-2, LCLS-2 and LCLS-3 involved an element of financing, the financing was not provided by the seller and is not believed to have affected the sale prices. All of the remaining sales involved cash transactions and no adjustments are necessary.

Conditions of Sale

This element of comparison addresses the freewill and exposure aspects of the transaction. The motivations of the participants may have skewed the sale price one way or another depending on their financial or other circumstances.

In each case, it appears that the sales occurred in the normal course of business with both the buyer and sellers experiencing "typical" motivations and knowledge of the market.

Market Conditions

Market value is always established as of a specific date. In this case, the date of value is November 11, 2014. In comparison, the sales closed between December 2011 and October 2014. The earliest of the sales, Sale CCLS1 is included because there are so few sales in the Carson City Market. Based on the information that is available from the local and regional markets, land prices were still in decline in 2011 and a downward adjustment is appropriate. The remainder of the sales occurred after the market had stabilized and no other adjustments are appropriate.

The sales, as presented, are legitimate representations of the market for this type property. Having reached this conclusion, the next task in the comparison process is to use the unitary price indications from the comparable sales to establish an underlying fee value for the Lease Area.

The sales were derived from three distinct neighborhoods.

The Carson City sales involve transactions in the newer business parks north of the Carson City Airport. These are generally more desirable in terms of location, site conditions and character of the surrounding properties. The subject would fall at or below the low end of the range indicated by the Carson City Sales of \$2.00 to \$5.14 per square foot.

The Douglas County Sales all occurred in or adjacent to the Carson Valley Business Park. The infrastructure in the Carson Valley Business Park is fully developed, and many of the parcels have been developed. The improved parcels involve a variety of industrial, light industrial and office/loft uses, primarily involving owner users including a Starbucks roasting plant. When using these sales to establish a value for the subject, the Park's distance from Carson City somewhat offsets the subject's condition issues which include elevation below the established flood elevation and location outside an established business park. Because of the subject's physical characteristics, the range indicated by the Douglas County Sales of \$1.24 to \$1.54 establishes the upper end of an appropriate value range for the Lease Area.

Finally, the Lyon County sales were located in the Mound House area, between Carson City and Dayton. This area is viewed by the market as a low cost location and houses a variety of heavier industrial users. Because of the market's perception of the Mound House area, the range indicated by the Mound House Sales of \$0.77 to \$1.50 per square foot would generally establish the low end of an appropriate value range for the Lease Area. It is noted that in the case of the Lyon County Sales, Sale LCLS-1 was a partially developed, fenced site and sold for \$1.50/sf while the other three sales were raw sites in the same neighborhood but sold for between \$0.77 and \$0.91 per square foot.

The characteristics of the subject that affect its value are its location outside an established business or industrial park setting, the requirement to extend utilities to the site and its elevation below the flood elevation established by FEMA in the AE Flood Zone.

The preceding discussion can be summarized in tabular form as set forth below. The sales rated superior to the subject have features that make them more desirable and would be worth more than the subject on a price per square foot basis. Conversely, the subject's per square foot value is likely higher than those sales rated inferior

Overall, this analysis suggests a value below both the Carson City Sales and the Douglas County Sales but, above the typical prices paid in Mound House.

Carson City Sales Generally Superior

CARSON CITY	
Sale Number	Price Per Square Foot
CCLS-1	\$4.68
CCLS-2	\$5.14
CCLS-3	\$2.00

Douglas County Sales Generally Somewhat Superior

DOUGLAS COUNTY	
Sale Number	Price Per Square Foot
DCLS-1	\$1.24
LS-2	\$1.54
LS-3	\$1.24
LS-4	\$1.40

Lyon County Sales Generally Inferior

LYON COUNTY	
Sale Number	Price Per Square Foot
LCLS-1	\$1.50
LCLS-2	\$0.77
LCLS-3	\$0.86
LCLS-4	\$0.91

When considering the property's value as of the November 11, 2014 effective date of value, significant consideration has been given to the market's economic condition. After suffering a near catastrophic collapse between 2005 and 2011, the market appears to have stabilized, and is seeing somewhat of an uptick in transaction volumes. The recent announcement by Tesla that they will be building a "10,000,000 ±sf. GIGA battery factory" in the Tahoe Reno Industrial Center is expected to have a positive impact on the region, but it may take several years before it has a tangible impact on the Carson City real estate market. Additional consideration has been given to the subject's physical characteristics as discussed above.

Overall, the analysis of the subject and the comparable properties leads me to conclude a fee value for the Lease Area of between \$1.00 and \$1.25 per square foot. Applied to the subject's 1.00±ac. or 43,560±sf. results in a value range of \$43,560 to \$54,450, which will be correlated to a value conclusion of \$50,000 as of the November 11, 2014 effective date of value.

MARKET RENT ANALYSIS

In the prior analysis the underlying fee value of the Lease Area was estimated at \$50,000. The next step in the analysis is to determine an appropriate rate of return on the fee value as an indication of an appropriate market rent. During the course of this analysis, I have had the opportunity to review the existing lease between the City of Carson City and Evans Broadcasting and several proposed draft leases.

Estimate of Market Rent

For purposes of this analysis, an analysis of a fair market rental rate will be based on the analysis of returns generated by land leases and availability of alternative income generating investments. Additionally, I have conducted interviews with several landowners and real estate brokers known to buy sell and lease vacant land. Based upon a review of several land leases and interviews with a wide variety of real estate professionals, rental rates are typically based upon a triple net terms.

One method of analyzing the rate of return required on a real estate investment involves the analysis of alternative investments. According to the "Economic Indicators - August 2014 prepared by the Appraisal Institute, reports the following U. S. Treasury yields:

Five-year bonds	1.63%,
Ten-year bonds	2.42%,
30-year bonds	3.20%.

They also report that corporate Aaa bonds were yielding 4.08% and Baa corporate bonds were yielding 4.69%.

Because of the stimulative actions being taken by the Federal Reserve Bank the rates indicated here are artificially low. The Federal Reserve Bank is trying to spur the economy by keeping interest rates at unprecedentedly low levels. It is their hope that lower interest rates will stem the tide of foreclosures, strengthen the housing market and spur consumption. The program appears to be working, but has resulted in a ballooning of the national debt.

In considering the rate of return which would be applicable to the subject, consideration must be given to the fact that real estate typically involves a higher degree of risk and significantly less liquidity than is available to an investor in bonds and other financial market institutions.

PriceWaterhouseCooper conducts a quarterly survey of real estate investors and collects information on anticipated rates of return on various real estate investments. In their most recent survey, they report discount rates (IRR's) in several investment categories averaging between 7.29% and 8.67% depending on the strength and or volatility of the particular market segment. The survey participants are investors in traditional income producing investments including office, retail and industrial properties.

The investment in vacant land has few management responsibilities but, typically does not generate rental income. Real estate does offer the potential for future appreciation and may, in some cases, offer tax benefits. Because of the risk involved in the investment of real estate, the rate of return available on the financial investments described above are felt to be lower than the rates of return applicable to vacant land.

Additionally, a survey of local land leases revealed the following:

Comparable Land Lease Chart

APN Lessee/Lessor Location	Lease Date	Current Annual Rent	Land Area SF Acres	Current Rent/sf	Estimated Land Value /sf	Return on estimate land value	Comments
009-111-31 AutoZone/Moreland 3460 S. Carson St Carson City, NV	2008	\$46,200	36,155±sf. .083±ac.	\$1.28	\$12.00	10.67%	15 year lease with one 20 year option NNN ground lease AAA Tenant
015-210-34 Atlantic Aviation/Reno Airport 655 S. Rock Blvd Reno, NV	2012	\$413,179	1,032,947±sf. 23.71±ac.	\$0.40	\$5.00	8.00%	FBO 35 year NNN ground lease based on 2012 appraisal Site improvements not valued
12-284-01 Reno Aviation Partners/ Reno Airport SWC Rock Blvd and Mill St. Reno, NV	2011	\$250,630*	659,555±sf. 15.14±ac.	\$0.38	\$5.00	7.60%	FBO 50 year NNN ground lease based on 2010 appraisal. Tenant abandoned the lease due to financial difficulties
140-010-42 Kohl's/Damonte Village LLC 70 Damonte Ranch Parkway Reno, NV	2001	\$554,960	374,268±sf. 8.592±ac.	\$1.48	\$16.00	9.25%	20 year NNN ground lease, rate based on Kohl's opinion of land value
002-755-18 Home Depot/N Carson Crossing 3185 Market St. Carson City, NV	2007	\$313,000	477,417 10.96±ac.	\$0.66	\$7.00	9.43%	20 year NNN ground lease with six 5 year options Lease based on Home Depot opinion of land value
012-284-01 ProLogis Air Cargo/Reno Airport 1395 Aircargo Way Reno, NV	1996	\$344,630	400,733±sf. 9.20±ac.	\$0.86	\$6.00	14.33%	30 year NNN ground lease with six 5 year options Lease based on the Airport's opinion of land value
012-320-05 Washoe County/TMWA 5305 Mill Street Reno, NV	2008	\$24,000	30,000±sf. 0.69±ac.	\$0.80	\$5.00	16.00%	NNN ground lease Lease began with a 5 year term and is now mo/mo Lease rate based on County's opinion of land value
TMWA/UPRR Woodland Ave at the railroad tracks Reno, NV	2010	\$2,926	27,500±sf. 0.63±ac.	\$0.11	\$1.50	7.33%	Year to year NNN ground lease Lease rate based on the railroad's opinion of land value

The land rents indicate nominal rates of return from slightly below 7.50% to 16% but cluster between 8% and 10%. It is noted that each of the leases is now or began as a long term arrangement and that they are all NNN leases and the tenant pays all expenses. In the case of the subject, the tenant is also responsible for all operating expenses including any utilities consumed and taxes levied on the possessory interest in the land and the lessee's personal property during the term of the lease. This would suggest a rate nearer the low end of the range.

Overall, based on an analysis of the available data, an appropriate rate of return on the Fee Value of the Lease Area is 8.00%. Applying an 8% rate of return to the underlying site value of \$50,000 results in an initial market rent of \$4,000 per year.

One of the draft leases that I was provided contained an annual escalation clause that would *allow* the City of Carson City to increase the rent by up to 4% annually with a written notice to LESSEE. Based on my review of the escalation clauses included in a number of recent Cell Tower site leases, this appears to exceed the typical escalation rate. Typically when an annual escalation clause is used, the rate is 3%. Other escalation clauses include an increase at 5 year intervals ranging from 10% to 15% with the majority at 10%.

Although the draft lease would *allow* an escalation of 4% per year, a 3% annual increase appears to be more common, particularly given the low inflation rates experienced recently.

Overall, my analysis resulted in the following conclusions.

Market Value	\$50,000
Market Rent	\$4,000/year
Annual Increase	3.00%

**QUALIFICATIONS OF APPRAISER
ROBERT E. SCHIFFMACHER**

Professional Affiliations

Member of the Appraisal Institute, MAI	93675
Nevada Certified General Real Estate Appraiser	#A.0002492-CG
Member of the International Right of Way Association	7898243

Formal Education

University of Northern Colorado, Greeley	1976-1978
Course work in Sociology and Police Science	
Community College of Denver, Golden Colorado	1977
Course work in Police Science	
University of Nevada, Reno	1978-1981
BS Business Administration	
Course work in Finance and Marketing	

Appraisal Education and Technical Training

Real Estate 101	1981
Real Estate Appraisal I	1989
Real Estate Appraisal Principles 1A-1	1991
Basic Valuation Procedures 1A-2	1991
Capitalization Theory and Techniques Parts A and B	1992
Nevada Law (N.R.S. 645C)	1993
Standards of Professional Practice Parts A & B	1993
Advanced Applications	1993
Report Writing and Valuation Analysis	1995
Ethics, USPAP Statements	1996
Comprehensive Appraisal Workshop	2000
Water Rights in Nevada	2001
Condemnation Appraising (Courses 710 and 720)	2001
Appraisal Litigation Practice & Courtroom Management	2003
Supporting Capitalization Rates	2004
Rates and Ratios: Making Sense of GIMs, OARs and DCF	2004
Condominiums, Co-Ops, and PUD's	2006
Intro to GIS applications for Real Estate Appraisal	2006
Uniform Standards for Federal Land Acquisitions	2002, 2007
Appraisal of Partial Acquisitions (IRWA)	2009
Valuation of Easements and Other Partial Interests	2009
Diminution of Value and Severance Damages	2011
Uniform Standards of Professional Appraisal Practice Update	2012
Appraising the Appraisal, Appraisal Review	2014
Forecasting Revenue/Analyzing Operating Expenses	2014
Evaluating Commercial Construction	2014

Offices Held

Reno-Carson-Tahoe Chapter Appraisal Institute:	
Chapter President	2003
Chapter Vice President	1999, 2002
Chapter Secretary	1997
Chapter Treasurer	1998, 2000, 2001, 2011 - 2014
Board of Directors	2002 - 2014

**QUALIFICATIONS OF APPRAISER
ROBERT E. SCHIFFMACHER
(Continued)**

Related Seminars

Real Estate Syndication	1986
Marshall Swift Commercial/Residential Workshop	1995

Occupational History

Warren & Schiffmacher, LLC Principal	2002-Present
Wright, Warren & Schiffmacher, LLC Principal	1997-2002
Washoe County Assessor's Office Appraiser III	1995-1996
Johnson - Perkins & Associates Associate Appraiser	1991-1995
California Pacific Research Inc. Financial Manager	1985-1991
Paine Webber Inc. Registered Representative	1984
First Interstate Bank of Nevada Trust Administrator	1982-1984

Representative Appraisal Clients

Airport Authority of Washoe County	Mineral County
Bank of America	Nevada Department of Transportation
Bank of the West	Norwest Bank
California Federal Bank	Pioneer Citizens Bank
City of Reno	Regional Transportation Commission
City of Sparks	Sierra Pacific Power Company, (kna NVEnergy)
City of West Wendover	Southwest Gas Corporation
Cornstock Bank	Truckee Meadows Flood Management Project
Dermody Properties	Truckee Meadows Water Authority
Dover House Capital, LLC	U. S. Bank
Financial Development Corp.	University of Nevada
First Interstate Bank	Washington Capital Management
General Services Administration	Washington Mutual Bank
GMAC Commercial Mortgage	Washoe County Water Authority
Imperial Thrift & Loan	Wells Fargo Bank
Lowe Enterprises	

Types of Properties Appraised

Various Types of Vacant Land	Shopping Centers
Retail Buildings	Apartment Complexes
Hotel-Casinos	Office Buildings
Industrial Buildings	Motels
Special Use Properties	Rights of way
Easements	

ASSUMPTIONS AND LIMITING CONDITIONS

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

LIMITS OF LIABILITY:

The liability of Robert E. Schiffmacher, MAI and Warren & Schiffmacher LLC 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 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 assignment. The appraiser is not 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.

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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 fee represents compensation only for the analytical services provided by the appraiser. The report remains the property of the appraiser, though it may be used by the client in accordance with these assumptions and limiting conditions.

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

This report 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 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. The appraiser shall bear no responsibility for any unauthorized changes.

CONFIDENTIALITY:

Except as provided for subsequently, the appraiser may not divulge the analyses, opinions or conclusions developed in the assignment, nor may he 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 or the State of Nevada 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.

The appraiser may be requested to submit copies of work to bona fide financial institutions in order to be approved to complete appraisal or consultation work for their institution. When requested, the appraiser will contact the client to obtain release to disseminate copies of the report to requesting institutions. Requests for dissemination will be controlled by the client; however, approval to disseminate the report will not be unreasonably withheld. Any reports disseminated to requesting financial institutions would be edited to remove specific references to the subject property's name, location and owner. Additionally, any specific reference to the client will also be deleted.

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. The appraiser is not liable for any information or the work product provided by subcontractors. 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. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser or anyone 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 report, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser nor anyone assisting in the preparation of the report is required to engage in post assignment 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 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. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS:

No responsibility is assumed by the appraiser 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 analyzed as if free and clear, unless otherwise stated in the report. The legal description, as furnished by the client, his designee or as derived by the appraiser, is assumed to be correct as reported. The report 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 report should not be construed as a report on the physical items that are a part of any property described in the report. Although the report 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 analysis and not as a complete or detailed report on these physical items. The appraiser 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 report.

Any statement in the report 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 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 analysis, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does or 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, it is strongly suggested 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 analysis is based on the assumption that there are no apparent or unapparent conditions on the property site or improvements, other than those stated in the report, which would materially alter the value of the subject. 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 analysis as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

AMERICANS WITH DISABILITIES ACT:

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

TOXIC MATERIALS AND HAZARDS:

Unless otherwise stated in the report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, or soils or ground water contamination on any land or improvements described in the report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reanalysis 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-soils which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, sub-surface rights (minerals and oil) were not considered in completing this analysis. Unless otherwise noted, the land and the soil in the area being analyzed appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. The appraiser is not liable for any problems arising from soil conditions. Therefore, it is strongly advised that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser 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.

The appraiser assumes no responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

LEGALITY OF USE

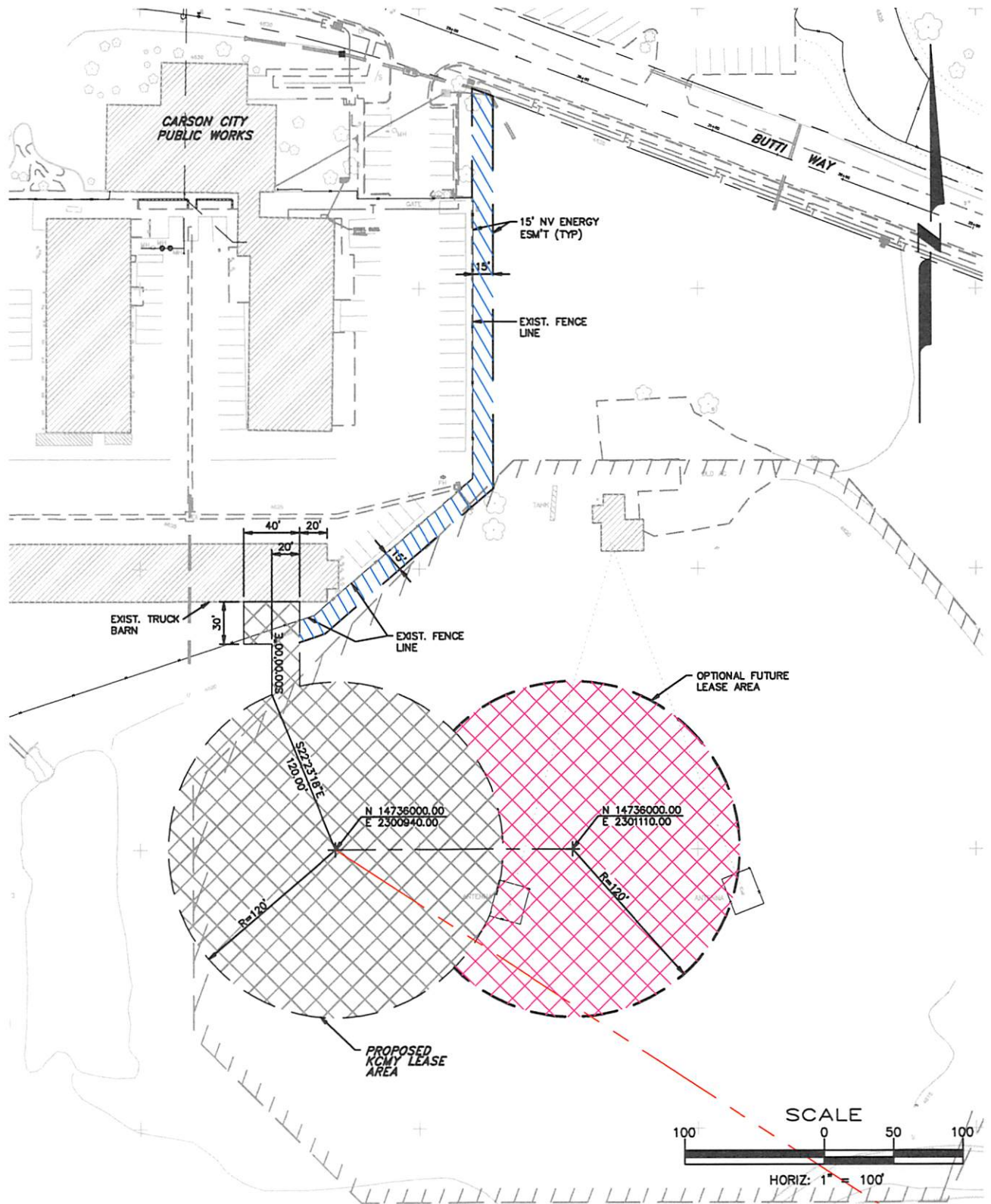
This analysis assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the report. It is assumed that all applicable zoning and use regulations and restrictions have been complied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

COMPONENT VALUES

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

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KCMY RADIO SITE
OPTIONAL FUTURE LEASE AREA
EXHIBIT "E"