

A MARKET STUDY OF

**TYPICAL COMMERCIAL OFFICE LEASE TERMS
IN THE TRUCKEE AREA**

AS IT PERTAINS TO

**A PROPOSED 10,000± SQUARE FOOT PROFESSIONAL OFFICE
BUILDING TO BE LEASED TO CLEAR CAPITAL**

LOCATED ON

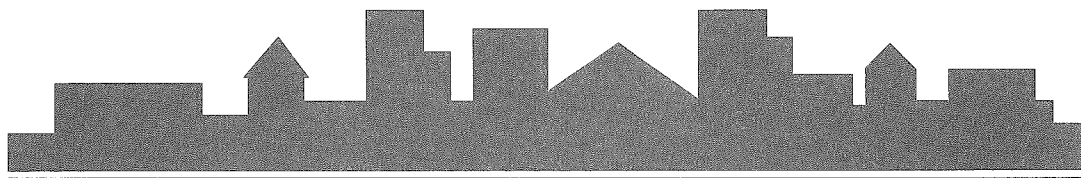
**TRUCKEE TAHOE AIRPORT DISTRICT PROPERTY,
TRUCKEE, NEVADA COUNTY, CALIFORNIA**

OWNED BY

AND

PREPARED FOR

THE TRUCKEE TAHOE AIRPORT DISTRICT



JOHNSON~PERKINS & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

JOHNSON~PERKINS & ASSOCIATES, INC.

REAL ESTATE APPRAISERS & CONSULTANTS

Main Office: 295 Holcomb Avenue, Suite 1 ■ Reno, Nevada 89502 ■ Telephone (775) 322-1155
Lake Tahoe Office: P.O. Box 11430 ■ Zephyr Cove, Nevada 89448 ■ Telephone (775) 588-4787
FAX: Main Office (775) 322-1156 ■ Lake Tahoe Office (775) 588-8295
E-mail: jpareno@johnsonperkins.com ■ jpatahoe@johnsonperkins.com

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

Karen K. Sanders
Gregory D. Ruzzine
Chad Gerken

December 23, 2014

Mr. Kevin Smith
General Manager
Truckee Tahoe Airport District
10356 Truckee Tahoe Airport Road
Truckee, California 96161

Re: A Market Study of Typical Commercial Office Lease Terms in the Truckee Area

Dear Mr. Smith:

This letter is in response to your request for a market study of typical commercial office lease terms in the Truckee market area. This request pertains to the potential construction of a 10,000± square foot professional office building by the Truckee Tahoe Airport District, in an as yet undefined location on Truckee Tahoe Airport property, to be leased to Clear Capital. The intended use of this market study is to assist the Truckee Tahoe Airport District in negotiating market lease terms with Clear Capital for the proposed office building. Any other use of this report requires the prior written authorization of this appraisal firm. The client and intended users of this report are the Truckee Tahoe Airport District and their representatives.

This market study report will set forth lease terms for comparable commercial buildings in Truckee in order to derive the current typical lease terms being utilized by commercial brokers in the area. This data will then be analyzed in order to recommend market lease terms for the proposed 10,000± square foot Clear Capital building which is proposed to be constructed by the Truckee Tahoe Airport District on airport land in Truckee.

Reno ■ Lake Tahoe

The market lease terms include the monthly per square foot rental rate, the expense provisions, the length of the initial lease term, escalation clauses, and tenant improvement allowances. In order to project these lease terms for the proposed building, the following Extraordinary Assumptions have been made:

- The subject building will be a good quality professional office building, commensurate with other buildings in the area, and will contain 10,000± square feet of leasable area
- The building will be a "build to suit" for one tenant
- The building will have adequate parking for the intended occupancy
- The building will have an adequate land to building ratio, commensurate with other buildings in the area, and will be provided appropriate access from Soaring Way or Truckee Tahoe Airport Road, depending upon the final site chosen

An *Extraordinary Assumption* is defined as "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."

In order to complete this market study to recommend market lease terms for the proposed 10,000± square foot Clear Capital building, the following steps were taken:

- These appraisers met with Mr. Kevin Smith, General Manager of the Truckee Tahoe Airport, to discuss the assignment.
- These appraisers inspected the subject neighborhood. As the specific location for the proposed building has not yet been identified, we could not inspect the actual subject property.

- In addition to the data gathered during our physical inspection of the subject neighborhood, these appraisers also reviewed data in our files and on LoopNet in order to locate commercial buildings for lease in Truckee.
- These appraisers interviewed local commercial Real Estate brokers knowledgeable in the local market in order to determine leasing activity and their typical lease terms.
- Reviewed and analyzed the data gathered in order to present a recommendation of appropriate market lease terms for the proposed subject building.
- Prepared this market study report.

The opinions as set forth in this report are effective as of December 11, 2014, the date these appraisers most recently inspected the subject neighborhood and met with the client.

Market Rent is defined as “the most probable rent that a property should bring in a competitive and open market, reflecting all conditions and restrictions of the lease agreement, including a term, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements.”¹

This definition is predicated on the lessee and lessor each acting prudently and knowledgably, and assuming consummation of a lease contract as of a specified date, and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interest.
3. A reasonable time is allowed for exposure in the open market.

¹ The Dictionary of Real Estate Appraisal, Fifth Edition; Appraisal Institute; 2010.

4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration of the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

We attest that we have the knowledge and experience necessary to complete this assignment and have appraised this property type many times before. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in the accompanying report.

This appraisal assignment has been completed in conformity with and subject to the requirements of the *Code of Ethics and Standards of Professional Practice* of the Appraisal Institute, and the Guidelines and Recommendations set forth in the *Uniform Standards of Professional Appraisal Practice (USPAP)* of the Appraisal Foundation.

This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the *Uniform Standards of Professional Appraisal Practice*. The client and intended user of the appraisal report is as stated above. As this appraisal has been completed in a Restricted Appraisal Report format, the appraisal report has been completed for and is intended to be utilized solely by the client; additionally, the rationale for the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as stated herein. This appraisal firm is not responsible for unauthorized use of this report.

Market Analysis

As stated previously, these appraisers have reviewed data in our files, reviewed lease data as shown on LoopNet, and have interviewed several local commercial Real Estate brokers and agents in order to ascertain current leasing activity and practices in the local market area. The comparable data gathered is set forth on the following chart.

It is noted that there is a primary difference between the subject's proposed building and the comparables which were able to be located in the local market area. The comparables involve multi-tenant buildings with various suite sizes; while the subject's proposed building will be a single user, build to suit, building containing 10,000± square feet. Accordingly, the terms applicable to this type of a building will be somewhat different than the terms applicable to multi-tenant buildings. Unfortunately, these appraisers were not able to locate lease information for any truly similar, moderately large single tenant office buildings.

COMPARABLE COMMERCIAL BUILDING RENTAL CHART

Rental No.	Address/Location A.P.N.	Lease Date	Suite Size	Building Age Building Type	Lease Terms/Length	Escalation Clause	TI Allow.	Lease Rate
CBR-1	Maris Outlook Professional Building 12313 Soaring Way	2014	700± sf to 1,440± sf	7± yrs Office	NNN 3 yrs	Annual CPI w/3% floor	N/A	\$1.25 to \$1.50
CBR-2	Professional Office Building 12020 Donner Pass Road	2014	700± sf & 1,400± sf	23± yrs Office	NNN 2-3 yrs	Annual CPI w/3%-4% floor	N/A	\$1.30
CBR-3 A	Pioneer Commerce Center Pioneer Trail	2014	300± sf to 800± sf	7± yrs Commercial/Office	NNN 3 yrs	Annual CPI w/3%-6% floor/ceiling	N/A	\$1.45
CBR-3 B	Pioneer Commerce Center Granite Building 11025 Pioneer Trail	Available 2014	300± sf to 12,000± sf	7± yrs Commercial/Office	NNN 3 yrs	Annual CPI w/3%-6% floor/ceiling	N/A	\$1.45 to \$1.65
CBR-4 A	The Phoenix Executive Building 12277 Soaring Way	Currently being negotiated	2,000± sf	4± yrs Office	NNN 5 yrs	Annual 3%	\$30 sf	\$1.60
CBR-4 B	The Phoenix Executive Building 12277 Soaring Way	Available 2014	434± sf to 2,090± sf	4± yrs Office	NNN 3-5 yrs	Annual 3%	\$30 sf	\$1.65 to \$1.75
CBR-5 A	The Rock 11209 Brockway Road	2014	1,400± sf	5± yrs Office	NNN 5 yrs	Set increases	\$25 sf (Given as Rent Discount over first 2 yrs)	\$1.35 (yrs 1-2) \$1.45 (yrs 3-4) \$1.55 (yr 5)
CBR-5 B	The Rock 11209 Brockway Road	Available 2014	566± sf to 3,703± sf	5± yrs Office/Retail	NNN			\$1.70 to \$1.90
CBR-6	Town and Country Center 40169 Truckee Tahoe Airport Rd., #1	Available 2014	950± sf to 1,913± sf	6± yrs Office	NNN Neg.	Negotiable but likely annual CPI	Neg.	\$1.25
CBR-7	Airport Commercial Center 12257 Business Park Drive, Unit 9	Available 2014	761± sf to 1,025± sf	15± yrs Office	NNN 2 yrs	Annual CPI w/3% floor	N/A	\$1.35
Subject	Proposed Clear Capital Professional Office Building Truckee Tahoe Airport Property	12-11-2014	10,000± sf	New Office	NNN 5 - 10 yrs	Annual CPI w/3% floor	\$20 sf	\$1.20 to \$1.30

Seven comparable commercial building rentals were set forth on the previous chart. The comparables include four buildings in the subject's immediate Airport neighborhood, as well as the nearby Rock center, the Pioneer Commerce Center located a short distance north, on the north side of Interstate 80, and an office building on Donner Pass Road at the western end of Truckee. Four of the comparables involve leases signed within the past year, the remainder reflect currently available suites. The comparables are generally good quality buildings constructed within the past few years. While the office building on Donner Pass Road is older, it is a good quality building and has been well maintained. The suite sizes associated with the comparable rentals are generally much smaller than the subject's proposed building, ranging from 300± square foot to 3,703± square feet. However, the Pioneer Commerce Center is capable of accommodating up to 12,000± square feet. All of the comparables involve triple net lease terms, whereby the tenant is responsible for all operating costs associated with the building. Triple net lease terms are the standard terms for commercial buildings in this marketplace. The lease rates range from \$1.25 to \$1.90 per square foot, per month. The initial lease terms are typically two to three years in length, although some five year leases are being executed at the Phoenix building and the Rock center. The leases all typically have escalation clauses involving annual CPI increases. As the CPI index has been very low in recent years, the escalation clauses typically include a fixed percentage increase of 3% to 4%, or CPI, whichever is higher. Most of these comparable leases do not include tenant improvement allowances as the buildings are relatively new and in good condition. However, the Phoenix building and the Rock center do offer tenant improvement allowances for their unfinished suites of from \$25.00 to \$30.00 per square foot, as these buildings have not been fully leased and contain unfinished office and retail space.

In the following paragraphs we will briefly discuss each property and interviews with the local Brokers and agents. We will then correlate the data into a range of market rent that is felt to be appropriate for the subject's proposed building. We will then discuss the remaining lease terms in order to determine the appropriate market lease terms for the

subject's proposed building. The lease terms reflected by the comparables are all very similar in regards to length of lease, expenses, and escalation clauses.

Rental CBR-1 involves the Martis Outlook Professional building, on the corner of Truckee Tahoe Airport Road and Soaring Way. This approximately seven year old building is of good quality and is in good condition. In an interview with Mr. Tom Watson, the leasing agent and partial owner of the property, he indicated that he has leased two suites in his building in the past six months, at a rate of \$1.35 per square foot for a 1,200± square foot suite, and at a rate of \$1.50 per square foot for a 700± square foot suite. We are also aware of another lease in his building which began roughly eight months ago at a rate of \$1.25 per square foot for a 1,440± square foot suite. Mr. Watson feels that the local market has been improving and the vacancies are being absorbed. Rental rates are increasing slightly, but lease terms are lengthening and are generally now three years. Escalation clauses generally involve annual CPI increases or a 3% increase, whichever is higher. Mr. Watson does not give tenant improvement allowances for his suites, but he does generally have the suites repainted and re-carpeted for new tenants.

Overall, the rental rate range of \$1.25 to \$1.35 per square foot for the suites over 1,000 square feet, is felt to be a reasonably good indicator for the subject's proposed building.

Rental CBR-2 involves the professional office building located at 12020 Donner Pass Road, at the western end of Truckee. Although this building is older, it is of good quality, is in good condition, and exhibits good appeal. In an interview with Mr. Andy Otto, the leasing agent, he stated that he has leased two second-story office suites in this building within the past six months at a rate of \$1.30 per square foot, per month. The suites are 700± square feet and 1,400± square feet. Both were leased at the same rate. One was a two year lease and the other was a three year lease. Mr. Otto indicated that his leases typically include annual increases based upon CPI or a fixed percentage of either 3% or 4%, whichever is higher. Mr. Otto indicated that he also feels the commercial leasing market is improving, at least slightly.

Tenant improvement allowances are not given in this building; however, suites are typically repainted and the carpets are cleaned for new tenants.

Overall, the rental rate of \$1.30 per square foot for this comparable is felt to be a reasonably good indicator for the subject's proposed building.

Rental CBR-3 involves the Pioneer Commerce Center located on Pioneer Trail, north of Interstate 80 and west of State Route 89 North. The Pioneer Commerce Center is a complex of nine large buildings housing a variety of general commercial, office, retail and light industrial uses. In an interview with Mrs. Katie Mancuso, the leasing agent and partial owner of the project, she indicated that she is currently leasing suites at a rate of from \$1.45 to \$1.65, per square foot, per month. The range depends upon the quality and finish of the suite, the needed parking, the length of the lease, and the impact of the use on the overall building. Mrs. Mancuso stated that she recently leased three small office suites, ranging in size from 300± square feet to 800± square feet. All three were leased at a rate of \$1.45 per square foot, per month, with initial lease terms of three years and annual increases based upon the CPI index, with a minimum increase of 3% and a maximum increase of 6%. She indicated that the commercial market has been improving and their center is doing very well. One of the buildings still has a large amount of vacancy, but the other eight buildings are full, or nearly full. The Granite building has up to 12,000± square feet currently available, based upon the same lease terms. Mrs. Mancuso stated she is close to signing a new lease for 3,500± square feet, also at a rate of \$1.45 per square foot, per month. Tenant improvement allowances are generally not given in this complex as the buildings are relatively new and in good condition. They are beginning to look forward to constructing the next planned building in the center, once their occupancy rates get a little higher.

Overall, the rental rate of \$1.45 per square foot for the recent leases at this comparable property is felt to be a high indicator for the subject's proposed building. This property involves a synergistic center with a variety of tenants creating a destination center.

Furthermore, the subject's building is proposed to contain 10,000± square feet of leasable area, which is considerably larger than the typical suite sizes of this comparable property.

Rental CBR-4 involves the Phoenix building located at 12277 Soaring Way, adjacent to the Martis Outlook building described as Rental CBR-1, and in close proximity to the Truckee Tahoe Airport. The Phoenix building is a very good quality, LEED Silver certified building which was constructed within the past four or five years. Due to the high quality and high cost of construction, asking rents have been higher in this building. As a result, the building has not yet reached a stabilized occupancy. There are currently eight suites available in this building, with a minimum size of 434± square feet and a maximum size of 2,090± square feet. The asking rent ranges from \$1.65 to \$1.75 per square foot, per month. In an interview with Ms. Kayley Jones, the leasing agent for the property, she indicated that the property owners are now becoming more competitive in their pricing; however, the asking rents at this property are still slightly above market for the area. On the other hand, given the superior quality of the building, they are looking for very good quality tenants. Ms. Jones indicated that although the asking rents are \$1.65 to \$1.75, the actual rents start lower at from \$1.55 to \$1.65 per square foot. The initial lease terms are from three to five years. She indicated that she is currently in the process of negotiating a lease for a new tenant. The lease will be for a 2,000± square foot suite on the ground floor. The lease rate is \$1.60 per square foot, per month, with annual set increases of 3%. This will be a five year lease. Ms. Jones further indicated that they offer a tenant improvement allowance for unfinished space of \$30 per square foot. She acknowledged that this allowance is somewhat high, but that it is due to the very good quality of the building. Once this latest lease is signed, the property will be at 65% occupancy.

Overall, the actual rental rate range of \$1.55 to \$1.65 per square foot for this comparable property is felt to be a very high indicator for the subject's proposed building. Although the subject building is assumed to be of good quality, it is not assumed to be of the very good LEED Silver certified quality like the Phoenix building. Additionally, the subject's

building is proposed to contain 10,000± square feet of leasable area, which is considerably larger than the suite sizes of this comparable property.

Rental CBR-5 involves the nearby Rock center. The Rock involves a complex of five buildings located on the northeast side of Brockway Road, at Martis Valley Road. This center involves a mix of commercial, office, retail, professional services, and restaurant tenants. The center is of good quality and has an appealing design. This center has also struggled to reach and maintain a stabilized occupancy since its construction five or six years ago. According to Ms. Kayley Jones, who is also the leasing agent for this property, the Rock center has been doing better lately and is currently approximately 86% occupied. There are currently seven suites available ranging in size from a minimum of 566± square foot to a maximum of 3,703± square feet. The advertised asking rent ranges from \$1.70 to \$1.90 per square foot, per month. However, Ms. Jones indicated that the actual rents are more in the range of \$1.45 to \$1.55 per square foot. She also strives for three to five year initial lease terms at this property. Escalation clauses typically involve an annual 3% set increase. For as yet undeveloped suites at this property, a tenant improvement allowance of up to \$25 per square foot is offered. Ms. Jones stated that this was rather generous considering that the undeveloped units are in a "warm shell" condition and do not need a lot of work to be completed. Ms. Jones stated that she recently leased a 1,400± square foot lease on the third floor. The lease comprised two suites, one of which was finished and one of which was unfinished. The tenant improvement allowance was given as a rent discount over the first two years of the five year lease term. Accordingly, the lease rate for the first two years was \$1.35 per square foot. In year 3 the rent will increase to \$1.45 per square foot, and in year 5 the rent will increase to \$1.55 per square foot.

Overall, the more realistic rental rate range of \$1.45 to \$1.55 per square foot for this comparable property is felt to be a high indicator for the subject's proposed building. The comparable center involves a mix of tenant types, including a large amount of retail. Office rents in the market area are typically less than retail rents, due to the more limited demand for office space. This property also involves a desirable synergistic center with a variety of

tenants creating a destination center. Furthermore, the subject's building is proposed to contain 10,000± square feet of leasable area, which is considerably larger than the suite sizes of this comparable property.

Rental CBR-6 involves a unit in the Town and Country Center, located on the southeast side of Truckee Tahoe Airport Road, a short distance northeast of State Route 267. The rear of the building has direct exposure to State Route 267. The Town and Country Center is comprised of four buildings divided into condominium units. One of these units, containing a total of 1,913± square feet, is currently available for lease at an asking rate of \$1.25 per square foot, per month. A portion of the unit is currently occupied and is very nicely finished, but is available for lease if a tenant desired the entire unit. The remainder of the unit involves a basic build-out with walls and carpet. The building in which this unit is located contains two units and is of average to good quality and enjoys average to good appeal. In an interview with Ms. Anita Noble, the leasing agent, she indicated that the property owner is very flexible and that the lease terms are negotiable based upon several factors. For example the rent may be lowered for a longer lease term, or may be higher for a shorter lease term. The type of escalation clause agreed upon would also affect the rental rate. The amount of tenant improvement allowance would also be a part of the negotiations.

Overall, the rental rate of \$1.25 per square foot for this comparable property is felt to be a reasonably good indicator for the subject's proposed building. The comparable unit involves average to good quality office space, similar, or perhaps slightly inferior to what is proposed for the subject building. The comparable is also felt to have a similar location as to what is planned for the subject. On the other hand, the subject's building is planned to be considerably larger than the comparable unit.

Rental CBR-7 involves the Airport Commercial Center located at the southwest corner of Truckee Tahoe Airport Road and Business Park Drive. The Airport Commercial Center is an approximately 15 year old building involving condominium units. There are reportedly five offices on the second level and three businesses on the first level. The

building is of masonry construction and has the look of a light industrial building more than a professional office building. There is currently a 1,025± square foot unit available for lease for \$1.35 per square foot, per month. This unit is an office, research and development type unit. Mr. Andy Otto is the leasing agent for this property. As described previously, Mr. Otto indicated that his leases are typically two year leases, with annual increases based upon CPI or a fixed percentage of either 3% or 4%, whichever is higher. Tenant improvement allowances are generally not given in this building; however, suites are typically repainted and the carpets are cleaned for new tenants.

Overall, the rental rate of \$1.35 per square foot for this comparable property is felt to be a reasonably good indicator for the subject's proposed building. Although the comparable building is considered to be inferior to what is proposed for the subject building, the available unit is much smaller than the subject building. Additionally, this comparable involves an asking rent for a unit which has been available for several years without leasing.

Final Reconciliation and Market Conclusion

In summary, seven buildings in the subject neighborhood, and in nearby neighborhoods, have been analyzed in order to determine current leasing rates and current leasing terms. The lease rates generally ranged primarily from \$1.25 to \$1.45 per square foot, with the Phoenix building and the Rock Center having higher asking rents of from \$1.65 to \$1.90 per square foot, and actual rents of from \$1.45 to \$1.60. Given the size of the subject building, its proposed new construction and assumed good quality, as well as its office utilization and location which will most likely not have exposure to a state highway or other major thoroughfare, it is felt that an appropriate rental rate for the subject's proposed office building would be at the low end of the indicated range.

In interviews with local Realtors, it was observed that their lease terms are generally very similar. The initial lease terms range from two to three years, with some five year leases being obtained at the Phoenix and the Rock. The leases include annual escalation clauses based upon the CPI index or a flat rate of 3%, whichever is higher, along with a maximum

increase of 6%. As most of the buildings are old enough that all of the units have been finished, but new enough that they are still in good condition, there are not any tenant improvement allowances. However, the Phoenix and the Rock do still have unfinished space and therefore do give tenant improvement allowances. The tenant improvement allowance for the Rock is \$25 per square foot. The tenant improvement allowance for the Phoenix is \$30 per square foot. As the Phoenix is a superior quality building, a higher allowance is offered.

However, it is noted that there is a primary difference between the comparables analyzed and the subject's proposed building. The comparables involve multi-tenant buildings with various suite sizes ranging from 300± square feet to 3,703± square foot, with most of the suites being less than 1,500± square feet. The subject's proposed building will be a single user, build to suit, building containing 10,000± square feet. Accordingly, the terms applicable to this type of a building will be somewhat different than the terms applicable to multi-tenant buildings. Namely, a longer lease term is felt to be appropriate, and a lower per square foot rental rate may be appropriate. On the other hand, there is a benefit to the single tenant in having a separate free-standing building with its own identity.

In estimating an appropriate market rental rate for the subject's proposed 10,000± square foot professional office building, consideration is given to the large size of the subject building, its proposed new construction and assumed good quality, as well as its office utilization and its location which will most likely not have exposure to a state highway or other major thoroughfare. Consideration is also given to the fact that the proposed building will be a single user building. Given the cost to construct such a building, and the fact that it is being designed for a single, specific user, it is felt that a longer lease term is appropriate, in order for the property owner to be able to recoup some of the cost of development, as well as to hopefully prevent any early vacancy and credit loss. The initial lease rate is often lower with a longer lease term. Additionally, the large size of the building could also warrant a lower per square foot rate.

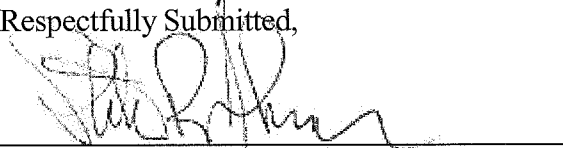
Overall, based upon a review of all of the data analyzed in this market study, it is felt that an appropriate rental rate for the subject's proposed office building would be in the range of \$1.25 to \$1.35 per square foot, per month. This rate is based upon triple net lease terms. The comparable leases had terms ranging from two to five years. However, given the fact that the subject's proposed building is being built to suit for one single tenant, it is felt that a longer lease term of ten years or more is appropriate. Additionally, it is noted that most leases include one or two renewal options. With a lease term of ten or more years projected for the subject, it would be appropriate to include one or two five-year renewal options. It is further our opinion that the lease should include annual escalation clauses based upon the CPI index, or 3%, whichever is higher, along with a maximum annual increase of 6%. The rental rate for each of the renewal options should be adjusted to market rent.

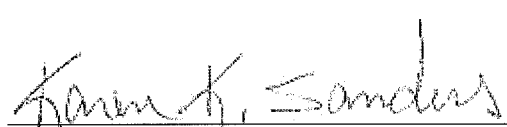
The final item is the tenant improvement allowance. It is assumed that the subject building will be delivered to the tenant in a shell condition. The typical tenant improvement allowance ranges from \$20 to \$30 per square foot, based upon the degree of the interior finish provided to the tenant. It is noted that if the landlord delivers a building with a fully finished interior, then the rental rate would be higher than that set forth above.

The reader is reminded that these opinions are effective as of December 11, 2014, and are based upon the extraordinary assumptions set forth in the beginning of this report.

We thank you for the opportunity to serve you in this matter. If you have any questions or wish to discuss this data further, please feel free to contact us.

Respectfully Submitted,


Stephen R. Johnson, MAI, SREA
California Certified General Appraiser
License Number AG007038


Karen K. Sanders
California Certified General Appraiser
License Number AG044652

APPRAISERS' CERTIFICATION

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

I have made a personal inspection of the general vicinity of the property that is the subject of this report. As the exact location of the proposed subject property has not yet been determined, I was unable to inspect the subject property itself.

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions in this report are limited only by the reported assumptions and limiting conditions stated in this report 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 appraisal report and no personal interest with respect to the parties involved.

I have no bias with respect to any property that is the subject of this appraisal 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 developing 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.

No one provided significant real property appraisal assistance to the person signing this certification.

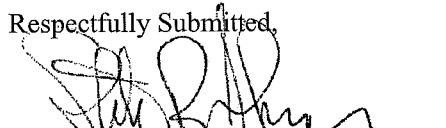
This appraiser has not performed any services pertaining to this particular property within the prior 3 years, as an appraiser or any other capacity.


This appraisal report has been made in conformity with, and is subject to, the requirements of the *Code of Professional Ethics* of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation.

The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Stephen R. Johnson has completed the requirements under the continuing education program of the Appraisal Institute.

The Appraisal Institute has the right to review this appraisal report.

Respectfully Submitted,


Stephen R. Johnson, MAI, SREA
California Certified General Appraiser
License #AG007038


Karen K. Sanders
California Certified General Appraiser
License #AG044652

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

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

LIMITS OF LIABILITY

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

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT

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

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

CONFIDENTIALITY

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

INFORMATION SUPPLIED BY OTHERS

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

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

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

EXHIBITS AND PHYSICAL DESCRIPTIONS

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

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

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

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

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

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

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

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

TOXIC MATERIALS AND HAZARDS

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

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

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

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

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

ARCHEOLOGICAL SIGNIFICANCE

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

LEGALITY OF USE

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

COMPONENT VALUES

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

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

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

AUXILIARY AND RELATED STUDIES

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

DOLLAR VALUES AND PURCHASING POWER

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

ROUNDING

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

QUANTITATIVE ANALYSIS

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

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

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

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

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

ECONOMIC AND SOCIAL TRENDS

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

EXCLUSIONS

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

SUBSURFACE RIGHTS

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

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

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

MANAGEMENT OF PROPERTY

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

FEE

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

LEGAL EXPENSES

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

CHANGES AND MODIFICATIONS

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

DISSEMINATION OF MATERIAL

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

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

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Professional Designations

MAI - Member Appraisal Institute 1976

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

State Licensing and Certification

Certified General Appraiser-State of Nevada 1991
License #A.0000003-CG
(Certified through 04/30/2015)

Certified General Appraiser-State of California 1992
License #AG007038
(Certified through 06/18/2015)

Association Memberships and Affiliations

Member Reno Board of Realtors

Member Nevada Association of Realtors

International Right-of-Way Association

Member Nevada State Board of Equalization - 1984-1991
(Appointed by Governor Richard Bryan, January 1984 & 1988)

(Appointed by Governor Kenny C. Guinn, March 2000 & 2004) 2000-2008

Member Nevada Commission of Appraisers of Real Estate - 1989-1994
(Appointed by Governor Bob Miller, August 7, 1989)

Commissioner, Nevada Commission of Appraisers of Real Estate 2009-Present
(Appointed by Governor Jim Gibbons, 2009)

(Appointed by Governor Sandoval, 2012)

President, Nevada Commission of Appraisers of Real Estate 2012-2014

Offices Held

Chairman, National Ethics Administration Division 1995

Vice Chairman, National Ethics Commission 1993/94

Regional Member, Ethics Administration

Appraisal Institute, Region 1 1989-1992

President, Sierra-Nevada Chapter #60, AIREA - 1989

Vice President, Sierra-Nevada Chapter #60, AIREA - 1988

Secretary, Sierra-Nevada Chapter #60, AIREA - 1987

Vice Governor District 3 (Northern California & Nevada)

Society of Real Estate Appraisers (SREA) - 1980-1981

Past President & Membership Chairman -

Reno/Carson/Tahoe Chapter #189

Member 1976 Young Men's Council, SREA, Atlanta, Georgia

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Offices Held (continued)

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

Appraisal Experience

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

Qualified as an Expert Witness

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

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

U.S. District Court, San Francisco, California

United States Tax Court

Arizona Superior Court, Maricopa County, Phoenix

Douglas County Board of Equalization

Washoe County Board of Equalization

Nevada State Board of Equalization

King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER
STEPHEN R. JOHNSON**

Formal Education

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

Appraisal Education

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

Numerous Continuing Education Seminars and Courses

Appraisal Instructor

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

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

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

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

**QUALIFICATIONS OF APPRAISER
KAREN K. SANDERS**

State Licensing and Certification

Certified General Appraiser - State of Nevada
License Number A.0004704-CG
(Certified through May 31, 2015)

Certified General Appraiser - State of California
License Number AG044652
(Certified through September 20, 2016)

Appraisal Education & Technical Training

California State University, Northridge 1985
Real Estate Finance (Finance 400 course)

Appraisal Institute:

Course 110 "Appraisal Principles"	2000
Course 120 "Appraisal Procedures"	2000
Course 520 "Highest & Best Use and Market Analysis"	2001
Course 320 "General Applications"	2002
"Yellow Book Seminar – Uniform Appraisal Standards for Federal Land Acquisitions"	2002
Course 410 "Standards of Professional Appraisal Practice-Parts A & B"	2003
Nevada Revised Statutes	2003
Seminar: "Rates & Ratios and Supporting Capitalization Rates"	2004
Seminar: "Appraising From Blueprints & Specifications"	2005
Seminar: "Analyzing Distressed Real Estate"	2005
Course 1400 "USPAP Update"	2011
Seminar: "Attacking and Defending an Appraisal in Litigation"	2007
Seminar: "The Essentials, Current Issues & Misconceptions"	2007
Seminar: "California Conservation Easements"	2007

QUALIFICATIONS OF APPRAISER
KAREN K. SANDERS cont.

Appraisal Institute:

Course 510 "Advanced Income Capitalization"	2007
Course: "Valuation of Conservation Easements"	2008
Seminar: "Forecasting Revenue"	2009
Seminar: "Appraising Distressed Commercial Real Estate"	2009
Course: "Business Practices and Ethics"	2009
Seminar: "Yellow Book Issues and Divided Partial Interests:	2010
Seminar: "Corridor Valuation"	2010

Admitted as Expert Witness

Storey County, Nevada
Jackson County, Oregon

Formal Education

California State University, Northridge Bachelor of Science, Business Administration	1986
Pasadena City College, Pasadena Associate of Arts	1982
Arcadia High School Arcadia, California	1980

Occupational History

Johnson - Perkins & Associates	7/98-Present
Harvey's Resort and Casino	3/98-7/98
QM Resorts	6/97-3/98
Bur-Cal Management - Property Management	11/91-12/96
Joseph Solomon & Co.	5/90-11/91
Mann Theatres	11/89-12/90
California Security Mortgage Co.	3/85-11/89

