

BOARD OF REGENTS  
BRIEFING PAPER

**1. Agenda Item Title: Proposed Sale of Excess Water Rights at Main Station Field Laboratory in Reno, Nevada**

**Meeting Date: November 29-30, 2012**

**2. BACKGROUND & POLICY CONTEXT OF ISSUE:**

The University of Nevada, Reno (UNR) is requesting Board of Regents approval to sell excess water rights on or nearby the Main Station Field Laboratory (MSFL) in Reno, Nevada. The Buyer is Great Basin Land and Water, a Nevada nonprofit organization under contract with the Pyramid Lake Paiute Tribe, a federally recognized Indian Tribe. Great Basin Land and Water will assign the water rights to the Tribe at closing. Federal funds appropriated under the Negotiated Settlement on the Truckee-Carson Rivers (P.L.101-168, Title II, S. 3084) are the source of funds that will be used by Great Basin Land and Water to purchase the water rights.

**Permission to Negotiate the Sale of Real Property:** Per Title 4, Chapter 10, Section 1 of the Board of Regents Policy Handbook, authorization to negotiate a sale of MSFL excess water rights was approved by the Chancellor on September 10, 2012.

**Water Rights Proposed to be Sold:** A total of 961.86 +/- acre feet of water rights located on two separate sites involving water rights claim 601. Both of the sites involve property which the University no longer owns or uses but has residual water rights (Mill/McCarran parcel, Dermody Business Park).

**Claim No. 601 (Exhibit 1)**

219.01 Acre Feet +/- Water rights retained by UNR when the Mill/McCarran property sold in 2005.

742.85 Acre Feet +/- Water rights retained by UNR when the property sold to Dermody Business Park.

Following the proposed sale to Great Basin Land and Water of the 961.86 +/- acre feet of water rights, the following number of water rights will remain on MSFL:

**Table 1- Number of Remaining Water Rights on MSFL Post Proposed Sale  
(In Acre Feet)**

Surface Water Rights	4,766.10
Underground Water Rights	78.27
<b>Total Current Water Rights</b>	<b>4,844.37</b>
Proposed Sale of Water Rights to Great Basin Land and Water	(961.86)
<b>Total Remaining Water Rights After Sale*</b>	<b>3,882.51</b>

**\*Acre feet of water coverage for every acre of land at MSFL will be over 4.20 acre feet (assumes approval of proposed 165 acre sale of land to the Washoe County Regional Transportation Commission for Southeast Corridor roadway).**

At the present time the University has a long-term lease with the City of Reno to use effluent water from the nearby water treatment plant to irrigate MSFL lands, instead of taking water directly from the Truckee River. This agreement with the City will be unaffected as to the use of effluent water by the proposed sale of these water rights, and the University will continue to use the city's effluent water at MSFL; water rights used by the City under the lease will not be those sold pursuant to the option.

In addition to the water rights located at MSFL, the University owns additional water rights in and around Washoe County (Table 2) which will ensure adequate water for any foreseeable level of University development on the main campus or elsewhere within the Truckee Meadows.

**Table 2 – Non-MSFL Water Rights Owned  
(In Acre Feet)**

<b>Water Rights in Washoe County</b>	
Main Campus	451
Valley Road (Deed Restricted, Cannot be Relocated)	199
Redfield Campus	11
Mary Gray Property	11
Budd Percetti Gift	<u>20</u>
Subtotal	<b>692</b>
<b>Regional Water Rights</b>	
4 - H Camp (Lake Tahoe)	51
Newlands Field Lab (Fallon)	<u>419</u>
Subtotal	<b>470</b>
Grand Total	<b>1,162</b>

**Current Appraised Value** (Exhibit 2): The University and Great Basin Land and Water have jointly engaged a water rights appraiser. Based on an October 15, 2012 appraisal, the current valuation is \$5,500.00 per acre foot, and results in a total sales price of \$5,290,230.

**Option Agreement** (Exhibit 3): Attached is the Option Agreement executed by the proposed Buyer. This contract was provided, negotiated and approved by UNR General Counsel Mary Dugan, and by Henry S. Stone, Esq., System Counsel/Director of Real Estate Planning for the Nevada System of Higher Education.

**Estimated Close of Escrow:** By December 31, 2012.

**UNR's Closing Costs:** UNR is responsible for one-half of the escrow fee, chain of title guarantee and, if applicable, any transfer tax. Total closing costs are estimated to be \$15,000.

**Brokers:** None

### **3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

President Marc A. Johnson requests approval of:

- 1) an option agreement for the sale of up to 961.86 +/- acre feet of water rights to Great Basin Land and Water, a non-profit corporation; the resolution approving the option agreement (Exhibit 4); and authorization for the Chancellor to sign documents necessary to accomplish sales pursuant to the option agreement, and
- 2) the rescission of Board Resolution 81-8 (Exhibit 5) with respect to the sale proceeds so such proceeds can be used for the purposes of further paying down remaining UNR Fire Science Academy capital and operating debt and/or for use for UNR capital improvements approved by the Board of Regents.

### **4. IMPETUS (WHY NOW?):**

- Federal funding has been secured by the Buyer to move forward with the purchase at this time.
- The College of Agriculture, Biotechnology, and Natural Resources (CABNR) has enough remaining water rights (3,882.51 AF) to meet any future needs at MSFL. Remaining water, assuming the Board of Regents approves the sale of MSFL land to the Washoe County Regional Transportation Commission required for the Southeast Corridor, is over 4 acre feet of water for every acre of land for the entire MSFL, even before taking into account roads, setbacks, and other areas that would never be irrigated.

### **5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- Federal funds appropriated under the Negotiated Settlement on the Truckee-Carson Rivers (P.L.101-168, Title II, S. 3084) are currently available to purchase the water rights.

### **6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

- Market rates for water rights have been volatile over the years (Exhibit 6) and may become more or less valuable in future years. As noted, Federal funding has been secured by the Buyer to move forward with the purchase at this time.

### **7. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:**

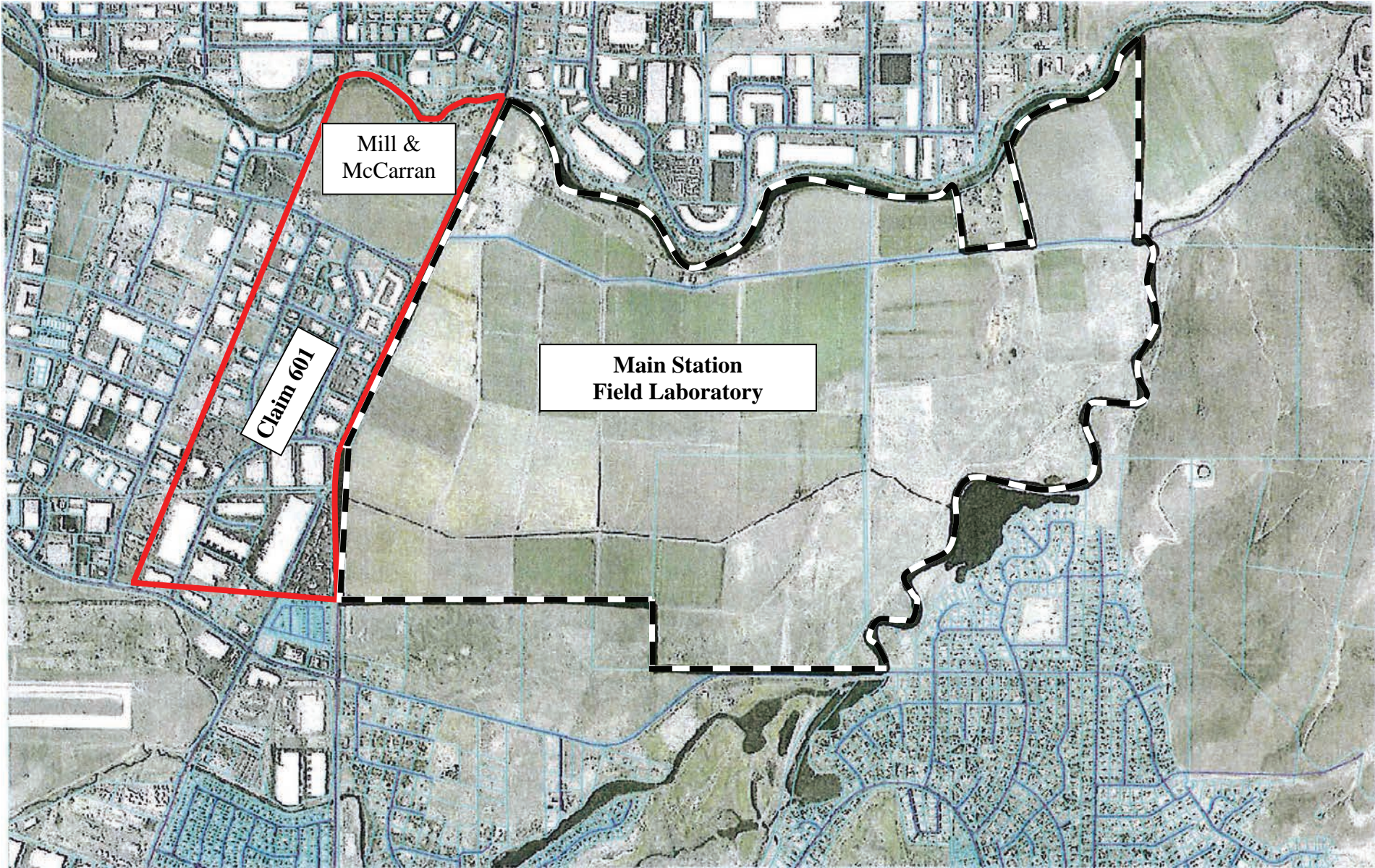
While this water is not required to support CABNR's current instructional or research mission, the alternative is to retain the water to see if it becomes more valuable in the future; and forego any opportunities to further reduce FSA debt and/or invest in new capital projects in the near term.

**8. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1
- Amends Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Other: Procedures & Guidelines Manual, Chapter 5, Section 3, Preparation and Approval of NSHE Contracts and NRS 278.480.
- Fiscal Impact: Yes \_\_\_\_\_ No X
- Explain: \_\_\_\_\_



Exhibit 1  
Main Station Field Laboratory





AN APPRAISAL  
OF

WATER RIGHTS IDENTIFIED AS  
PORTIONS OF TRUCKEE RIVER DECREE  
CLAIM NUMBERS 601 & 605  
(TOTALING 1,088.28± AFA)

OWNED BY THE

BOARD OF REGENTS,  
NEVADA SYSTEM OF HIGHER EDUCATION

PREPARED FOR THE

UNIVERSITY OF NEVADA SYSTEM  
MR. TROY MILLER, DIRECTOR, REAL ESTATE  
UNIVERSITY OF NEVADA, RENO  
RENO, NEVADA 89503



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

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An Appraisal  
Of

**WATER RIGHTS IDENTIFIED AS  
PORTIONS OF TRUCKEE RIVER DECREE  
CLAIM NUMBERS 601 & 605  
(TOTALING 1,088.28± AFA)**

Owned By The

**Board of Regents,  
Nevada System of Higher Education**

Prepared For The

**University of Nevada System  
Mr. Troy Miller, Director, Real Estate  
University Of Nevada, Reno  
Reno, Nevada 89503**

For The Purpose Of

**Providing an Opinion of Market Value**

Effective Date Of Value

**As Of October 15, 2012**

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

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October 18, 2012

Via Email: [tmiller@unr.edu](mailto:tmiller@unr.edu)

Mr. Troy Miller, Director, Real Estate  
University of Nevada, Reno  
895 North Center Street  
Reno, Nevada 89501

Re: Appraisal of 1,088.28± AFA of Water Rights Currently Owned by the University of Nevada System (Portions of Truckee River Decree Claim Numbers 601 & 605)

Dear Mr. Miller:

This is in response to your request for a self-contained appraisal of 1,088.28± acre feet of Truckee River Water Rights currently owned by the University of Nevada System. The water rights to be appraised in this report are set forth below.

- That certain portion of Truckee River Decree Claim No. 601 delivered by the Pioneer Ditch, heretofore allocated to Charles Mapes, successor to Susan Alt Estate in the Orr Ditch Decree, totaling 219.01 AFA, as stipulated on the Nevada Division of Water Resources Drawing No. TR-045, as Parcel No. 012-320-02.
- Those portions of Truckee River Decree Claim No. 601 delivered by the Pioneer Ditch, heretofore allocated to Charles Mapes, successor to Susan Alt Estate in the Orr Ditch Decree, totaling 742.85 AFA, as stipulated on the Nevada Division of Water Resources Drawing No. TR-045.
- That certain portion of Truckee River Decree Claim No. 605 delivered by the Pioneer Ditch, heretofore allocated to Charles Jones and Jane Jones in the Orr Ditch Decree, totaling 126.42 AFA, as stipulated on the Nevada Division of Water Resources Drawing No. TR-046, as Parcel No. 021-030-06.

Reno ■ Lake Tahoe

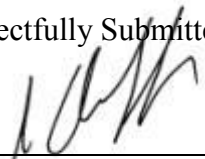
This appraisal report addresses the “As-Is” Market Value of the identified water rights, as of a current date of value. The intended use of the appraisal is to assist in negotiations for the acquisition of the water rights by Great Basin Land and Water. The client of the appraisal report is the University of Nevada System. The intended users of the appraisal report are the University of Nevada System, Great Basin Land and Water, and the United States Bureau of Reclamation.

A self-contained appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* for a self-contained appraisal report. This appraisal report 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. In addition, this appraisal report conforms to the *Uniform Appraisal Standard for Federal Land Acquisitions*, and in accordance with the requirements of *Nevada Revised Statute 645C*.

This report sets forth pertinent data, statistics and other information considered necessary to establish the Market Value of the identified subject water rights. After careful consideration of all data available, and upon thorough personal investigation of the subject properties and the comparable properties analyzed, it is my opinion that the Market Value of the subject water rights, as of October 15, 2012, is as follows:

**FINAL MARKET VALUE CONCLUSION-AS OF OCTOBER 15, 2012      \$6,000,000**  
**(1,088.28± AFA of Truckee River Decree Claim Numbers 601 & 605)**

Respectfully Submitted,



\_\_\_\_\_  
Scott Q. Griffin, MAI  
Nevada Certified General Appraiser  
License Number A.0003504-CG

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Addenda


Water Rights Sales Documents  
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**APPRAISER'S CERTIFICATION**

The appraisal report shall include an appraiser's signed statement certifying that:

- The statements of fact contained in the report are true and correct;
- The reported analyses, opinions and conclusions are limited only by the reported assumptions, limiting conditions and legal instructions, and are the personal, unbiased professional analysis, opinions and conclusions of the appraiser;
- The appraiser has no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved;
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions or conclusions reached or reported;
- The appraisal was made and the appraisal report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*;
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the *Uniform Appraisal Standard for Federal Land Acquisitions*;
- The appraiser has made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- This report sets forth all the limiting conditions (imposed by the terms of my assignment or by the undersigned) affecting the analysis, opinions, and conclusions contained in this report.
- The appraiser's state registration/certification has not been revoked, suspended, cancelled or restricted.
- The appraiser has performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- No one other than the undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Scott Griffin has completed the requirements under the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Respectfully Submitted,



\_\_\_\_\_  
Scott Q. Griffin, MAI  
Nevada Certified General Appraiser  
License Number A.0003504-CG

**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

**Subject Water Rights General Identification**

Claim #	Status	Priority Date	Source	Place of Use	Diversion Rate	Acres	Duty (AF)
601	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 012-320-02	1.369	54.70	219.01
601	Decreed	December 1, 1861	Pioneer Ditch	Various Parcels	Varies	185.53	742.85
605	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 021-030-06	0.789	31.57	126.42

**Valuation Assignment** To Form an Opinion of Value for the Water Rights Identified in this Appraisal Report

**Location** Easterly Portion of the Truckee Meadows (City of Reno & Unincorporated Washoe County)

**Current Use** Pasture & Meadow Irrigation

**Highest & Best Use** Municipal Use once Demand Warrants

**Hypothetical Conditions** None

**Extraordinary Assumptions** None

**Client of Appraisal Assignment** Mr. Troy Miller, Director, Real Estate University of Nevada, Reno  
895 North Center Street  
Reno, Nevada 89501

**Purpose of Appraisal** To Report an Opinion of the Fee Simple “As-Is” Market Value of Water Rights Identified in this Appraisal Report

**Intended Use of Appraisal** To Assist in Negotiations for the Acquisition of the Subject Water Rights by Great Basin Land and Water

**Intended User of Appraisal** University of Nevada System, Great Basin Land and Water, and the United States Bureau of Reclamation

**Effective Date of Value** October 15, 2012

**Completion Date of Report** October 18, 2012

**FINAL MARKET VALUE CONCLUSION** **\$6,000,000**  
**(1,088.28± AFA of Truckee River Decree Claim Numbers 601 & 605)**



### **PURPOSE OF APPRAISAL**

This appraisal was prepared for the purpose of reporting an opinion of the Fee Simple “As-Is” Market Value of Water Rights identified in this appraisal report.

### **INTENDED USE, CLIENT AND USER OF APPRAISAL**

The intended use of the appraisal is to assist in negotiations for the acquisition of the water rights by Great Basin Land and Water. The client of the appraisal report is the University of Nevada System. The intended users of the appraisal report are the University of Nevada System, Great Basin Land and Water, and the United States Bureau of Reclamation.

### **PROPERTY RIGHTS APPRAISED**

The subject property is appraised as held in fee simple ownership. Fee simple estate is defined as “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”<sup>1</sup>

### **EFFECTIVE DATE OF VALUATION**

The opinions of value in this appraisal report have an effective date of October 15, 2012.

### **COMPLETION DATE OF REPORT**

This appraisal report was completed on October 19, 2012.

<sup>1</sup> Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 78.

### **SCOPE OF APPRAISAL**

The completion of this appraisal assignment included:

- Identification and analysis of the subject water rights, including interviews with representatives of the subject ownership, representatives of the Washoe County Department of Water Resources, and professionals with experience in Truckee River Water Rights;
- Research of public records through the Washoe County Department of Water Resources, the Nevada State Engineer, the U.S. Bureau of Reclamation, and the Truckee Meadows Water Authority (TMWA);
- Research of Nevada water rights law under Nevada Revised Statutes;
- Analysis and description of the region, the Truckee River, and the overall water rights market in the area;
- Description of the subject water rights;
- Identification of the appraisal problem and description of the methodology of the appraisal report;
- Discussion of the Larger Parcel;
- Completion of a Highest and Best Use Analysis;
- Research of the Official Records of Washoe County, the Nevada State Engineer's Office, and other reliable sources for comparable water rights sales considered similar to the subject water rights;
- Verification of the comparable water rights sales data;
- Completion of a Sales Comparison Approach to Value for the identified water rights;
- Preparation of the Self-Contained Appraisal report in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice.

### **MARKET VALUE DEFINED**

“Fair market value’ is defined as the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would be sold by a knowledgeable owner willing but not obligated to sell to a knowledgeable purchaser who desired but is not obligated to buy. In ascertaining that figure, consideration should be given to all matters that might be brought forward and reasonably be given substantial weight in bargaining by persons of ordinary prudence, but no consideration whatever should be given to matters not affecting market value.”<sup>2</sup>

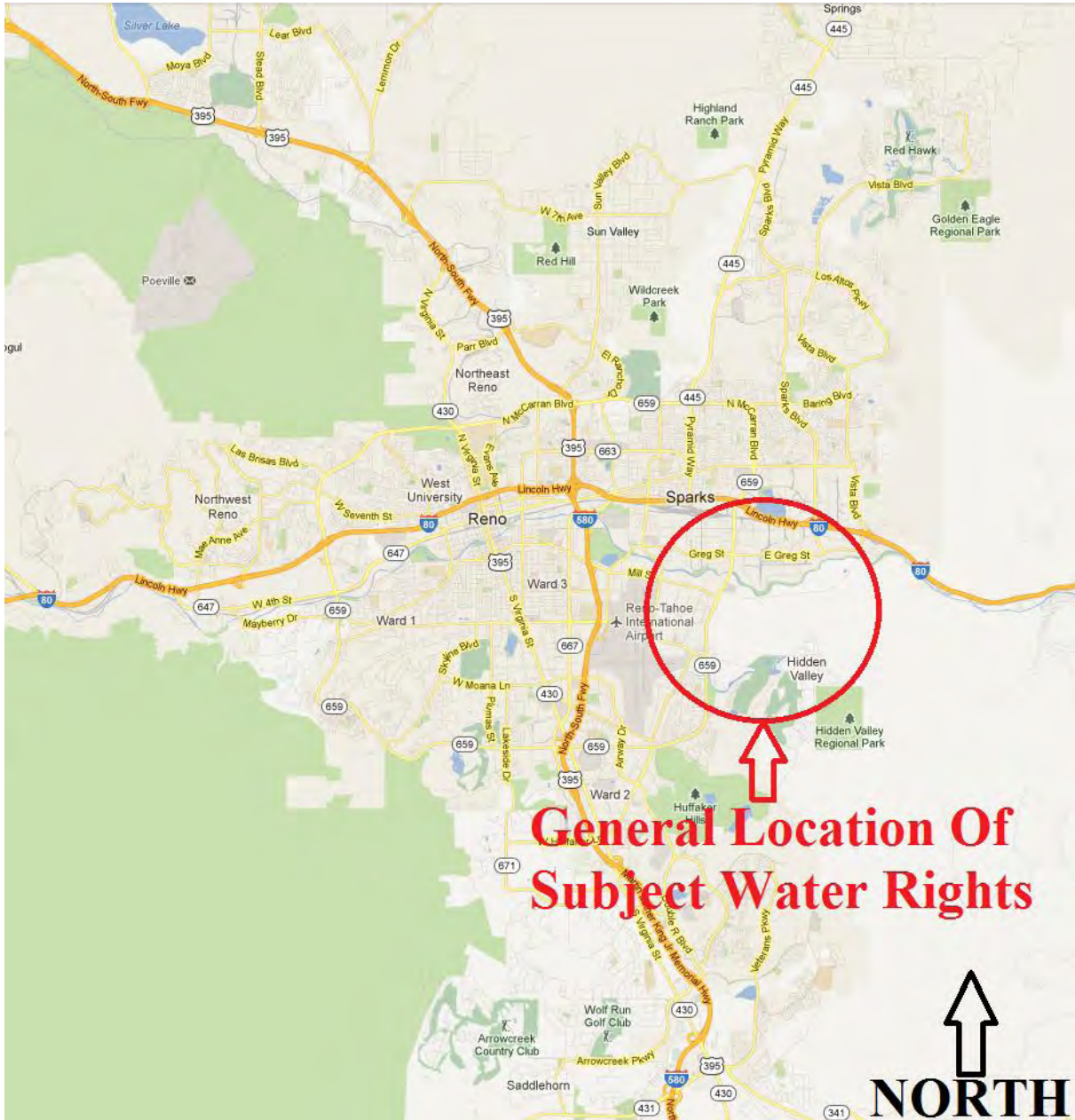
### **TYPE OF REPORT**

This is a self-contained appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* for a self-contained appraisal report. 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.

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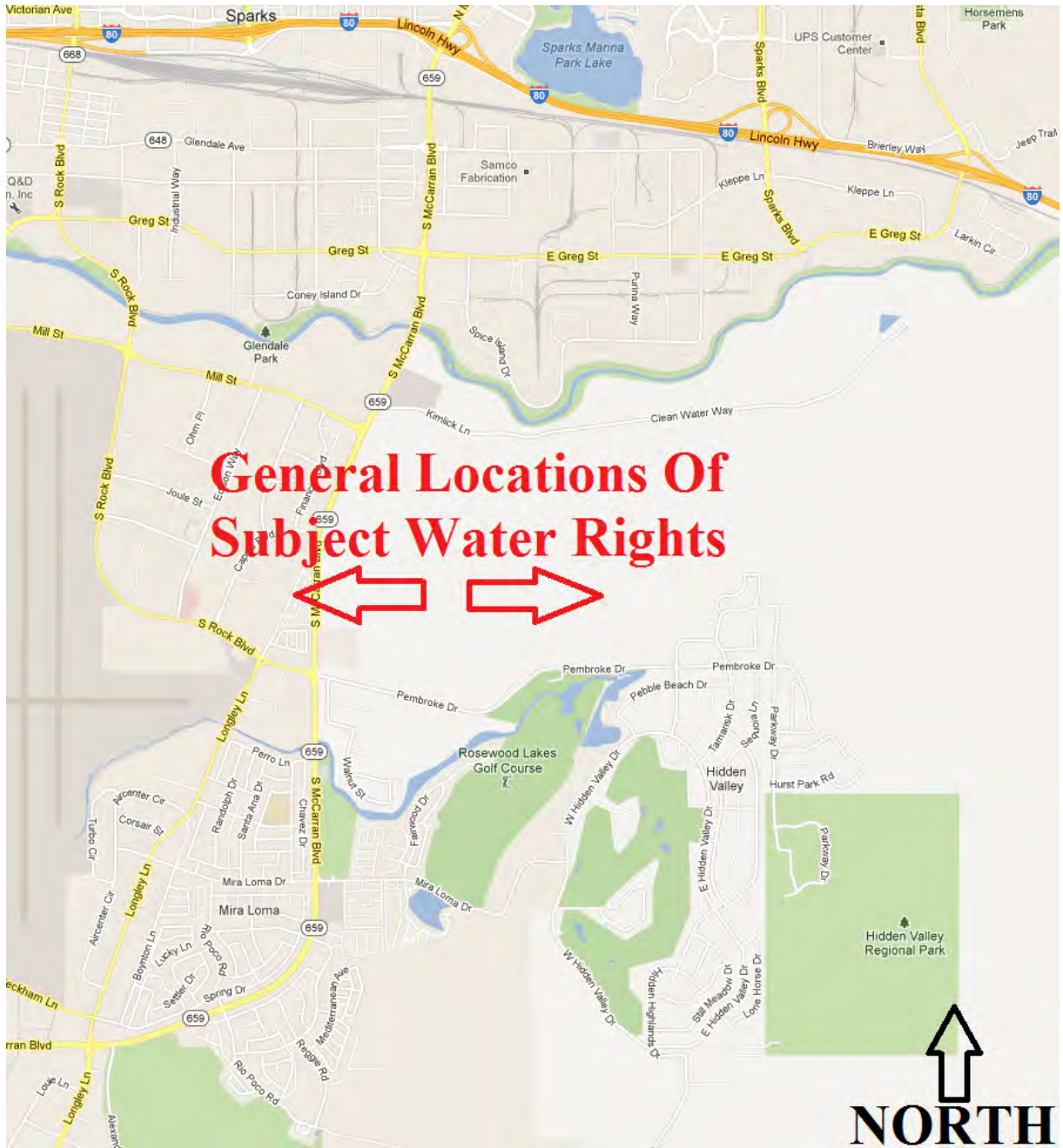
<sup>2</sup> Source: *Uniform Appraisal Standards for Federal Land Acquisitions*, Section A-2.

**RENO-SPARKS AREA MAP**



Reno ■ Lake Tahoe

**SUBJECT WATER RIGHTS NEIGHBORHOOD MAP**





### **RENO-SPARKS AREA ANALYSIS**

The Reno-Sparks metropolitan area is situated on the eastern slopes of the Sierra Nevada Mountain Range in a large valley known as the Truckee Meadows. Two major freeways serve the region. Interstate 80 runs in an east-west direction connecting the Reno area with Sacramento, 138 miles to the west, and San Francisco, 230 miles to the west. Interstate 80 also connects with Salt Lake City, located 526 miles east of the Reno-Sparks area. The U.S. 395 Highway runs in a north-south direction connecting with Los Angeles 488 miles to the south. U.S. Highway 395 also extends north connecting the Reno-Sparks area with Oregon and Washington. McCarran Boulevard is a ring road that encircles the Reno-Sparks area and facilitates access between the various quadrants of the region. Overall, the Reno-Sparks area has very good roadway and highway access.

The Reno-Sparks metropolitan area's location is a positive amenity due to its proximity to major California markets, as well as the recreational and scenic amenities afforded by its proximity to the Sierra-Nevada Mountains and Lake Tahoe.

Lake Tahoe is a 45-minute drive from downtown Reno and is the second largest alpine lake in the world, with 72 miles of Lake Frontage. Lake Tahoe also offers the greatest concentration of downhill skiing facilities in North America.

The Truckee Meadows is located at an elevation of approximately 4,400 feet above sea level and offers a semi-arid climate. In January, average temperatures range from a low of 18.3° Fahrenheit to a high of 45.5° Fahrenheit. In July, the average low temperature is 47.4° and the average high temperature is 91.9°. The area enjoys an average of 306 days of sunshine per year. The average annual precipitation is 7.5 inches, while the average snowfall is 32.3 inches per year.

The primary source of water for the region is the Truckee River, which originates at Lake Tahoe, approximately 30 miles southwest of Reno, and terminates at Pyramid Lake approximately 30 miles north of Sparks. The river flows through the heart of downtown Reno

and along the southern edge of Sparks. The Truckee River is a major recreational and scenic amenity for the region.

**Population, Growth and Employment**

Since 1970, the Truckee Meadows have been one of the fastest growing areas in the nation, with the population increasing by over 100% by 1990. According to the Nevada State Demographer’s Office at the University of Nevada, the population of Washoe County was estimated to be 421,593 in 2011. The following summarizes historical population estimates for the region.

**Historical Population Estimates**

Year	2003	2004	2005	2006	2007	2008	2009	2010	2011
Reno	195,727	199,249	206,735	214,371	220,613	223,012	218,143	217,282	222,801
Sparks	78,435	81,673	85,618	87,846	89,449	91,684	91,237	92,331	92,302
Unincorporated	99,071	102,531	104,491	106,868	107,999	109,137	107,252	107,766	106,490
Washoe County	373,233	383,453	396,844	409,085	418,061	423,833	416,632	417,379	421,593

Source: Nevada State Demographer

The downturn in the economy has particularly impacted the labor force in Nevada. Unemployment rates for the United States, Nevada and its three largest metropolitan statistical areas are summarized on the following chart.

**Unemployment Rate Data (Not Seasonally Adjusted)**

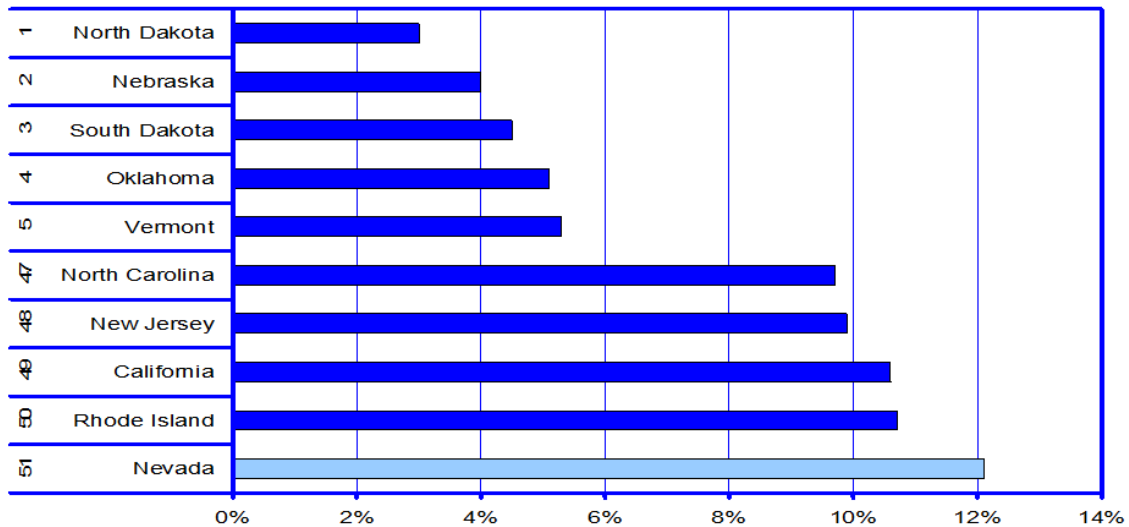
	Annual 2007	Annual 2008	Annual 2009	Annual 2010	Annual 2011	August 2012
<b>United States</b>	4.6%	5.8%	9.3%	9.6%	8.9%	8.2%
<b>Nevada</b>	4.6%	6.7%	12.5%	14.9%	13.5%	12.0%
<b>Las Vegas MSA</b>	4.4%	5.2%	12.7%	15.3%	13.9%	12.3%
<b>Reno-Sparks MSA</b>	4.7%	6.0%	12.3%	14.8%	13.1%	11.5%
<b>Carson City MSA</b>	5.5%	6.6%	12.2%	15.0%	13.1%	11.6%

Source: Nevada Department of Employment, Training & Rehabilitation

The unemployment rate for Washoe County and Nevada has historically averaged between 1% and 2% below the national average. However, with the recent economic downturn, Nevada has been one of the hardest hit in the nation and currently has the highest

unemployment rate in the country. The following chart summarizes unemployment rates of several states, in comparison to Nevada.

**Unemployment Rate Comparison**  
**Source: Nevada Department of Employment, Training & Rehabilitation**



Despite the historic run up in the unemployment rate, the reality of the recession’s impacts on Nevada’s workforce is worse than presented. The published unemployment rate, as indicated above, underestimates the number of unemployed workers. The published unemployed rate only estimates unemployed workers who are actively seeking employment. It does not include workers who are too discouraged to seek employment or workers employed part time (underemployed) for economic reasons.

Nevada offers one of the most liberal tax structures in the country. Nevada levies no personal or corporate income tax. Nevada’s Freeport law exempts from taxation merchandise warehoused, assembled or processed in the State of Nevada. Real estate taxes in the State of Nevada are limited by State constitution to a maximum of \$5 per \$100 of assessed valuation. The assessed valuation is 35% of the Assessor’s estimate of the taxable value of the property.



**Gaming and Tourism Market**

It is estimated that the Reno-Sparks area currently offers approximately 25,000 hotel and motel rooms. The vast majority of the hotel-casino facilities are located within the downtown Reno core area. As a result, this area is one of the primary employment centers in the Reno-Sparks area. Additional hotel-casino developments are located in southern Reno along South Virginia Street including the Atlantis Casino resort and the Peppermill Hotel/Casino. The Grand Sierra Resort is located on the Reno-Sparks border and John Ascuaga's Nugget is located east of Reno in central Sparks.

Within the past several years, legalized gaming has continued to spread across the country and gaming revenues for northern Nevada have been impacted. Recently, the opening of several Indian casinos in the State of California and the proposed openings of several other Indian Casinos in California have had a dramatic effect on the gaming economy in the Reno-Sparks area. Over the past decade, several casinos in the downtown Reno market, including the Sundowner Hotel Casino, the Comstock Hotel Casino, Fitzgerald, and the Golden Phoenix Hotel Casino, have closed. The following chart summarizes the most recent data available for gaming revenue for the Reno-Sparks/Washoe County area, as well as other areas within the state.

**Gaming Win Data**  
 (Source: Nevada Gaming Control Board)

Area	Current Period		% Change	Fiscal Year-to Date		% Change
	8/1/12 to 8/31/12	8/1/11 to 8/31/11		7/1/12 to 8/31/12	7/1/11 to 8/31/11	
Statewide	859,240,472	886,835,278	-3.11%	1,865,117,722	1,746,911,416	6.77%
Clark County	727,031,073	752,241,866	-3.35%	1,594,015,231	1,467,775,317	8.60%
LV Strip	490,941,203	496,868,291	-1.19%	1,088,396,693	965,408,585	12.74%
Downtown	36,335,409	39,670,664	-8.41%	77,570,272	75,089,862	3.30%
North Las Vegas	20,442,243	23,509,427	-13.05%	47,514,395	43,403,366	9.47%
Laughlin	33,504,755	34,278,224	-2.26%	70,592,686	71,566,600	-1.36%
Boulder Strip	55,648,900	67,616,444	-17.70%	128,228,563	129,499,111	-0.98%
Mesquite	8,213,264	7,880,057	4.23%	16,477,934	16,357,401	0.74%
Balance of County	81,945,298	82,418,759	-0.57%	165,234,688	166,450,392	-0.73%
Washoe County	68,082,524	64,758,639	5.13%	132,986,041	135,456,993	-1.82%
Reno	48,855,464	46,681,274	4.66%	95,072,809	97,730,060	-2.72%
Sparks	10,899,292	10,299,108	5.83%	21,205,263	21,229,991	-0.12%
North Lake Tahoe	3,265,757	2,758,894	18.37%	6,846,228	6,158,634	11.16%
Balance of County	5,062,011	5,019,362	0.85%	9,861,741	10,338,307	-4.61%
South Lake Tahoe	22,016,651	27,331,777	-19.45%	51,652,456	57,140,301	-9.60%
Elko County	20,722,662	21,129,548	-1.93%	43,566,284	44,087,788	-1.18%
Wendover	12,927,760	13,057,419	-0.99%	27,138,519	27,906,389	-2.75%
Balance of County	7,794,903	8,072,129	-3.43%	16,427,765	16,181,399	1.52%
Carson Valley Area	8,650,776	8,801,148	-1.71%	17,350,962	17,517,829	-0.95%
Other	12,736,786	12,572,300	1.31%	25,546,748	24,933,188	2.46%

**Residential Market**

The residential market in the Reno-Sparks area grew tremendously in the 1990's and this growth continued until 2006, when the current residential housing crisis began. The downturn in the residential market has been profound, and has limited most new construction in the residential markets throughout Nevada for the past five years.

Over the past five years, residential activity within the Reno-Sparks area has slowed considerably. Average and median home prices have decreased significantly. The chart below summarizes new and existing single-family residential homes sales within the different submarkets within the Reno-Sparks region, through the 2<sup>nd</sup> Quarter of 2012.

**Housing Sales--2nd Quarter 2012**

Source: Washoe County Assessor

Age of Structure	2nd Quarter 2012				1st Quarter 2012				Percent Change			2nd Quarter 2011				Percent Change		
	Number of Sales	Median Sales Price	Median Building SqFt	Median Price per SqFt	Number of Sales	Median Sales Price	Median Building SqFt	Median Price per SqFt	Number of Sales	Median Sales Price	Median Price per SqFt	Number of Sales	Median Sales Price	Median Building SqFt	Median Price per SqFt	Number of Sales	Median Sales Price	Median Price per SqFt
<i>City of Reno, Washoe County, Nevada</i>																		
<b>Single Family Residence Sales</b>																		
New	74	\$252,395	2,300	\$122	51	\$247,000	0	\$134	45.1%	2.2%	-8.7%	89	\$236,976	1,972	\$120	-16.9%	6.5%	-2.0%
Existing	825	\$160,000	1,760	\$93	706	\$147,500	1,699	\$86	16.9%	8.5%	8.0%	737	\$150,000	1,645	\$91	11.9%	6.7%	1.9%
New & Existing	899	\$169,500	1,801	\$96	757	\$151,410	1,678	\$87	18.8%	11.9%	10.1%	826	\$160,000	1,691	\$93	8.8%	5.9%	0.7%
<b>Condo Sales</b>																		
New	20	\$140,000	983	\$148	14	\$159,500	1,070	\$147	42.9%	-12.2%	0.4%	1	\$360,000	2,164	\$166	1900.0%	-61.1%	-11.1%
Existing	188	\$62,158	1,071	\$62	196	\$48,800	1,009	\$55	-4.1%	27.4%	12.0%	342	\$36,750	856	\$57	-45.0%	69.1%	8.6%
New & Existing	235	\$65,000	1,035	\$65	210	\$53,850	1,019	\$57	11.9%	20.7%	12.6%	343	\$36,000	856	\$57	-31.3%	80.6%	13.6%
<i>City of Sparks, Washoe County, Nevada</i>																		
<b>Single Family Residence Sales</b>																		
New	45	\$250,000	2,086	\$119	23	\$232,521	0	\$106	95.7%	7.5%	12.6%	20	\$224,247	2,090	\$113	125.0%	11.5%	5.3%
Existing	419	\$146,000	1,761	\$81	364	\$130,000	1,670	\$79	15.1%	12.3%	3.2%	398	\$139,950	1,732	\$83	5.3%	4.3%	-1.9%
New & Existing	464	\$157,000	1,850	\$84	387	\$135,000	1,648	\$79	19.9%	16.3%	5.7%	418	\$141,000	1,745	\$85	11.0%	11.3%	-1.1%
<b>Condo Sales</b>																		
New	0	\$0	0	\$0	0	\$0	0	\$0	0.0%	0.0%	0.0%	0	\$0	0	\$0	0.0%	0.0%	0.0%
Existing	43	\$48,450	1,080	\$49	46	\$47,810	1,133	\$41	-6.5%	1.3%	18.4%	80	\$49,424	1,198	\$44	-46.3%	-2.0%	11.4%
New & Existing	48	\$47,500	1,094	\$49	46	\$47,810	1,133	\$41	4.3%	-0.6%	19.4%	80	\$49,424	1,198	\$44	-40.0%	-3.9%	12.4%
<i>Incline Village, Washoe County, Nevada</i>																		
<b>Single Family Residence Sales</b>																		
New	0	\$0	0	\$0	0	\$0	0	\$0	0.0%	0.0%	0.0%	0	\$0	0	\$0	0.0%	0.0%	0.0%
Existing	37	\$885,000	2,636	\$301	30	\$685,000	2,488	\$302	23.3%	29.2%	-0.3%	25	\$660,000	2,218	\$309	48.0%	34.1%	-2.5%
New & Existing	37	\$885,000	2,636	\$301	30	\$685,000	2,488	\$302	23.3%	29.2%	-0.3%	25	\$660,000	2,218	\$309	48.0%	34.1%	-2.5%
<b>Condo Sales</b>																		
New	0	\$0	0	\$0	0	\$0	0	\$0	0.0%	0.0%	0.0%	0	\$0	0	\$0	0.0%	0.0%	0.0%
Existing	35	\$290,000	1,368	\$198	30	\$267,500	1,506	\$188	16.7%	8.4%	5.4%	41	\$330,000	1,204	\$219	-14.6%	-12.1%	-9.4%
New & Existing	43	\$283,000	1,368	\$192	30	\$267,500	1,506	\$188	43.3%	5.8%	1.9%	41	\$330,000	1,204	\$219	4.9%	-14.2%	-12.4%
<i>Washoe County, Nevada</i>																		
<b>Single Family Residence Sales</b>																		
New	129	\$252,000	2,102	\$121	82	\$245,995	0	\$123	57.3%	2.4%	-1.4%	116	\$237,105	2,076	\$117	11.2%	6.3%	3.6%
Existing	1,745	\$157,000	1,790	\$90	1,475	\$143,900	1,717	\$83	18.3%	9.1%	7.3%	1,544	\$150,000	1,725	\$91	13.0%	4.7%	-1.1%
New & Existing	1,875	\$164,000	1,817	\$92	1,557	\$148,500	1,707	\$84	20.4%	10.4%	8.6%	1,660	\$155,000	1,753	\$93	13.0%	5.8%	-1.3%
<b>Condo Sales</b>																		
New	20	\$140,000	983	\$148	14	\$159,500	1,070	\$147	42.9%	-12.2%	0.4%	1	\$360,000	2,164	\$166	1900.0%	-61.1%	-11.1%
Existing	266	\$70,100	1,128	\$65	273	\$56,000	1,080	\$57	-2.6%	25.3%	12.9%	463	\$47,000	971	\$60	-42.3%	49.1%	8.6%
New & Existing	327	\$72,000	1,080	\$67	287	\$65,000	1,080	\$60	13.9%	10.8%	12.8%	464	\$47,000	973	\$60	-29.3%	53.2%	11.9%

It is noted that sales of new single-family residential units in the entire Reno-Sparks market (Washoe County) in the 2<sup>nd</sup> Quarter of 2012 was 129 units; this represents 6.88% of total single family home sales. The above data suggests that the existing home sale market continues to dominate the sales market in the region. This is in large part due to the foreclosure and short sale markets, which continue to generate large numbers of sales within the region. The chart below summarizes the foreclosure market in the Reno-Sparks area; this data was provided by the University of Nevada Center for Regional Studies.

## Home Foreclosures - 2nd Quarter 2012

*City of Reno, City of Sparks, Incline Village, Washoe County, Nevada*

Source: Washoe County Assessor

Foreclosed Homes						
	2nd Quarter 2012		1st Quarter 2012		2nd Quarter 2011	
	# of Foreclosed Homes		# of Foreclosed Homes	% Change	# of Foreclosed Homes	% Change
Reno	187		409	-54.28%	532	-64.85%
Sparks	94		199	-52.76%	231	-59.31%
Incline Village	7		16	-56.25%	12	-41.67%
Washoe County	386		785	-50.83%	997	-61.28%

Sales of Foreclosed Homes						
	2nd Quarter 2012		1st Quarter 2012		2nd Quarter 2011	
	# of Foreclosed Home Sales		# of Foreclosed Home Sales	% Change	# of Foreclosed Home Sales	% Change
Reno	319		502	-36.45%	433	-26.33%
Sparks	142		243	-41.56%	228	-37.72%
Incline Village	7		11	-36.36%	12	-41.67%
Washoe County	622		967	-35.68%	839	-25.86%

As indicated above, in the 2<sup>nd</sup> Quarter of 2012, the number of foreclosed homes decreased from the previous quarter, and also decreased from the previous year.

### Multifamily Market

The chart on the following page summarizes data from the *Apartment Survey*, which is a quarterly survey conducted by Johnson-Perkins & Associates. The overall vacancy rate decreased for the fourth time over the past five quarters, while the average rental rate increased for the first time in the past three quarters. The 2<sup>nd</sup> Quarter 2012 Survey indicates an overall vacancy rate of 5.13%, indicating a decrease of 46 basis points over the previous quarter. The 2<sup>nd</sup> Quarter 2012 Survey indicates an overall rent of \$836.

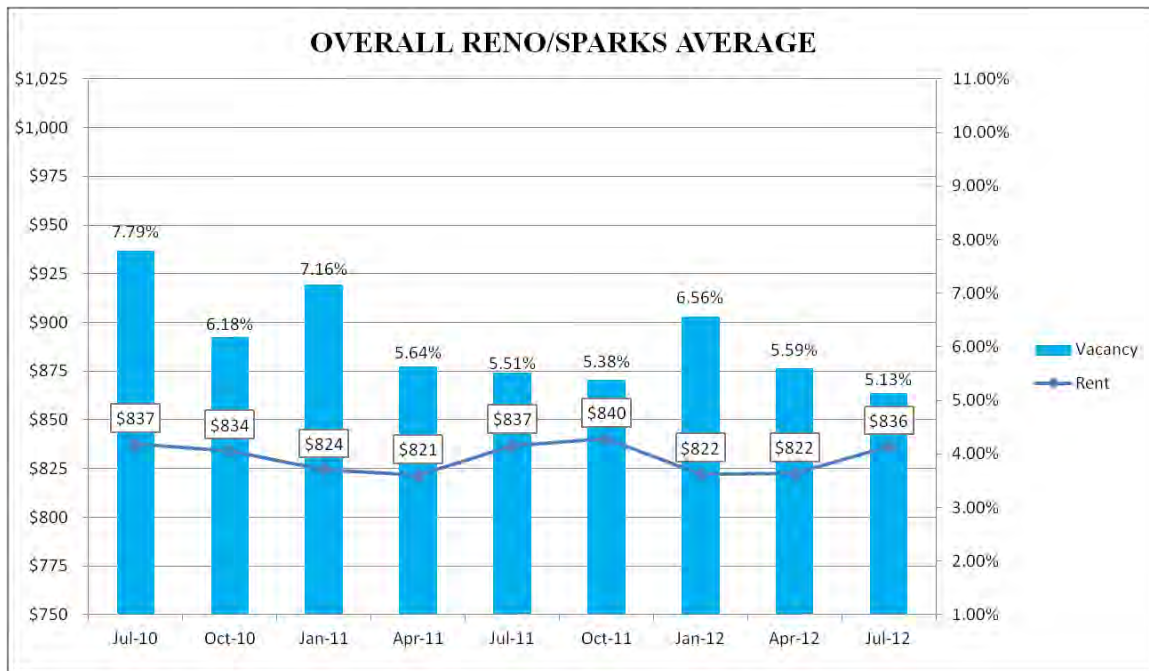
**Overall Apartment Market Comparison-Reno/Sparks**

OVERALL COMPARISON			
	1 <sup>st</sup> Quarter 2012	2 <sup>nd</sup> Quarter 2012	Change
Average Vacancy	5.59%	5.13%	-46 Basis Points
Average Rent	\$822	\$836	1.70%

**Rental And Vacancy Rates By Unit Types**

UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	1 <sup>st</sup> Qtr. 2012	2 <sup>nd</sup> Qtr. 2012	Result	1 <sup>st</sup> Qtr. 2012	2 <sup>nd</sup> Qtr. 2012	Result
Studio	\$472	\$482	↑	3.60%	5.86%	↑
1 Bedroom/1 Bath	\$673	\$679	↑	4.25%	3.89%	↓
2 Bedroom/1 Bath	\$752	\$758	↑	5.84%	4.96%	↓
2 Bedroom/2 Bath	\$883	\$910	↑	6.43%	6.12%	↓
Townhouse	\$1,028	\$1,038	↑	7.65%	7.65%	=
3 Bedroom/2 Bath	\$1,070	\$1,094	↑	9.30%	7.10%	↓

**Quarterly Apartment Rents and Vacancies**



Sales activity of larger, investment grade apartment complexes in the Reno-Sparks area were extremely limited between 2008 and 2010. However, several apartment complexes began to sell toward the middle and end of 2011 and beginning of 2012. There are several other major apartment projects scheduled to close in 2012 within the market.



**Industrial Market**

In an effort to diversify the economic base of the area, community leaders have focused upon the expansion of the industrial segment of the economy. The industrial industry has experienced substantial growth over the past decade as a result of the region’s central location, good transportation, infrastructure and liberal tax laws. At the present time, over 500 major U.S. and foreign corporations have headquarters or located large facilities in the area, including Amazon.com, International Gaming Technology (IGT), Barnes and Noble, Patagonia, Sherwin Williams, Wal-Mart Distribution Center, J.C. Penney’s Catalog Distribution Center, and R.R. Donnelley, one of the nation’s largest publishers.

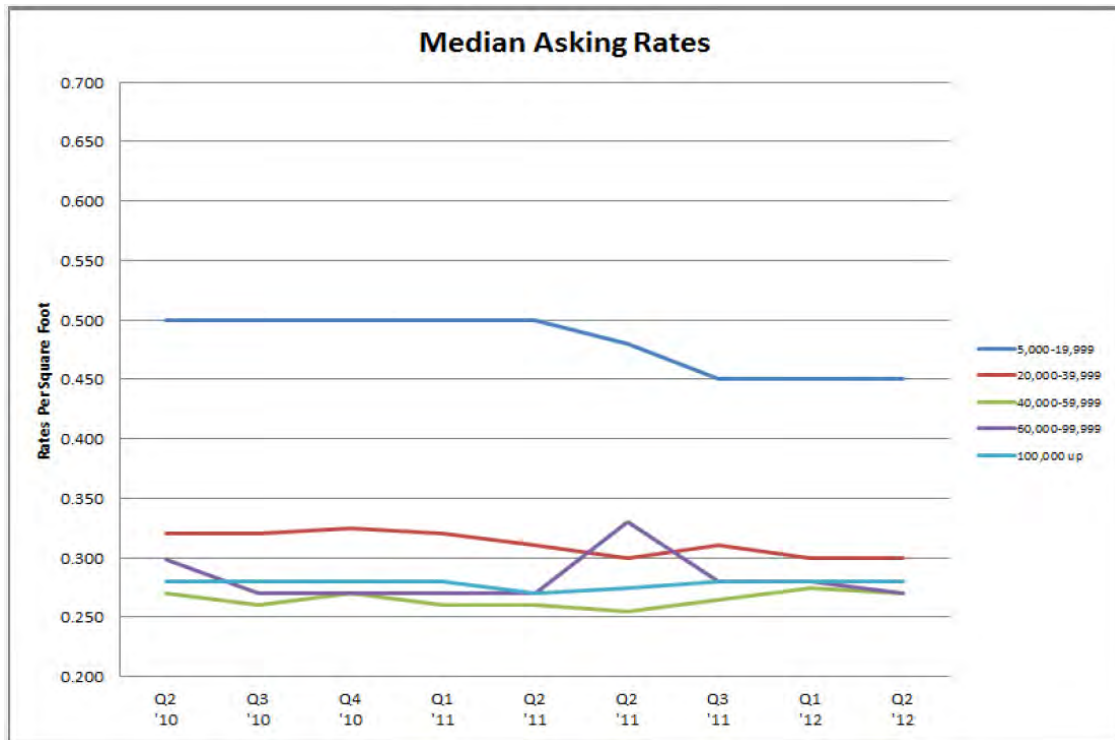
Leases for industrial users in the Reno-Sparks market are typically based upon triple net lease terms, in which tenants are responsible for a majority of all operating costs associated with the property. The following chart is from the NAI Alliance *Reno Industrial Market 2<sup>nd</sup> Quarter 2012 Report*, which tracks industrial space within the market.

**2<sup>nd</sup> Quarter 2012 Industrial Data**

Area	Total Space (sq. ft.) 6/30/12	Vacant Rentable (sq. ft.) 6/30/12	Vacant percent 6/30/12	Gross Absorption (sq.ft) Q2	Net Absorption (sq.ft.) Q2	NNN Median Asking Rate* (sq.ft./month)	Total Under Construction 6/30/12	BTS Construc- tion (sq. ft.) YTD	Spec Construction (sq. ft.) YTD
1 North Valleys	15,653,157	2,163,470	13.82%	193,303	190,601	\$0.30	0	0	0
2 Sparks	25,588,241	4,292,748	16.78%	591,843	140,922	\$0.32	0	0	0
3 Airport	8,954,456	808,738	9.03%	133,130	70,471	\$0.38	0	0	0
4 South Reno	8,892,779	1,213,311	13.64%	141,015	-37,702	\$0.51	0	0	0
5 Central & West Reno	1,392,104	479,693	34.46%	19,200	39,800	\$0.30	0	0	0
6 East I-80 Corridor	12,356,103	1,544,884	12.50%	222,125	265,849	\$0.37	0	0	0
<b>TOTALS</b>	<b>72,836,840</b>	<b>10,502,844</b>	<b>14.42%</b>	<b>1,300,616</b>	<b>649,441</b>	<b>\$0.36</b>	<b>0</b>	<b>0</b>	<b>0</b>

Lease terms typically range from three years to 10-years, with a majority of new tenants signing five year deals, typically with options to extend. The following summarizes asking rental rate and vacancy trends, as reported by NAI Alliance. The current overall vacancy rate for the Reno-Sparks market is 14.42%.

**Asking Rental Rate Trends**



**Retail Market**

The Reno-Sparks area now offers three regional shopping centers and more than 100 neighborhood or local shopping centers. The three major regional centers are Meadowood Mall, the Summit Sierra Mall, and the Legends at Sparks Marina.

The retail market, like the rest of the economy, is struggling. Job losses, the downturn in the residential market and consumer confidence continue to impact spending levels. Taxable sales had shown steady growth in the region up through 2006; in 2007 taxable sales in Washoe County began to decrease. On a positive note, 2011/2012 fiscal taxable sales do show an increase from year-to-date numbers from 2010/2011 in Washoe County. The following chart summarizes taxable sales totals for Washoe County between 1997/1998 and year-to-date 2011/2012 (fiscal years).

**Washoe County Taxable Sales History-1997/1998-Most Current**

<b>Fiscal Year</b>	<b>Taxable Sales</b>	<b>Percentage Change</b>
1997/1998	\$4,377,547,590	3.22%
1998/1999	\$4,679,515,860	6.90%
1999/2000	\$4,966,612,920	6.14%
2000/2001	\$5,194,146,044	4.58%
2001/2002	\$5,292,178,588	1.89%
2002/2003	\$5,481,582,915	3.47%
2003/2004	\$6,003,368,280	9.52%
2004/2005	\$6,660,263,045	10.6%
2005/2006	\$7,268,593,250	9.13%
2006/2007	\$7,202,640,557	-0.91%
2007/2008	\$6,823,700,706	-5.3%
2008/2009	\$5,707,791,051	-16.35%
2009/2010	\$5,176,981,699	-9.30%
2010/2011	\$5,282,936,232	2.05%
2011/2012	\$5,522,605,351	4.54%

Source: Nevada Department of Taxation

Leases for retail space in the Reno-Sparks market are typically based upon triple net lease terms or modified gross lease terms. Under triple net lease terms, tenants typically pay a base rental rate, and are also responsible for paying most operating expenses associated with the property, including utilities, taxes, insurance, management, typical repairs and maintenance, and other expense items. In multi-tenant projects, these additional fees are most often billed back to tenants; these are often referred to as Common Area Maintenance (CAM) fees.

The chart on the following page summarizes the overall and submarket retail markets, and includes data related to rental rates, vacancies, absorption and construction. The data is from the *CB Richard Ellis 3<sup>rd</sup> Quarter 2012 MarketView Reno Retail Report*.

**Overall Retail Market Statistics**

Submarket	GLA SF	Vacant SF	Vacancy Rate %	Availability Rate %	Net Absorption SF	YTD Net Absorption SF	Under Construction SF	Avg Asking Lease Rate \$/SF/Mo
Central/Airport	1,890,690	485,665	25.7%	25.7%	12,494	9,251	0	\$1.19
Downtown	405,939	110,535	27.2%	27.2%	2,730	(15,308)	0	\$1.49
Meadowood	3,481,816	496,384	14.3%	14.3%	13,806	(24,440)	0	\$1.21
North Valleys	773,297	69,499	9.0%	27.2%	14,081	170,732	0	\$1.64
Northwest Reno	1,786,658	293,656	16.4%	18.4%	4,891	43,269	0	\$1.21
South Reno	2,420,463	284,830	11.8%	13.1%	(2,269)	55,155	0	\$1.61
Southwest Reno	759,873	121,294	16.0%	16.0%	(3,032)	1,739	0	\$1.18
Spanish Springs	1,741,262	247,875	14.2%	15.2%	4,800	4,422	0	\$1.43
Sparks	3,647,408	608,890	16.7%	17.3%	(12,408)	62,371	24,837	\$1.23
<b>Market Total</b>	<b>16,907,406</b>	<b>2,718,628</b>	<b>16.1%</b>	<b>17.5%</b>	<b>35,093</b>	<b>307,191</b>	<b>24,837</b>	<b>\$1.32</b>
Community Centers	4,105,407	819,161	20.0%	20.1%	(1,256)	(25,493)	0	\$1.26
Freestanding	2,685,541	381,043	14.2%	16.0%	(1,420)	187,033	24,837	\$1.46
LifeStyle Centers	674,201	8,000	1.2%	1.2%	0	(8,000)	0	Varies
Neighborhood Centers	4,192,507	426,140	10.2%	14.1%	11,487	(1,870)	0	\$1.31
Power Centers	2,116,540	606,795	28.7%	28.7%	8,060	(29,320)	0	\$1.36
Regional Centers	1,452,331	57,800	4.0%	4.0%	0	107,728	0	\$2.45
Strip Centers	1,680,879	419,689	25.0%	26.5%	18,222	77,113	0	\$1.32
<b>Market Total</b>	<b>16,907,406</b>	<b>2,718,628</b>	<b>16.1%</b>	<b>17.5%</b>	<b>35,093</b>	<b>307,191</b>	<b>24,837</b>	<b>\$1.32</b>

**Office Market**

The Reno-Sparks office market consists of over 12,000,000± square feet of office space. Office uses in the market range from older second and third generation properties, to new, high-end Class A office space.

Leases for professional office uses in the Reno-Sparks market are typically based upon full service gross lease terms or modified gross lease terms. Under full service gross lease terms, owners are responsible for all operating costs associated with the building. Typically, these leases incorporate base year expense stops, with tenants responsible for any increases in operating expenses over the base year. Under modified gross lease terms, the tenant is typically responsible for utilities and janitorial service. Due to increases in utility expenses, many property owners now market properties on modified gross lease terms, with some even



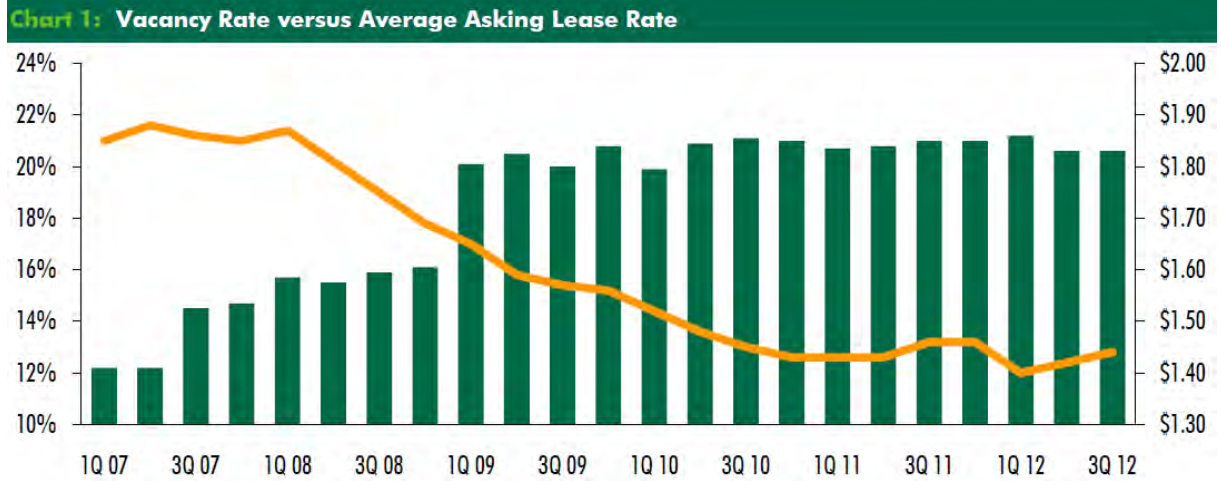
marketing properties on triple net lease terms, in which the tenant is responsible for all operating expenses associated with the building.

According to the *CB Richard Ellis 3<sup>rd</sup> Quarter 2012 MarketView Reno Office Report*, the Reno-Sparks market's current overall vacancy rate (including sublease space) is 21.9%. In the current economic downturn, the office market has been significantly impacted, with lowering rents and increasing vacancies. Current rental rates are much lower than they were in the early 2000's, and concessions for new and renewing tenants are commonplace. The charts below summarize average asking rents and vacancy rates within the Reno-Sparks submarkets.

### Office Rents And Vacancies

Submarket	Net Rentable Area	Vacant SF	Vacancy Rate %	Availability Rate %	Net Absorption SF	YTD Net Absorption SF	Under Construction SF	Avg Asking Lease Rate \$/SF/Mo
<b>Airport</b>	<b>762,942</b>	<b>177,187</b>	<b>23.2%</b>	<b>23.6%</b>	<b>0</b>	<b>26,478</b>	<b>0</b>	<b>\$0.96</b>
Class A	32,376	16,413	50.7%	50.7%	0	-	0	-
Class B	557,315	105,768	19.0%	19.4%	0	40,655	0	\$0.96
Class C	173,251	55,006	31.7%	31.7%	0	(14,177)	0	\$1.01
<b>Central</b>	<b>621,798</b>	<b>130,193</b>	<b>20.9%</b>	<b>22.7%</b>	<b>(6,964)</b>	<b>(17,973)</b>	<b>0</b>	<b>\$1.23</b>
Class A	0	0	-	-	0	0	0	-
Class B	315,224	74,266	23.6%	24.8%	(12,450)	(14,293)	0	\$1.35
Class C	306,574	55,927	18.2%	20.5%	5,486	(3,680)	0	\$1.14
<b>Downtown</b>	<b>1,408,715</b>	<b>311,549</b>	<b>22.1%</b>	<b>22.2%</b>	<b>(9,894)</b>	<b>3,368</b>	<b>0</b>	<b>\$1.58</b>
Class A	824,101	149,909	18.2%	18.2%	(11,894)	8,114	0	\$1.85
Class B	260,636	104,726	40.2%	40.8%	0	(6,746)	0	\$1.24
Class C	323,978	56,914	17.6%	17.6%	2,000	2,000	0	\$1.44
<b>Meadowood</b>	<b>1,781,174</b>	<b>290,450</b>	<b>16.3%</b>	<b>16.9%</b>	<b>7,992</b>	<b>17,646</b>	<b>0</b>	<b>\$1.52</b>
Class A	1,100,707	174,284	15.8%	16.8%	8,881	17,648	0	\$1.64
Class B	471,528	93,454	19.8%	19.8%	(889)	(2)	0	\$1.45
Class C	208,939	22,712	10.9%	10.9%	0	0	0	\$0.94
<b>South Reno</b>	<b>1,428,343</b>	<b>368,229</b>	<b>25.8%</b>	<b>27.7%</b>	<b>1,352</b>	<b>(18,182)</b>	<b>0</b>	<b>\$1.55</b>
Class A	1,114,863	287,743	25.8%	28.0%	(1,561)	(21,095)	0	\$1.58
Class B	313,480	80,486	25.7%	26.3%	2,913	2,913	0	\$1.48
Class C	0	0	-	-	0	0	0	-
<b>Sparks</b>	<b>156,881</b>	<b>3,284</b>	<b>2.1%</b>	<b>11.8%</b>	<b>0</b>	<b>3,000</b>	<b>0</b>	<b>\$1.55</b>
Class A	0	0	-	-	0	0	0	-
Class B	92,223	0	0.0%	16.6%	0	0	0	-
Class C	64,658	3,284	5.1%	5.1%	0	3,000	0	\$1.55
<b>West Reno</b>	<b>51,895</b>	<b>10,023</b>	<b>19.3%</b>	<b>19.3%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$1.75</b>
Class A	14,493	0	0.0%	0.0%	0	0	0	-
Class B	37,402	10,023	26.8%	26.8%	0	0	0	\$1.75
Class C	0	0	-	-	0	0	0	-
<b>Market Total</b>	<b>6,211,748</b>	<b>1,290,915</b>	<b>20.8%</b>	<b>21.9%</b>	<b>(7,514)</b>	<b>14,337</b>	<b>0</b>	<b>\$1.44</b>
Class A	3,086,540	628,349	20.4%	21.5%	(4,574)	4,667	0	\$1.67
Class B	2,047,808	468,723	22.9%	24.1%	(10,426)	22,527	0	\$1.26
Class C	1,077,400	193,843	18.0%	18.6%	7,486	(12,857)	0	\$1.16

**Office Market Vacancy & Asking Lease Rates**



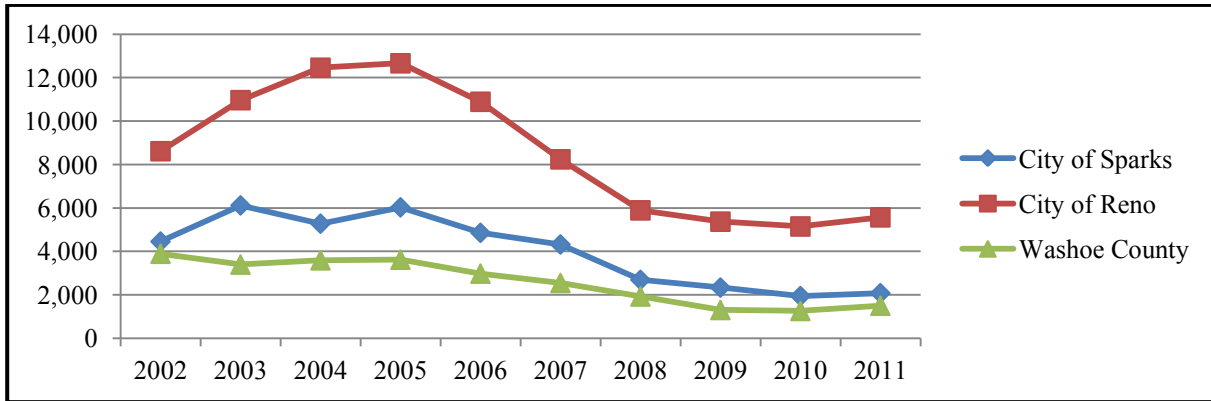
Due to current economic conditions, very few new office buildings have been constructed in the market. Office land prices increased significantly in the early 2000’s within the Reno market; however, due to current market conditions, very few office land transactions have occurred over the past several years.

**Construction Activity**

Construction activity in the area has been limited since the housing crisis began. Within the Reno-Sparks market, building permits issued began to drop in 2007. As the chart and graph below indicates, at the peak of the market in 2005, 18,692 total building permits were issued in Washoe County, including the City of Reno and the City of Sparks. In 2011, the latest full calendar year, only 7,648 building permits, or 59.08% less than 2005, were issued.

### Building Permits Issued

Calendar Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Sparks	4,456	6,120	5,278	6,030	4,858	4,322	2,693	2,338	1,946	2,078
City of Reno	8,613	10,964	12,457	12,662	10,891	8,240	5,891	5,371	5,149	5,570
Unincorporated Washoe County	3,893	3,395	3,591	3,621	2,980	2,549	1,926	1,304	1,259	1,502
<b>Total</b>	<b>13,069</b>	<b>17,084</b>	<b>17,735</b>	<b>18,692</b>	<b>15,749</b>	<b>12,562</b>	<b>8,584</b>	<b>7,709</b>	<b>7,095</b>	<b>7,648</b>
% Change From Prior Year	---	30.72%	3.81%	5.40%	-15.74%	-20.24%	-31.67%	-10.19%	-7.96%	7.79%



### Transportation

The Reno-Tahoe International Airport serves the Reno-Sparks area. The airport offers daily departures to over 30 North American destinations with non-stop or one-stop service. This level of service is normally found in cities with populations four to five times the size of the Reno-Sparks area. The chart below summarizes passenger statistics for the Reno-Tahoe International Airport.

### Reno-Tahoe International Airport Statistics

Total Passengers August-12					
	Passengers		YOY % Change	Passengers	
	2010	2011		2012	YOY % Change
JAN	293,756	300,125	2.2%	259,012	-13.7%
FEB	294,662	299,090	1.5%	265,017	-11.4%
MAR	346,846	348,583	0.5%	292,939	-16.0%
<b>1st Quarter</b>	<b>935,264</b>	<b>947,798</b>	<b>1.3%</b>	<b>816,968</b>	<b>-13.8%</b>
APR	309,533	295,537	-4.5%	275,926	-6.6%
MAY	312,378	304,220	-2.6%	279,857	-8.0%
JUN	361,406	343,054	-5.1%	325,260	-5.2%
<b>2nd Quarter</b>	<b>983,317</b>	<b>942,811</b>	<b>-4.1%</b>	<b>881,043</b>	<b>-6.6%</b>
JUL	367,997	364,849	-0.9%	347,060	-4.9%
AUG	352,764	361,348	2.4%	350,934	-2.9%
SEP	306,045	311,031	1.6%		
<b>3rd Quarter</b>	<b>1,026,806</b>	<b>1,037,228</b>	<b>1.0%</b>		
OCT	306,953	285,490	-7.0%		
NOV	270,586	259,425	-4.1%		
DEC	300,467	281,403	-6.3%		
<b>4th Quarter</b>	<b>878,006</b>	<b>826,318</b>	<b>-5.9%</b>		
<b>TOTAL</b>	<b>3,823,393</b>	<b>3,754,155</b>	<b>-1.8%</b>		
<b>YTD Total</b>		<b>2,616,806</b>		<b>2,396,005</b>	<b>-8.4%</b>

The Reno-Sparks area also has adequate rail service and bus service. The area has excellent access to trucking facilities, with over 60 firms serving the Reno area. Rail service through the area is provided by Union Pacific Railroad. The rail lines pass through downtown Reno with most of the rail traffic involving freight transportation. Additionally, Amtrak provides passenger rail service to the area.

### **Hospitals, Education and Public Services**

The Reno-Sparks area has four private general hospitals and one Veterans' Administration hospital. While the area is considered to have good hospital facilities, the hospitals in Nevada are some of the more expensive in the country. The two largest hospitals, St. Mary's and Renown, have both opened satellite hospitals in south Reno, and have both undergone major expansions at their main facilities.

The Washoe County School District provides public schools. The University of Nevada-Reno is situated on a 200-acre campus just north of downtown Reno. There are approximately 19,000 students currently enrolled at the University. The area is also served by the Truckee Meadows Community College, which has an enrollment of approximately 10,000 students per year.

Each of the municipalities in the Reno-Sparks area offers police and fire protection. Both the police and fire protection is highly rated. Municipal recreational facilities in the Reno-Sparks area include a number of golf courses, several indoor/outdoor swimming pools, numerous public parks and several public libraries. RTC Ride provides public transportation to the region.

### **Summary**

In summary, the Reno-Sparks area has experienced rapid population growth over the past several decades due to the excellent quality of life. Historically, the gaming industry has been the principal economic base for the area. With the legalization of gaming across the United States, the area's principal industry is experiencing a major challenge.

In response to this challenge, the National Bowling Stadium and Downtown Events Center have been built, the Reno-Sparks Convention Center has been expanded and renovated, special events have been expanded, the City of Reno is actively supporting downtown revitalization, and a new AAA professional baseball stadium was completed in April of 2009. The area has experienced success in broadening the economic base with the expansion of the hi-tech and back office industries.

However, the current economic downturn has had a negative impact on most sectors of the local economy. The unemployment rate remains near historical highs for the last 20 years, and construction activity has slowed considerably in all sectors of the real estate market. Overall, it is felt that the current economic recession could last several more years, and continue to pose challenges to the local economy. It is likely that unemployment will remain above historical averages in the region at least over the next year, and the real estate market within the region will continue to be impacted by the recession over the next several years.

**TRUCKEE RIVER DESCRIPTION**

The Truckee River is a river which generally runs in a northeast direction from the northwest side of Lake Tahoe, California, to Pyramid Lake in Washoe County, Nevada.

**River Course**

The Truckee River’s source is the outlet of Lake Tahoe, at the dam on the northwest side of the lake near Tahoe City, California. The River flows generally northwest through the mountains to Truckee, California, then turns sharply to the east and flows into Nevada, through Reno and Sparks and along the northern end of the Carson Range. East of Sparks, the River runs through a canyon to Fernley, where it turns north and flows along the east side of the Pah Rah Mountain Range. The River empties into the southern end of Pyramid Lake, a remnant of prehistoric Lake Lahontan in northern Washoe County within the Pyramid Lake Indian Reservation. The total length of the Truckee River is approximately 105± miles.

**Major Truckee River Storage Facilities & Diversions**

Name
<b>Storage Facilities</b>
Lake Tahoe
Donner Lake
Martis Creek Reservoir
Prosser Creek Reservoir
Independence Lake
Stampede Reservoir
Boca Reservoir
Derby Dam/Truckee Canal/Lahontan Reservoir
<b>Diversions</b>
Lake Tahoe Basin
Echo Lake
Third Creek
Marlette Lake
Franktown Creek/Hobart Creek Reservoir
Sierra Valley
Lower Truckee River Diversion (Derby Dam)



### **Major Hydrological Features & Basins**

Major hydrologic features of the Truckee River Basin include Lake Tahoe and the Lake Tahoe Basin, the 105-mile long Truckee River, a number of lesser upstream storage lakes and reservoirs, various tributaries, and the Truckee River's terminus, Pyramid Lake.

The Truckee River system consists of five major river reaches:

1. The 15-mile reach between the Truckee River's origin beginning at the Lake Tahoe Dam at Tahoe City, California;
2. The 20-mile reach flowing through the upper Truckee River canyon between Truckee, California, and Verdi, Nevada, a reach which cuts through the Carson Range of the Sierra Nevada Mountains;
3. The 15-mile reach through the Truckee Meadows and the cities of Reno and Sparks, Nevada, to Vista;
4. The 30-mile reach from Vista to Wadsworth through the lower Truckee River canyon, and cutting through the Virginia Mountain Range; and
5. The 25-mile reach below Wadsworth, Nevada, traversing a broad alluvial valley to Pyramid Lake.

Lake Tahoe is an alpine lake located in the Sierra Nevada Mountains at an elevation of 6,223 feet (natural rim) above sea level. The lake is 22 miles long and between 8 and 13 miles wide, and has a shoreline of 75± miles. Lake Tahoe is the third deepest lake in North America and the tenth deepest lake in the world. The lake lies on the border between California and Nevada at 120 degrees west longitude; approximately two-thirds of Lake Tahoe is within the State of California and one-third within the State of Nevada. Lake Tahoe's surface area covers 193 square miles and its depth has been recorded at 1,645 feet.

Lake Tahoe is directly fed by 63 creeks and streams which drain the Lake Tahoe Basin. The principal tributaries of Lake Tahoe include the Upper Truckee River, which drains an area extending for 15 miles due south of Lake Tahoe, Trout and Taylor creeks, also located at the south end of Lake Tahoe, and Ward and Blackwood creeks. Together, these five streams carry more than one half of Lake Tahoe's average surface water inflows.

Lake Tahoe has a single outlet consisting of the Truckee River, which flows out of the lake at Tahoe City, located on the northwestern shore of the lake in Placer County, California.

From this outlet to Lake Tahoe, the Truckee River travels a total distance of approximately 50 air miles and 105 river miles to its terminus, Pyramid Lake, located in the Nevada desert.

The Upper Truckee River Basin is generally considered that portion of the basin above the Truckee Meadows, an area containing the metropolitan cities of Reno and Sparks, Nevada. This upper basin includes the drainage areas encompassing the Lake Tahoe Basin, the Upper Truckee River between Lake Tahoe and the town of Truckee, California, the Donner Lake drainage area to the west of Truckee, the Martis Creek drainage to the south and east of Truckee, the Prosser Creek and Little Truckee River drainage areas to the north and east of Truckee, and the upper Truckee Canyon below Hirschdale, California, and above Verdi, Nevada. The upper Truckee River Basin includes portions of the California counties of Alpine, El Dorado, Placer, Nevada, and Sierra. The Nevada portion of the upper Truckee River Basin includes parts of Carson City, and the counties of Douglas and Washoe. The uppermost headwaters of the Truckee River begin with the Upper Truckee River above Lake Tahoe, flowing into the lake from the south.

The Lower Truckee River Basin is generally considered that portion of the basin from the Truckee Meadows downstream; this area includes the Truckee Meadows and the cities of Reno and Sparks, Pleasant Valley and Washoe Valley to the south; Washoe Valley includes Washoe Lake and Little Washoe Lake. Washoe Valley and Pleasant Valley are drained by Steamboat Creek, which then runs along the eastern portion of the Truckee Meadows and empties into the Truckee River near Vista and the beginning of the lower Truckee River canyon. Along the way, Steamboat Creek picks up the return flows of numerous irrigation ditches to the south of the Truckee River, the largest being Steamboat Ditch, Last Chance Ditch, and Lake Ditch, as well as the Boynton Slough (which picks up the waters of Cochran Ditch).

The Lower Truckee River Basin includes the lower Truckee River canyon running through the Virginia Range and extending between Sparks and Wadsworth. The final segment of the Lower Truckee River Basin lies below Wadsworth and includes a 25-mile



long broad, alluvial valley stretching to Pyramid Lake. This portion of the basin also includes the Pyramid Lake Basin, and to the east over the Lake Range, the Winnemucca (dry) Lake Basin. Nearly four miles below Marble Bluff Dam, the Truckee River enters its terminus location, Pyramid Lake. Pyramid Lake, as well as being the low point of the Truckee River Basin, was also the low point of the ancient Ice Age Lake Lahontan which covered some 8,655 square miles of northwestern Nevada as recently as 12,500 years ago. Pyramid Lake, which is wholly contained within the Pyramid Lake Paiute Indian Reservation, is 30 miles long and ranges from 4 to 11 miles wide and covers approximately 169 square miles.

### **Truckee River Water-Related Issues**

Currently, the most significant water-related issues within the Truckee River Basin are concerned with:

- Diversions out of the basin at Derby Dam for use on Newlands Project farmlands in the Carson River Basin;
- Highly erratic periods of precipitation and river flows combined with limited upstream storage to accommodate extreme periods of drought;
- Obtaining significant flows for the restoration and preservation of the Pyramid Lake fishery;
- Increasing water needs for the Reno-Sparks metropolitan area;
- Water quality problems in the lower Truckee River below the Truckee Meadows Water Reclamation Facility; and
- The allocation of unused (unappropriated) Truckee River flood waters between the demands of the Truckee-Carson Irrigation District (TCID), operating on behalf of the Newlands Project farmers, and the demand for these waters by the Pyramid Lake Indian Tribe to restore the Pyramid Lake and lower Truckee River fisheries.

Over the years, these complex and inter-related Truckee River issues have manifested themselves in numerous lawsuits and continuing litigation involving a number of principal interest groups, including the U.S. Department of the Interior, TCID as operator of the Newlands Irrigation Project, the City of Fallon and Churchill County representing domestic water needs in the Lahontan Valley, the Pyramid Lake Paiute Indian Tribe, water purveyors in the Truckee Meadows, the cities of Reno and Sparks and the effects of their treated effluent on downstream water quality, the U.S. Environmental Protection Agency representing both

the interests of endangered and threatened fish species in Pyramid Lake and Truckee River water quality issues and the states of Nevada and California.<sup>3</sup>

### **The Newlands Irrigation Project**

Arguably the single greatest controversy within the Truckee River Basin centers on the inter-basin transfer of water from this basin into the Carson River Basin and the effects that these diversions have had on Pyramid Lake. Truckee River diversions have taken place since 1905 at Derby Dam, which is located on the lower Truckee River 11 river miles upstream from Wadsworth. The dam has been operated by the Truckee-Carson Irrigation District (TCID) since 1926 and diverts Truckee River waters into the 32.5-mile Truckee Canal for conveyance to the Carson River Basin. Derby Dam, originally constructed in 1905 by the U.S. Reclamation Service, is one of a number of impoundment, diversion, conveyance, and distribution facilities which comprise the Newlands Irrigation Project. Major components of this reclamation project include stored waters in Lake Tahoe, Donner Lake, Prosser Creek Reservoir, and Boca Reservoir, the Lake Tahoe Dam, Derby Dam, the Truckee Canal, the Truckee Division of the Newlands Project, Lahontan Dam and Reservoir on the lower Carson River, the Carson Diversion Dam located approximately six miles below Lahontan Dam, and an extensive labyrinth of lesser canals, laterals, and ditches for distribution of project waters to the Carson Division of the Newlands Project in Lahontan Valley.

Under the 1944 Orr Ditch Decree, TCID was granted the right, with a 1902 priority date (Claim 3), to divert up to 1,500 cubic feet per second at Derby Dam, although physical canal constraints limit diversions to a nominal capacity of approximately 900 cubic feet per second. These diversions, which have taken place since 1905, flow into Lahontan Reservoir to be used on Newlands Project farmlands located in the Carson Division of that reclamation project around the City of Fallon in Churchill County, Nevada.<sup>4</sup>

<sup>3</sup> Source: [Truckee River Chronology](#): State of Nevada Division of Water Resources-Online.

<sup>4</sup> Source: [Truckee River Chronology](#): State of Nevada Division of Water Resources-Online.

## NEVADA WATER RIGHTS ANALYSIS AND DEFINITIONS

### Overview

All of the area within the present State of Nevada except that south of the 37<sup>th</sup> parallel was included in the Territory of Utah, which was established September 9, 1850. The separate Territory of Nevada was created March 2, 1961. Nevada was admitted to the Union as a State by proclamation of the President October 31, 1864.

The necessity of practicing irrigation in the production of crops, in view of the semiarid condition prevailing in Nevada, and the vital importance of water for other purposes as well, have been recognized repeatedly by the courts. Irrigation in Nevada began about 1849, as an incident to the early development of mining. It remained supplementary to the mining industry until about 1860.”<sup>5</sup>

### Vested Rights

Water Rights established prior to the water code (surface water 1905, artesian 1913, underground 1939) are called vested rights. These rights were established by the beneficial use of water.

### Vested Rights to Water Not Impaired

1. Nothing contained in this chapter shall impair the vested right of any person to the use of water, nor shall the right of any person to take and use water be impaired or affected by any of the provisions of this chapter where appropriations have been initiated in accordance with law prior to March 22, 1913.
2. Any and all appropriations based upon application and permits on file in the State Engineer’s office on March 22, 1913, shall be perfected in accordance with the laws in force at the time of their filing.”<sup>6</sup>

### Appropriated Rights

Surface, artesian, and groundwater rights acquired subsequent to 1905, 1913, and 1939, respectively, in accordance with provisions of the water code. Appropriators end up

<sup>5</sup> Source: The Nevada Law of Water Rights, 1955.

<sup>6</sup> Source: Nevada Water Laws, 2003.

with a certificate after proof has been filed of development and beneficial use of water and such use is approved by the Division of Water Resources.

It was the opinion of the Supreme Court of Nevada, as expressed in a decision rendered in 1875, that there was then no statute of the State that recognized the right of prior appropriation of water for purposes of irrigation, and that the legislation of 1866 was not applicable to the case (*Barnes v. Sabron*, 10 Nev. 217, 232 (1875)). In 1914 the court said that the greater portion of the water rights upon the streams of the State had been acquired before any statute had been passed prescribing a method of appropriation, and that such rights had been recognized uniformly by the courts as vested under the common law of the State (*Ormsby County v. Kearney*, 37 Nev. 314, 352, 142 Pac. 803 (1914)).

The Supreme Court recognized and applied the doctrine of appropriation in its first reported decision in a controversy over water rights, where the parties relied solely on prior actual appropriation of the water (*Lobdell v Simpson*, 2 Nev. 274, 278-279 (1866)). During the two following decades the rule of priority of appropriation was consistently recognized and applied where the parties based their rights upon appropriation and not upon “an ownership in the soil.” (*Ophir Silver Min. Co. V. Carpenter*, 4 Nev. 534, 543-544 (1869); *Covington v. Becker*, 5 Nev. 281, 282-283 (1869); *Proctor v. Jennings*, 6 Nev. 83, 87 (1870); (*Barnes v. Sabron*, 10 Nev. 217, 232 (1875)).”<sup>7</sup>

### **Decree Rights**

These rights are fixed by court decrees; namely, Federal district courts, and State district courts. Decrees allocate surface and groundwater in a stream or watershed to named users who may be a person or entities. The decree designates acreage to be irrigated, duty of water, quantity of water, priority of the right, and often the method of diversion and transportation.

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<sup>7</sup> Source: [The Nevada Law of Water Rights](#), 1955.

### **Appropriation of Water-Waters Subject to Appropriation**

The water-rights statute of Nevada provides that “The water of all sources of water supply within the boundaries of the state, whether above or beneath the surface of the ground belongs to the public.”<sup>8</sup> Subject to existing rights, all such water may be appropriated for beneficial use as provided in this act and not otherwise.

### **Meaning of “Appropriation”**

Appropriation provides that subject to existing rights water may be appropriated for beneficial use as provided in the act, the word “Appropriation” is used in its previously established sense of acquisition of the right to use water from the government.

### **Applicant to State Engineer for Permit**

Any person who wishes to appropriate any of the public water, or to change the place of diversion, manner of use or place of use of water already appropriated, shall, before performing any work in connection with such appropriation, change in place of diversion or change in manner or place of use, apply to the State Engineer for a permit to do so.”<sup>9</sup>

### **Permit**

A permit to appropriate water grants the right to appropriate a certain amount of water from a particular source for a certain purpose and to be used at a definite location. In other words, the consent of the state is given a manner provided by law to acquire waters and gives the holder of the permit only a partial or incomplete right. This can become a legal and complete appropriation only upon:

1. Completion of the works of diversion;
2. The placing of the water to beneficial use;
3. Filing the proofs required. Such a right may be lost to the holder of the permit if he fails to meet the statutory requirements.”<sup>10</sup>

<sup>8</sup> Source: Nevada Revised Statutes (NRS 533.025)

<sup>9</sup> Source: Nevada Revised Statutes (NRS 533.325)

<sup>10</sup> Source: Water For Nevada, State Engineer’s Office, 1974 (Pages 12-13).

To acquire a water permit, an application must be made on an approved form and filed with the State Engineer. Pursuant to Nevada water law, the application must be supported by a map prepared in a prescribed form by a water rights surveyor. The supporting map must show the point of diversion and place of use of the water within the proper legal subdivisions. When the application and map are properly completed, a notice must be sent to a newspaper of general circulation in the area where the application was filed. Interested parties may file a formal protest up until 30 days after the last day of publication explaining their objections to the application and requesting denial of the application or other appropriate action by the State Engineer.

After the expiration of the protest period, the application is ready for action by the State Engineer. When considering an application for approval or denial, the State Engineer must consider the following:

- Is there unappropriated water at the source?
- Will the use of the water under the proposed application conflict with existing rights?
- Will the use of the water under the proposed application prove detrimental to the public interest?
- Will the use of the water under the proposed application adversely impact domestic wells?

In addition to these items, other criteria within NRS 533.370 deal with impacts within irrigation districts, the good faith intent of the applicant to construct the works of diversion and put the water to beneficial use, and the financial ability and reasonable expectation to construct the works of diversion and put the water to beneficial use.

The State Engineer reviews any pertinent information and either approves or denies the application. When an application is denied, the State Engineer notifies the applicant of denial, retains the denied application for the record and will not pursue any further action under the application. The denial may be appealed in the appropriate court of jurisdiction within 30 days after the denial action. When a water permit is approved, the permit terms and



limitations are specified as part of the permit. A fee is also required for any permit issued in accordance with NRS 533.435. Once a permit is issued, the applicant may initiate the work to divert and use the water established as the beneficial use.

### **Beneficial Use**

The Nevada Supreme Court has stated that “All of the authorities hold that no one can appropriate for irrigation purposes more water than he can put to beneficial use.” “Beneficial use shall be the basis, the measure and limit of the right to the use of water.”<sup>11</sup>

### **Certificate**

Once the proof of beneficial use (proofs) have all been filed and the other terms of the permit complied with, the State Engineer prepares a certificate describing the use to be made of the water as shown on the Proof of Beneficial use. Upon payment of the recording fee, the State Engineer records the certificate in the proper county and in the office of the Division of Water Resources, with a copy going to the permit holder. “The date of priority of the certificate is the date of the original filing of the application in the Division of Water Resources office.”<sup>12</sup>

### **Assignability of Water Right**

Once a permit is granted, the water must be used on the land and for the purpose described in the permit. A water right is a property right and is protected as such. It can be severed only with the consent of the owner of record as shown in the files in the Division of Water Resources office.

Generally, when land is sold all water rights appurtenant to the property described in the deed transfer to the buyer. By statute, this transfer of water rights is binding only between the parties until a copy of the instrument of transfer, certified by the county recorder, is filed

<sup>11</sup> Source: Nevada Revised Statutes (NRS 533.035)

<sup>12</sup> Source: Waster For Nevada, State Engineer’s Office, 1974 (Page 15).

with the State Engineer. Upon the proper filing of the deed in the State Engineer's Office, the assignment of the water right is made a matter of record.

The water right may be severed from the land only with the permission of the owner of record. This can be done by transferring the right without the land, or specifically reserving the water right when conveying the land, or by filing application to change the place of use.<sup>13</sup>

### **Notice of Pledge**

Within the State of Nevada, it is common for the lender to file a notice of pledge with the Division of Water Resources.

### **Standards of Measurement**

The following sets for the Standards of Measurement for water within the State of Nevada:

1. A cubic foot of water per second of time shall be the legal standards for the measurement of water in this state.
2. The unit of volume shall be an acre-foot defined as 43,560 cubic feet.
3. Where necessary to transpose miner's inches to cubic feet per second, 1 cubic foot per second shall be considered equal to 40 miner's inches; but the term "miner's inch" shall not be used henceforth in any permit or adjudicated right issuing from the Office of the State Engineer without first naming the amount in cubic feet per second or in acre-feet.<sup>14</sup>

### **Forfeiture and Abandonment of Rights**

"Except as otherwise provided in this section, failure for 5 successive years after April 15, 1967, on the part of the holder of any right, whether it is an adjudicated right, an adjudicated right, or a permitted right, and further whether the right is initiated after or before March 25, 1939, to use beneficially all or any part of the underground water for the purpose for which the right is acquired or claimed, works a forfeiture of both undetermined rights and determined rights to the use of that water to the extent of the nonuse. For water rights in

<sup>13</sup> Source: Water For Nevada, State Engineer's Office, 1974 (Page 16)

<sup>14</sup> Source: Nevada Revised Statutes (NRS 533.065)

basins for which the State Engineer keeps pumping records, if the records of the State Engineer indicate at least 4 consecutive years, but less than 5 consecutive years, of nonuse of all or any part of such a water right which is governed by this chapter, the State Engineer shall notify the owner of the water right, as determined in the records of the Office of the State Engineer, by registered or certified mail that he has 1 year after the date of the notice in which to use the water beneficially and to provide proof of such use to the State engineer or apply for relief. If, after the date of the notice, proof of beneficial use is not sent to the State Engineer, the State Engineer shall, unless he has granted a request to extend the time necessary to work a forfeiture of the water right, declare the right forfeited within 30 days. Upon the forfeiture of a right to the use of ground water, the water reverts to the public and is available for further appropriation, subject to existing rights”.<sup>15</sup>

#### **State Engineer’s Authority**

Nevada Revised Statutes sets forth the authorities granted to the State Engineer’s Office, which are summarized below:

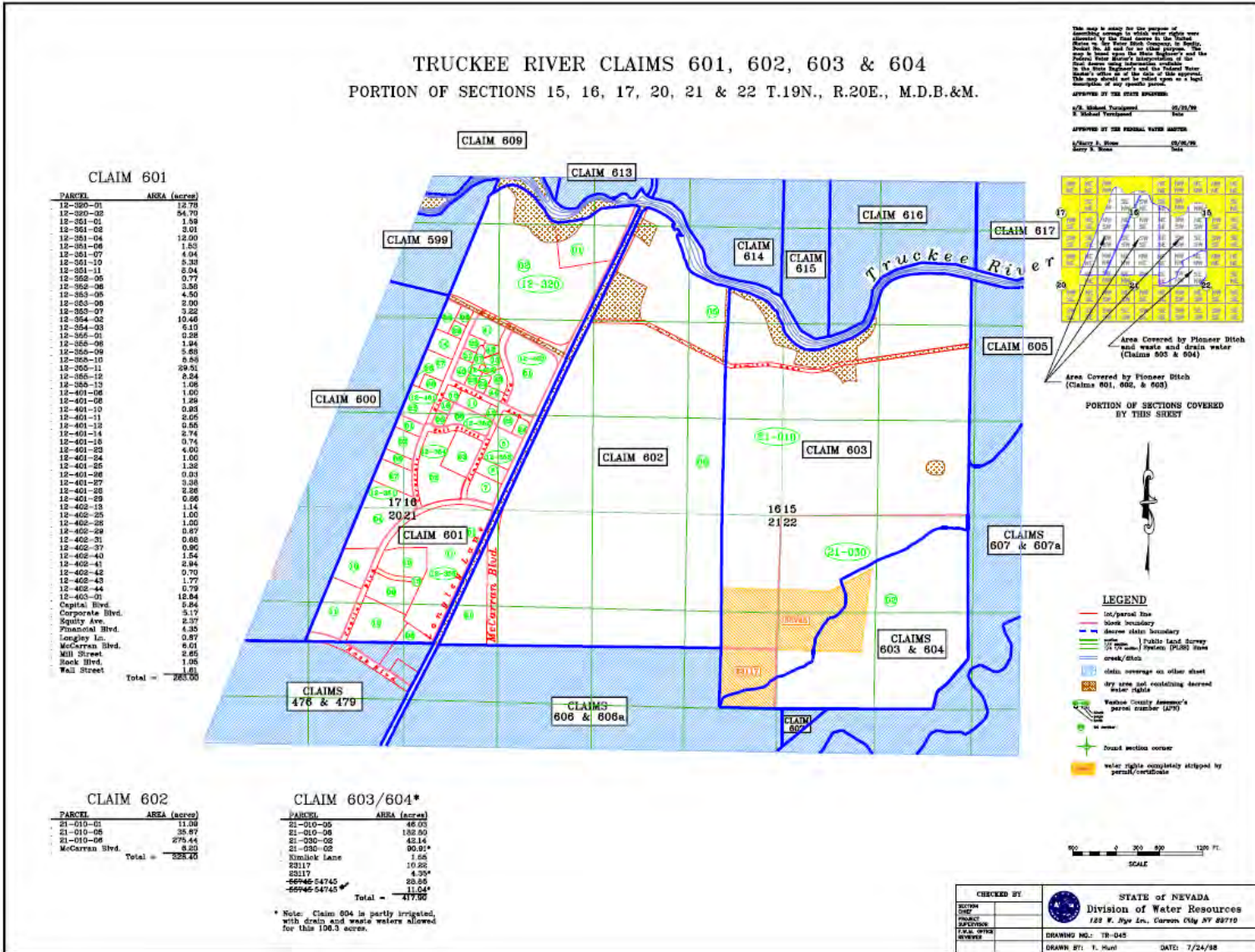
1. Within an area that has been designated by the State Engineer, as provided for in this chapter, where, in his judgment, the ground water basin is being depleted, the State Engineer in his administrative capacity is herewith empowered to make such rules, regulations and orders as are deemed essential for the welfare of the area involved.
2. In the interest of public welfare, the State Engineer is authorized and directed to designate preferred uses of water within the respective areas so designated by him and from which the ground water is being depleted, and in acting on application to appropriated ground water, he may designate such preferred uses in different categories with respect to the particular area involved within the following limits:
  - a. Domestic, municipal, quasi-municipal, industrial, irrigation, mining and stock-watering uses; and
  - b. Any uses for which a county, city, town, public water district or public water company furnishes the water.<sup>16</sup>

<sup>15</sup> Source: Nevada Revised Statutes (NRS 533.090)

<sup>16</sup> Source: Nevada Revised Statutes (NRS 534.120)

Subject Includes 961.86± Acre Feet of Claim 601

TRUCKEE RIVER CLAIMS 601, 602, 603 & 604  
PORTION OF SECTIONS 15, 16, 17, 20, 21 & 22 T.19N., R.20E., M.D.B.&M.



**JOHNSON-PERKINS & ASSOCIATES, INC.**  
 REAL ESTATE APPRAISERS & CONSULTANTS  
**TRUCKEE RIVER CLAIM MAP TR-045**



Subject Includes 126.42± Acre Feet of Claim 605

Reno ■ Lake Tahoe

TRUCKEE RIVER CLAIMS 605, 606, 606a, 607, & 607a  
PORTION OF SECTIONS 14, 15, 20, 21, 22, & 28, T. 19 N., R. 20 E., M.D.B. & M.

This map is solely for the purpose of identifying riparian water rights. It does not constitute a riparian water right. It is the responsibility of the user to verify the accuracy of the information shown on this map. The State of Nevada is not responsible for any errors or omissions on this map. The State of Nevada is not responsible for any damages or losses resulting from the use of this map. The State of Nevada is not responsible for any claims or liabilities arising from the use of this map. APPROVED BY THE STATE ENGINEER

By Michael Thompson State Engineer  
APPROVED BY THE FEDERAL WATER BOARD  
Garry E. Ross State Engineer

**CLAIM 605**

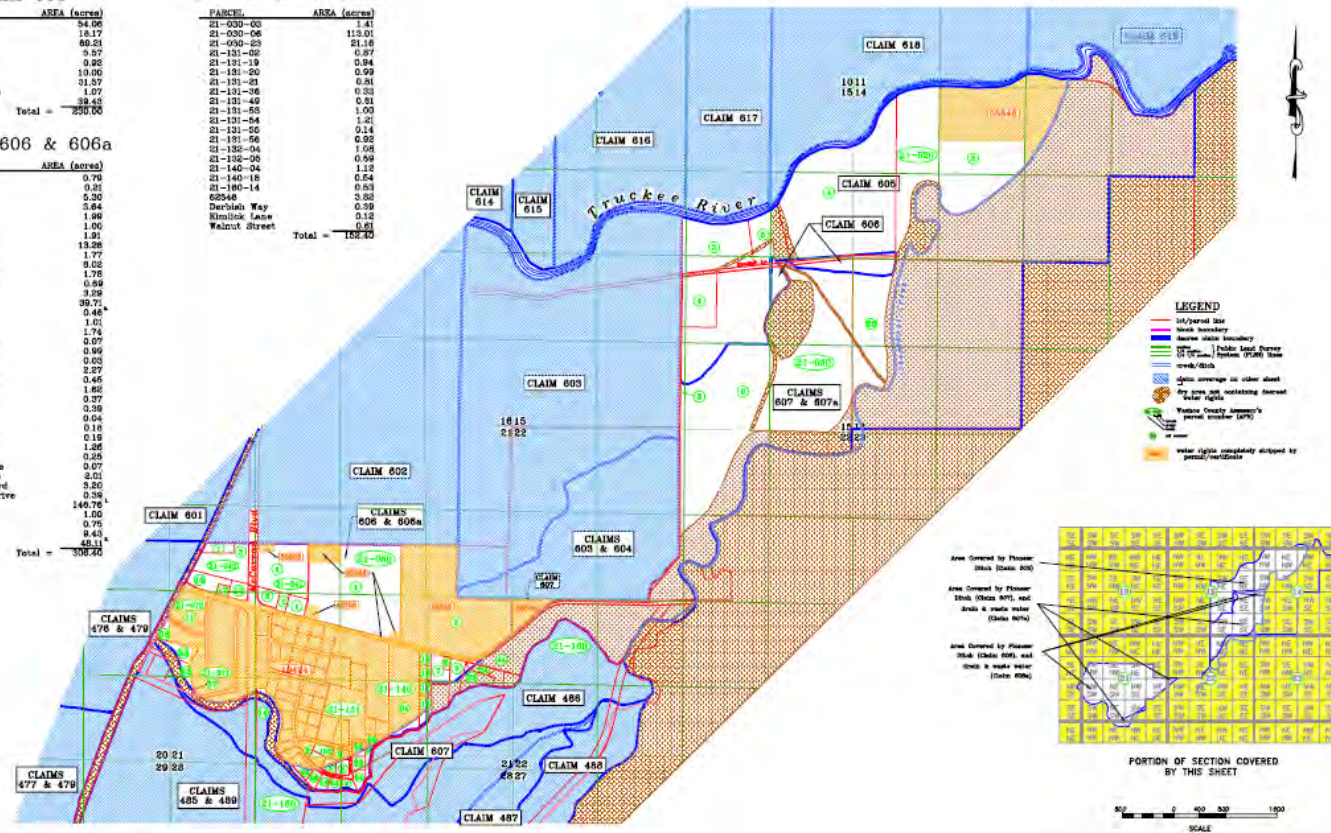
PARCEL	AREA (acres)
21-020-02	24.96
21-020-03	18.17
21-020-04	80.21
21-030-05	9.87
21-030-09	0.82
21-030-04	10.00
21-030-06	31.57
Kimlick Lease	1.07
56545	39.45
<b>Total =</b>	<b>230.00</b>

**CLAIMS 607 & 607a**

PARCEL	AREA (acres)
21-030-00	1.81
21-030-06	113.01
21-030-23	21.16
21-131-02	0.97
21-131-19	0.94
21-131-30	0.99
21-131-21	0.81
21-131-26	0.33
21-131-54	1.21
21-131-53	1.00
21-131-56	0.92
21-132-04	1.06
21-132-08	0.99
21-140-04	1.12
21-140-18	0.54
21-161-14	0.83
62546	3.30
Derbish Way	0.39
Kimlick Lease	0.12
Walnut Street	0.61
<b>Total =</b>	<b>152.40</b>

**CLAIMS 606 & 606a**

PARCEL	AREA (acres)
21-020-04	0.70
21-020-06	0.21
21-030-06	5.30
21-030-23	5.84
21-041-01	1.96
21-041-02	1.00
21-041-03	1.91
21-041-04	13.26
21-042-01	1.77
21-042-02	0.02
21-042-10	1.78
21-042-17	0.89
21-042-18	3.26
21-060-01	39.71
21-060-02	0.58
21-071-32	1.01
21-071-33	1.74
21-071-37	0.07
21-071-38	0.96
21-072-11	0.03
21-140-07	2.27
21-140-08	0.45
21-140-09	1.86
21-140-13	0.37
21-140-18	0.39
21-140-17	0.04
21-140-23	0.10
21-140-24	0.16
21-160-14	1.26
21-160-44	0.25
Hickory Drive	0.07
Kimlick Lease	2.01
McCrea's Blvd	3.20
Frenchbrook Drive	0.38
19424	149.76
46755	1.00
56026	0.75
56545	8.43
62545	48.11
<b>Total =</b>	<b>508.20</b>



1. Permit 19424 stripped 159.2 acres of the 48.57 water righted acres of APN 21-060-06 leaving 0.46 acres within this parcel.  
 2. Permit 62545 stripped 48.11 acres of the 48.57 water righted acres of APN 21-060-06 leaving 0.46 acres within this parcel.

CHECKED BY	STATE OF NEVADA
DIVISION	Division of Water Resources
PROJECT	128 W. Nye St., Carson City NV 89710
DRAWING NO.	TR-046
DRAWN BY	D. Washkoga
DATE	6/8/95

**JOHNSON-PERKINS & ASSOCIATES, INC.**  
 REAL ESTATE APPRAISERS & CONSULTANTS

**TRUCKEE RIVER CLAIM MAP TR-046**

**SUBJECT PROPERTY IDENTIFICATION AND DESCRIPTION**

**Subject Water Rights General Identification**

Claim #	Status	Priority Date	Source	Place of Use	Diversion Rate	Acres	Duty (AF)
601	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 012-320-02	1.369	54.70	219.01
601	Decreed	December 1, 1861	Pioneer Ditch	Various Parcels	Varies	185.53	742.85
605	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 021-030-06	0.789	31.57	126.42

**Subject Water Rights (Portions of Claims 601 & 605)**

Owner	Type	Div Rate	Duty	Acres	APN	County
<b>CLAIM 601</b>						
BOARD OF REGENTS-NEVADA	C	1.369	219.01	54.70	012-320-02	Washoe
BOARD OF REGENTS-NEVADA	C	0.04	6.37	1.59	012-351-01	Washoe
BOARD OF REGENTS-NEVADA	C	0.075	12.05	3.01	012-351-02	Washoe
BOARD OF REGENTS-NEVADA	C	0.3	48.05	12.00	012-351-04	Washoe
BOARD OF REGENTS-NEVADA	C	0.038	6.13	1.53	012-351-06	Washoe
BOARD OF REGENTS-NEVADA	C	0.101	16.18	4.04	012-351-07	Washoe
BOARD OF REGENTS-NEVADA	C	0.133	21.34	5.33	012-351-10	Washoe
BOARD OF REGENTS-NEVADA	C	0.157	25.18	6.29	012-351-11	Washoe
BOARD OF REGENTS-NEVADA	C	0.019	3.08	0.77	012-352-05	Washoe
BOARD OF REGENTS-NEVADA	C	0.09	14.34	3.58	012-352-06	Washoe
BOARD OF REGENTS-NEVADA	C	0.113	18.02	4.50	012-353-05	Washoe
BOARD OF REGENTS-NEVADA	C	0.05	8.01	2.00	012-353-06	Washoe
BOARD OF REGENTS-NEVADA	C	0.081	12.89	3.22	012-353-07	Washoe
BOARD OF REGENTS-NEVADA	C	0.262	41.88	10.46	012-354-02	Washoe
BOARD OF REGENTS-NEVADA	C	0.128	20.42	5.10	012-354-03	Washoe
BOARD OF REGENTS-NEVADA	C	0.007	1.12	0.28	012-355-01	Washoe
BOARD OF REGENTS-NEVADA	C	0.017	2.76	0.69	012-401-06	Washoe
BOARD OF REGENTS-NEVADA	C	0.032	5.16	1.29	012-401-08	Washoe
BOARD OF REGENTS-NEVADA	C	0.023	3.73	0.93	012-401-10	Washoe
BOARD OF REGENTS-NEVADA	C	0.051	8.21	2.05	012-401-11	Washoe
BOARD OF REGENTS-NEVADA	C	0.014	2.20	0.55	012-401-12	Washoe
BOARD OF REGENTS-NEVADA	C	0.042	6.69	1.67	012-401-14	Washoe
BOARD OF REGENTS-NEVADA	C	0.019	2.96	0.74	012-401-16	Washoe
BOARD OF REGENTS-NEVADA	C	0.1	16.02	4.00	012-401-23	Washoe
BOARD OF REGENTS-NEVADA	C	0.025	4.00	1.00	012-401-24	Washoe
BOARD OF REGENTS-NEVADA	C	0.033	5.29	1.32	012-401-25	Washoe
BOARD OF REGENTS-NEVADA	C	0.001	0.12	0.03	012-401-26	Washoe
BOARD OF REGENTS-NEVADA	C	0.085	13.53	3.38	012-401-27	Washoe
BOARD OF REGENTS-NEVADA	C	0.035	5.57	1.39	012-401-28	Washoe
BOARD OF REGENTS-NEVADA	C	0.029	4.56	1.14	012-402-13	Washoe
BOARD OF REGENTS-NEVADA	C	0.014	2.24	0.56	012-402-25	Washoe
BOARD OF REGENTS-NEVADA	C	0.025	4.00	1.00	012-402-28	Washoe
BOARD OF REGENTS-NEVADA	C	0.022	3.48	0.87	012-402-29	Washoe
BOARD OF REGENTS-NEVADA	C	0.017	2.72	0.68	012-402-31	Washoe
BOARD OF REGENTS-NEVADA	C	0.023	3.60	0.90	012-402-37	Washoe
BOARD OF REGENTS-NEVADA	C	0.039	6.17	1.54	012-402-40	Washoe
BOARD OF REGENTS-NEVADA	C	0.011	1.72	0.43	012-402-41	Washoe
BOARD OF REGENTS-NEVADA	C	0.018	2.80	0.70	012-402-42	Washoe
BOARD OF REGENTS-NEVADA	C	0.044	7.09	1.77	012-402-43	Washoe
BOARD OF REGENTS-NEVADA	C	0.02	3.17	0.79	012-402-44	Washoe
BOARD OF REGENTS-NEVADA	C	0.316	50.61	12.64	012-403-01	Washoe
BOARD OF REGENTS-NEVADA	C	0.146	23.38	5.84	CAPITAL BLVD.	Washoe
BOARD OF REGENTS-NEVADA	C	0.113	18.06	4.51	CORPORATE BLVD.	Washoe
BOARD OF REGENTS-NEVADA	C	0.059	9.49	2.37	EQUITY AVENUE	Washoe
BOARD OF REGENTS-NEVADA	C	0.109	17.42	4.35	FINANCIAL BLVD.	Washoe
BOARD OF REGENTS-NEVADA	C	0.022	3.48	0.87	LONGLEY LANE	Washoe
BOARD OF REGENTS-NEVADA	C	0.15	18.94	4.73	MCCARRAN BLVD.	Washoe
BOARD OF REGENTS-NEVADA	C	0.043	6.85	1.71	MILL STREET	Washoe
BOARD OF REGENTS-NEVADA	C	0.04	6.45	1.61	WALL STREET	Washoe
BOARD OF REGENTS-NEVADA	C	0.206	32.99	8.24	012-355-12	Washoe
BOARD OF REGENTS-NEVADA	C	0.027	4.32	1.08	012-355-13	Washoe
BOARD OF REGENTS-NEVADA	C	0.049	7.77	1.94	012-355-08	Washoe
BOARD OF REGENTS-NEVADA	C	0.142	22.74	5.68	012-355-09	Washoe
BOARD OF REGENTS-NEVADA	C	0.14	22.34	5.58	012-355-10	Washoe
BOARD OF REGENTS-NEVADA	C	0.738	118.15	29.51	012-355-11	Washoe
BOARD OF REGENTS-NEVADA	C	0.044	7.01	1.75	012-351-11	Washoe
<b>SUBTOTAL-CLAIM 601</b>			<b>961.86</b>	<b>240.23</b>		
<b>CLAIM 605</b>						
BOARD OF REGENTS-NEVADA	C	0.789	126.42	31.57	021-030-06	Washoe
<b>GRAND TOTALS</b>			<b>1,088.28</b>	<b>271.80</b>		



### **Summary of Subject Water Rights**

The subject water rights include 961.86± acre feet under Claim 601, and 126.42± acre feet under Claim 605. The water rights under Claim 601 are from various parcels formerly owned by the Dermody family and the Mill and McCarran property; these parcels are generally located west of McCarran Boulevard, between the Truckee River to the north and Rock Boulevard to the south.

The water rights under Claim 605 are from Washoe County Assessor's Parcel Number 021-030-06, which is located on the University of Nevada Main Station Farm; these water rights have historically been utilized for irrigation on a property located south of the Truckee River and on both sides of Clean Water Way.

The subject water rights all have a Priority Date of December 1, 1861, which is senior priority to all other water rights on the Truckee River, other than those of the Pyramid Lake Indian Tribe. The subject water rights are all decreed rights from Pioneer Ditch and are owned by the Board of Regents, Nevada System of Higher Education. The subject water rights are utilized for irrigation, although permitting them for Municipal use would be allowed by the Nevada State Engineer's Office; prior to converting the water rights for municipal use, an application would have to be filed with the Nevada State Engineer's Office.

The subject water rights have been owned by the current ownership for over 10 years. The subject water rights are not currently actively listed for sale.

### **LARGER PARCEL ANALYSIS**

The *Uniform Appraisal Standards for Federal Land Acquisitions* (UASFLA) requires consideration of the larger parcel for all conforming appraisals. UASFLA defines that larger parcel as "...the tract, or those tracts of land which possess a unity of ownership and have the same, or an integrated, highest and best use." The purpose of the larger parcel determination is to ensure that the impact of the acquisition on the owner of the affected site is accurately calculated, and that there are no residual damages or benefits that accrete to the property owner as the result of the taking that have not been taken into consideration. The larger parcel concept comes from the exercise of eminent domain, or the sovereign's right to take private property for public use. The Fifth Amendment to the Constitution requires that property owners whose lands are acquired for public use be paid "just compensation" for the taking.

When the government takes only a portion of a private property, the value of the part not taken (the remainder) may be diminished by the taking. Diminution in value to the remainder as the result of the acquisition is known as damages, sometimes called severance damage. Public condemning agencies must compensate property owners not only for the part taken but for damages to the remainder as well. Elements of consideration by the appraiser in making a determination in this regard are contiguity or proximity as it bears on the highest and best use of the property, unity of ownership and unity of highest and best use.

The subject of this analysis is 1,088.28± acre feet of decreed Truckee River water rights in the Truckee Meadows area. Some of these water rights have historically been used to irrigate portions of the University of Nevada's Main Station Farm. All of the water is owned by the Board of Regents, Nevada System of Higher Education. The University of Nevada owns a substantial inventory of water rights. The water that is the subject of this appraisal does have potential for future municipal use, but as of the date of this appraisal, it has not been incorporated in to the municipal system. Based upon an analysis of the subject water rights, the 1,088.28± acre feet of water rights that are the subject of this analysis constitute an independent larger parcel.

### **HIGHEST AND BEST USE ANALYSIS**

Highest and best use is defined in the 5<sup>th</sup> Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010) as “The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.”

This appraisal is being prepared for the purpose of estimating the Market Value and recommended Real Property Just Compensation due the owner of the subject property, as a result of a Permanent Right-of-Way acquisition, as of a current date of valuation. This appraisal includes consideration of any damages and/or special benefits which might accrue to the subject real property as a result of the acquisition.

The first step in the valuation analysis is to estimate the Market Value of the larger parcel. Therefore, in this analysis, the highest and best use of the larger parcel, in the before condition, will be analyzed.

#### **Legally Permissible**

The subject water rights are decreed Truckee River irrigation rights (source is Pioneer Ditch), and all of the rights have a priority date of December 1, 1861. Although the subject water rights have not been converted to municipal use, they could be converted through an application to the Nevada State Engineer’s Office. Overall, the subject’s legally permissible uses include irrigation, stockwater, and municipal uses; the subject water rights can also be utilized for river-flow purposes, in order to increase flows along the Truckee River.

#### **Physically Possible**

The subject water rights are currently utilized for irrigation purposes, and sufficient infrastructure is in place to continue to utilize the water rights for irrigation purposes. As for municipal uses, the subject water rights could be converted to municipal uses once an application was filed and approved by the Nevada State Engineer’s Office. In discussions with representatives of the Engineer’s Office, and based upon discussions with water buyers,

sellers, brokers and engineers, conversion of the subject water rights to municipal use would almost certainly be approved, and could be accomplished at a fairly nominal cost.

Overall, the subject's physically possible uses include irrigation uses, river-flow improvement purposes, and municipal purposes upon approval from the Nevada State Engineer's Office.

**Financially Feasible/Maximally Productive**

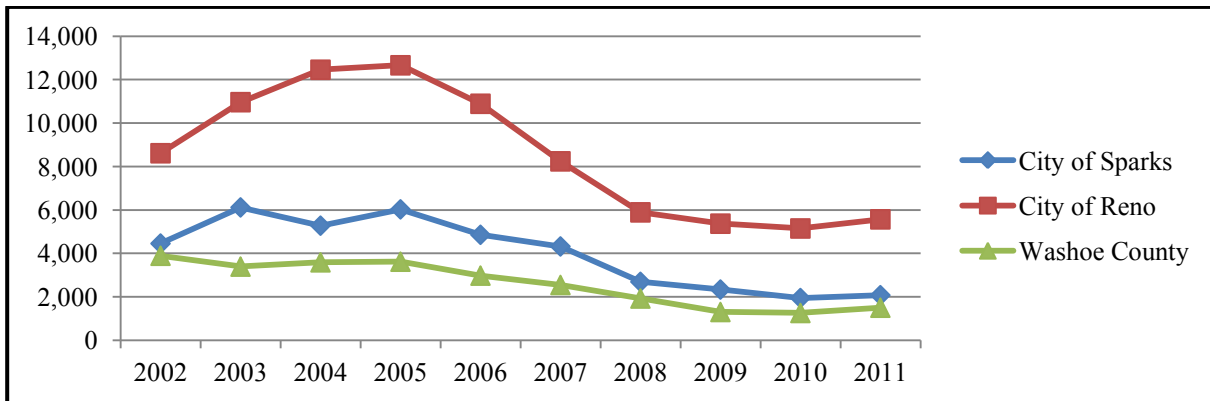
In determining the most financially feasible and maximally productive use of the subject water rights, consideration must be given to current market conditions as they exist in the Truckee Meadows, and the demand for converting the subject water rights for municipal use.

In discussions with buyers, sellers, brokers and other persons with knowledge of the water rights market, it was indicated that water rights sales have fluctuated greatly in prices paid per acre foot over the past 10 years. The collapse of the housing market in Northern Nevada had a major impact on the water rights market. Prior to the collapse, water rights transactions for Truckee River water rights were over \$15,000 per acre foot in 2006 and 2007; the demand for water decreased significantly beginning in 2008 and 2009, which greatly reduced transaction prices for water rights on a per acre foot basis.

During the housing boom between 2000 and 2006/07, developers and builders purchased significantly more water rights than the amount of water being purchased in current market conditions. The housing collapse resulted in a huge drop-off in the number of building permits throughout Northern Nevada, as demand for new homes plummeted. The chart below shows building permits issued between 2002 and 2011 in Sparks, Reno, and unincorporated Washoe County.

**Building Permits Issued**

Calendar Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Sparks	4,456	6,120	5,278	6,030	4,858	4,322	2,693	2,338	1,946	2,078
City of Reno	8,613	10,964	12,457	12,662	10,891	8,240	5,891	5,371	5,149	5,570
Unincorporated Washoe County	3,893	3,395	3,591	3,621	2,980	2,549	1,926	1,304	1,259	1,502
<b>Total</b>	<b>13,069</b>	<b>17,084</b>	<b>17,735</b>	<b>18,692</b>	<b>15,749</b>	<b>12,562</b>	<b>8,584</b>	<b>7,709</b>	<b>7,095</b>	<b>7,648</b>
% Change From Prior Year	---	30.72%	3.81%	5.40%	-15.74%	-20.24%	-31.67%	-10.19%	-7.96%	7.79%



At the peak of the market in 2005, 18,692 total building permits were issued in Washoe County, including the City of Reno and the City of Sparks. In 2011, the latest full calendar year, only 7,648 building permits, or 59.08% less than 2005, were issued.

The current pace of construction is likely a temporary situation, although the timing and growth of any recovery are unknown. Recently, construction activity has begun to increase in the area, although a return to the construction activity seen during the boom is likely years away.

With only limited demand from developers, other sources of demand are hard to identify. The Truckee Meadows Water Authority (TMWA), which purchased water prior to the housing collapse, is not currently actively purchasing water rights in the marketplace. Potential purchasers of large tracts of water, in current market conditions, are somewhat limited; it is noted that the largest recent transaction of water rights involved the sale of just under 900± acre feet from a purchaser of a large tract of land with water in Spanish Springs, who in-turn sold off a large block of water included in his purchase to an industrial developer

in the region. In current market condition, transactions of this size are extremely limited in the marketplace.

Purchasers of large blocks of water rights at current prices are positioning themselves for the market's return to a more favorable supply-demand balance, when water rights will likely see a moderate to substantial increase in price due to future demand. Developers with long-term strategies, or speculators, could be interested in the subject water rights at the right price; it is likely that the price of water will increase as construction activity increases once demand warrants.

Since the collapse of the development-driven market, the main source of demand for water rights in the area has come from environmental use for Pyramid Lake. The force for environmental purchases is the Truckee River Water Quality Settlement Agreement (WQSA), executed in October 1996 between the Pyramid Lake Paiute Tribe, the US Department of Reclamation, the cities of Reno and Sparks, and Washoe County. The agreement settled a lawsuit by the Tribe that alleged violations of the Endangered Species Act, Clean Water Act, National Environmental Protection Act, and the federal government's trust responsibility to the Tribe. Under the agreement, the cities and the county agreed to provide \$12 million to acquire Truckee River water rights, and the Department of the Interior committed an additional \$12 million for the same purpose.

The water rights purchased under the terms of the Agreement are used to improve water quality and in-stream flows in the Truckee River from the Truckee Meadows to Pyramid Lake. Since inception, the LGOC and Tribal Funds have purchased over 7,000± acre-feet from many different sellers; typically, these purchases have been at market rates, based upon appraisals.

In the current market environment, in the absence of a market that is as active as was seen several years ago, environmental purchases do have a greater impact on prices paid, as they are typically the largest transactions.



Despite the current struggles in the real estate market, purchases of smaller blocks of water by developers have occurred, and in one recent case, a large transaction did occur. It is likely that conversion of the subject water rights for municipal use, in current economic conditions, would not be feasible, as demand for municipal water is limited. However, it is likely that once the real estate market rebounds and construction activity increases, demand for water would likely make conversion of the subject water rights to municipal use feasible. It is likely that conversion of all of the subject water rights at one time would not be feasible; instead, conversion of sufficient water rights on a phased basis to satisfy demand would be more likely.

In the interim, the subject water rights do have use for continued agriculture use, and due to the subject's priority of December 1, 1861, the water rights would likely be very attractive for an environmental use. During years of below normal precipitation in the region, the subject's water rights do have potential for upstream storage savings, due to their priority.

**APPRAISAL OVERVIEW AND METHODOLOGY**

This appraisal addresses the Market Value of 1,088.28± acre feet of decreed Truckee River water rights, which are summarized below.

**Subject Water Rights General Identification**

Claim #	Status	Priority Date	Source	Place of Use	Diversion Rate	Acres	Duty (AF)
601	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 012-320-02	1.369	54.70	219.01
601	Decreed	December 1, 1861	Pioneer Ditch	Various Parcels	Varies	185.53	742.85
605	Decreed	December 1, 1861	Pioneer Ditch	A.P.N. 021-030-06	0.789	31.57	126.42

Within the State of Nevada, water rights are transferred by a grand deed that is recorded in the county where the appurtenant land of the water rights is located. Water rights are a tangible commodity that is linked by use to real property. Water rights are typically valued in the same manner as real property. In valuing real property, there are three generally accepted techniques to appraise property, the Cost Approach to Value, the Income Approach to Value, and the Sales Comparison Approach to Value.

**Cost Approach to Value**

The Cost Approach to Value is typically utilized in analyzing new, proposed, or renovated real property. It is less effective when improvements are old, due to subjectivity in determining depreciation, and the impact of depreciation on value. The Cost Approach is utilized for improved property, and is not considered an applicable approach for valuing the subject water rights. Therefore, the Cost Approach to Value will not be utilized in this appraisal report.

**Income Approach to Value**

The Income Approach to Value is often utilized in appraising real property that generated, or has the ability to generate, income through leasing the property. The Income Approach converts anticipated income streams generated from a property into a present value, based upon various factors. This approach is appropriate for properties that produce income, and are purchased based upon their income producing capabilities. With respect to the subject water rights, value is not typically based upon the income producing capabilities of water

rights, but instead, by comparison to other water rights sales transactions. The Income Approach will not be utilized in this appraisal report.

### **Sales Comparison Approach To Value**

The Sales Comparison Approach is based on the principal of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire substitute property of similar utility and desirability, and/or upon historical sales of similar properties. Within the water rights market in Nevada, the Sales Comparison Approach to Value is typically the approach to value used in valuing water rights.

In this appraisal report, the Sales Comparison Approach to Value will be utilized to appraise the subject water rights. I have researched comparable water rights transactions of Truckee River water rights within the marketplace, and have found numerous transactions of water rights with similar use and utility as the subject water rights.

Set out on the following page are the water rights sales which were felt to be most indicative of the subject water right's value as of the effective date of value. It is noted that each of the water rights transactions involved Truckee River water rights, and include both decreed irrigation water rights transactions and transactions of water rights which have been converted for municipal use. Supporting documentation, including Declarations of Value, Water Rights Deeds and maps depicting the locations of the water rights sales, are set forth in the Addenda of this appraisal report.

### COMPARABLE WATER RIGHTS SALES CHART

Sale #	Recording Date Sale Price	Grantor Grantee	Document # County	Claim # Permit #	Permitted Use At Time of Sale	Basin Source	Priority Date	Acre-Feet Annually (AFA)	Sale Price Per Acre Foot
1	8/4/2010 \$225,000	Morgan Creek Development Inc. Tahoe-Reno Industrial Center, LLC	3908483 Washoe	609 25915	Irrigation	Truckee Meadows Truckee River	11/1/1862	45.00	\$5,000
2	8/6/2010 \$125,000	Christian Scranton Tahoe-Reno Industrial Center, LLC	3909424 Washoe	609 25915	Irrigation	Truckee Meadows Truckee River	11/1/1862	25.00	\$5,000
3	8/16/2010 \$200,000	Morgan Creek Development Inc. Tahoe-Reno Industrial Center, LLC	3912383 Washoe	609 25915	Irrigation	Truckee Meadows Truckee River	11/1/1862	40.00	\$5,000
4	12/30/2010 \$146,400	Truckee Meadows Water Authority ORMAT Nevada, Inc.	3959149 Washoe	346/347 73046	Municipal/ Domestic	Truckee Canyon Truckee River	4/1/1872	24.00	\$6,100
5	1/20/2011 \$346,500	Dacole Investment Company ACC Property Investment, LLC	3965691 Washoe	60 75482	Municipal/ Domestic	Truckee Canyon Truckee River	1/14/1878	63.00	\$5,500
6	2/16/2011 \$409,500	ACC Property Investment, LLC ORMAT Nevada, Inc.	3974400 Washoe	60 75482	Municipal/ Domestic	Truckee Canyon Truckee River	1/14/1878	63.00	\$6,500
7	3/7/2011 \$346,500	Farmers and Merchants Trust Company of Long Beach GCS Consulting, Inc.	3980295 Washoe	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	63.00	\$5,500
8	3/7/2011 \$155,000	GCS Consulting, Inc. Michael R. & Pamela L. Guidara	3980296 Washoe	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,750
9	3/7/2011 \$277,500	Farmers and Merchants Trust Company of Long Beach ORMAT Nevada, Inc.	3980297 Washoe	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	37.00	\$7,500
10	3/18/2011 \$162,500	GCS Consulting, Inc. Renown Health	3984525 Washoe	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	25.00	\$6,500
11	4/8/2011 \$141,667	Farmers and Merchants Trust Company of Long Beach Walther Boon von Ochssee	3991733 Washoe	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,083
12	5/27/2011 \$2,586,880	Board of Regents, Nevada System of Higher Education Pyramid Lake Paiute Tribe	4008048 Washoe	384/385/644 47020/47021	Irrigation/ Stockwater	Dodge Canyon Truckee River	5/1/1883 5/1/1863	323.36	\$8,000
13	1/17/2012 \$4,293,650	Rising Tides LLC Reno Land and Water, LLC	4075567 Washoe	346/347 None	Irrigation	Truckee Meadows Truckee River	4/1/1872	898.73	\$4,777
14	4/5/2012 \$267,500	Farmers and Merchants Trust Company of Long Beach Washoe County	4100276 Washoe	94 & 94A 81144	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	50.00	\$5,350
15	7/23/2012 \$140,000	Farmers and Merchants Trust Company of Long Beach Washoe County	4133978 Washoe	94 & 94A 81144	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	22.00	\$6,364
16	9/12/2012 \$140,000	Farmers and Merchants Trust Company of Long Beach Naniolo Investment Company, LLC	4150797 Washoe	94 & 94A 81144	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,000
<b>Subject</b>	<b>Date of Value 10/15/2012</b>	<b>Board of Regents, Nevada System of Higher Education ---</b>	<b>--- Washoe</b>	<b>601/605 N/A</b>	<b>Irrigation/ Stockwater</b>	<b>Truckee Meadows Truckee River</b>	<b>12/1/1861</b>	<b>1,088.28</b>	<b>---</b>

**CORRELATION AND FINAL MARKET VALUE CONCLUSION  
SUBJECT WATER RIGHTS**

In analyzing the Market Value of the subject water rights, a total of 16 water rights transactions were considered. The comparable sales range in date of sale (recording date) from August 2010 to September 12, 2012, in comparison to the subject's October 15, 2012 effective date of value. The sales all involve Truckee River water rights, and range in size (Acre Feet Annually-AFA) between 20± acre feet and 898.73± acre feet. Although the sales each involve smaller sizes, they are considered the most comparable water rights transactions to the subject water rights which have occurred in the marketplace.

**Discussion of Adjustments**

The comparable properties utilized in this analysis will be compared and correlated to the subject property based upon several adjustment criteria. These include property rights conveyed, financing terms, conditions of sale, market conditions, location, size and priority date, and permitted use as of the date of the sale transaction. The sales will be analyzed based upon a sale price per acre foot basis. The following sets forth an analysis of the adjustments considered in this appraisal report.

**Property Rights Conveyed**

Each of the sales involved the fee simple interest in the water rights, and did not include any other property rights. Therefore, no adjustments are required for property rights conveyed to the sales.

**Financing Terms (Cash Equivalency)**

Based upon interviews with buyers, sellers, brokers and other persons with knowledge of the sales used, each of the sales were based upon cash to seller terms, and financing did not impact the prices paid for the water rights in the sales used. Therefore, no adjustments are required to the sales for cash equivalency.

### **Conditions of Sale**

Based upon research and interviews of the 16 sales, no conditions of sales adjustments are required to the sales.

### **Market Conditions**

In discussions with buyers, sellers, brokers and other persons with knowledge of the water rights market, it was indicated that water rights sales have fluctuated greatly in prices paid per acre foot over the past 10 years. The collapse of the housing market in Northern Nevada had a major impact on the water rights market. Prior to the collapse, water rights transactions for Truckee River water rights were over \$15,000 per acre foot in 2006 and 2007; the demand for water decreased greatly beginning in 2008 and 2009, which greatly reduced transaction prices for water rights on a per acre foot basis.

Each of the water rights sales utilized in this analysis occurred between 2010 and 2012, subsequent to the housing collapse. Although the number of water rights transactions occurring remains well below the number of sales prior to the housing collapse, there remains a fairly active market of sales activity. In order to determine if a market conditions adjustment is warranted, I have analyzed the 16 sales utilized in this appraisal report. Within the data, there are several sales which can be paired. The chart below summarizes three sales which occurred in 2011 and two sales which occurred in 2012; each of the sales involved April 10, 1874 priority date water rights (Claims 94 & 94A), which had already been permitted for municipal uses. The sales range between 20 and 25 acre feet, and each of the sales were water rights located in the Truckee Canyon.



**Market Conditions Sales Pairing**

Sale #	Recording Date Sale Price	Claim # Permit #	Permitted Use At Time of Sale	Basin Source	Priority Date	Acre-Foot Annually (AFA)	Sale Price Per Acre Foot
8	3/7/2011 \$155,000	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,750
10	3/18/2011 \$162,500	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	25.00	\$6,500
11	4/8/2011 \$141,667	94 & 94A 73529	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,083
15	7/23/2012 \$140,000	94 & 94A 81144	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	22.00	\$6,364
16	9/12/2012 \$140,000	94 & 94A 81144	Municipal/ Domestic	Truckee Canyon Truckee River	4/10/1874	20.00	\$7,000

The sales occurring in 2011 indicate prices between \$6,500 and \$7,750 per acre foot, while the sales occurring in 2012 range between \$6,364 and \$7,000 per acre foot. Although the 2011 sales do have a slightly higher sale price range, the data suggests that there is no adjustment required for market conditions. The 2012 sales are generally within the range of the 2011 sales.

Based upon the paired analysis, and with consideration given to interviews with market participants, no market conditions adjustments have been made to the sales for market conditions.

**Location**

Each of the water rights sales involves Truckee River water rights. The sales utilized involve locations in the Truckee Meadows (like the subject), the Truckee Canyon area, and one sale occurred in the Dodge Canyon area.

The sale which occurred in Dodge Canyon (S-Bar-S Ranch), which indicates a price per acre of \$8,000, is located in an area which is essentially surrounded by the Pyramid Lake Indian Reservation. This sale's location was reportedly a major factor in the purchase decision made for the water rights. The buyer, the Pyramid Lake Paiute Tribe, also purchased the ranch in a separate transaction. Based upon interviews with participants in this sale, a downward location adjustment is warranted.

The remaining sales all involve Truckee River water rights sales in the Truckee Meadows and Truckee Canyon. No adjustments are necessary for location to these sales.

**Size**

Typically in real estate, with all other things being equal, a larger property will sell at a lower per unit price; typically, purchasers of water rights in the marketplace use this school of thought in negotiating for lower prices. However, owners and sellers of large blocks of water rights typically argue that the difficulty, cost and time associated with assembling large quantities of water rights should result in a premium paid to account for these factors.

In order to determine if the amount of water rights transferred has an impact on the price paid, I have sorted the sales from smallest amount of water to largest amount of water.

**Sales Sorted By Acre Feet Purchased  
(Smallest to Largest)**

Sale #	Acre-Feet Annually (AFA)	Sale Price Per Acre Foot
16	20.00	\$7,000
11	20.00	\$7,083
8	20.00	\$7,750
15	22.00	\$6,364
4	24.00	\$6,100
2	25.00	\$5,000
10	25.00	\$6,500
9	37.00	\$7,500
3	40.00	\$5,000
1	45.00	\$5,000
14	50.00	\$5,350
5	63.00	\$5,500
7	63.00	\$5,500
6	63.00	\$6,500
12	323.36	\$8,000
13	898.73	\$4,777

Although the largest sale does indicate the lowest price per acre foot, the second largest sale indicates the higher price per acre foot. The second largest sale's price was partially impacted by location and there is limited data to suggest size has an impact on the price paid. The three smallest transactions do indicate prices toward the upper range of the data.

Within the marketplace, there are very few sales of large blocks of water rights which have occurred. However, the subject's much larger amount of water is taken into consideration. Although there is insufficient data to support a quantitative discount, it is recognized that the amount of subject water rights limits the pool of buyers in the marketplace.

**Priority Date**

The subject's water rights have a priority date of December 1, 1861, which is before all of the sales transactions. Although priority date has limited to no value once the water has been converted to municipal use, it does play a factor for irrigation and/or environmental uses.

In discussions with several water rights experts, it was indicated that the subject water rights are much more desirable than the sale water rights for irrigation or environmental uses. As was discussed in the Highest and Best Use, although the subject water rights may have a highest and best use of future conversion to municipal use, an interim use of irrigation use and/or environmental use is likely. The subject's water rights are among the earliest priority along the Truckee River, and essentially assure the owner of these rights use of these water rights even in a low water year.

Overall, the subject water rights are felt to be superior with respect to priority date in comparison to the 16 sales, particularly for an interim use of irrigation, or for an environmental use. Sale 13, which involved 898.73± acre feet of decreed irrigation rights, sold for \$4,777 per acre foot; the subject water rights are considered superior to these rights, particularly for an interim irrigation use or environmental use.

**Permitted Use (As of Date of Sale)**

Although the subject water rights are currently decreed rights used for irrigation, they would be able to be converted to municipal use at a nominal cost. Therefore, no adjustments are required to any of the sales for permitted use. However, consideration is given to the

subject's water rights priority date, which adds utility to the water rights for irrigation and/or environmental uses.

**Final Value Conclusion**

In arriving at an opinion of Market Value for the subject's 1,088.28± acre feet of water rights, consideration has been given to the physical and legal characteristics of the subject and comparable water rights. The comparable water rights sales indicate prices ranging between \$4,777 per acre foot and \$8,000 per acre foot.

Based upon an analysis of the subject water rights and the comparable sales, the data suggest a value for the subject water rights at between \$5,000 and \$6,000 per acre foot. It is my opinion that the Market Value of the subject water rights, as of October 15, 2012, is \$5,500 per acre foot. Applying this figure to the 1,088.28± acre feet of water, indicates a value of \$5,985,540, which is rounded to \$6,000,000.

<b><u>FINAL MARKET VALUE CONCLUSION-AS OF OCTOBER 15, 2012</u></b>	<b>\$6,000,000</b>
<b>(1,088.28± AFA of Truckee River Decree Claim Numbers 601 &amp; 605)</b>	

## **STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

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

### **LIMITS OF LIABILITY**

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

### **COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT**

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

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

### **CONFIDENTIALITY**

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

**INFORMATION SUPPLIED BY OTHERS**

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

**TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE**

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

**EXHIBITS AND PHYSICAL DESCRIPTIONS**

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

**TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS**

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



**ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS**

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

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

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

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

**TOXIC MATERIALS AND HAZARDS**

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

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

### **SOILS, SUB-SOILS, AND POTENTIAL HAZARDS**

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

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

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

### **ARCHEOLOGICAL SIGNIFICANCE**

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

### **LEGALITY OF USE**

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

### **COMPONENT VALUES**

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

### **COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT**

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

### **AUXILIARY AND RELATED STUDIES**

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

### **DOLLAR VALUES AND PURCHASING POWER**

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

### **ROUNDING**

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

### **QUANTITATIVE ANALYSIS**

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

### **VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER**

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

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

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

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

#### **ECONOMIC AND SOCIAL TRENDS**

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

#### **EXCLUSIONS**

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

#### **SUBSURFACE RIGHTS**

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

#### **PROPOSED IMPROVEMENTS, CONDITIONED VALUE**

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

#### **MANAGEMENT OF PROPERTY**

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

#### **FEE**

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

**LEGAL EXPENSES**

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

**CHANGES AND MODIFICATIONS**

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

**DISSEMINATION OF MATERIAL**

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

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

**QUALIFICATIONS OF APPRAISER  
 SCOTT QUINN GRIFFIN**

**Professional Designations**

MAI-Member Appraisal Institute 2005  
 MAI Designation Number 12359

**State Licensing and Certification**

Certified General Appraiser – State of Nevada 2000  
 License Number A.0003504-CG (Certified Through 03/31/2014)

**Offices Held**

Board of Directors-Reno/Carson/Tahoe Chapter Appraisal Institute 2009-Current  
 Treasurer-Reno/Carson/Tahoe Chapter Appraisal Institute 2002-2003  
 President-University of Nevada Young Alumni Chapter 1999

**Appraisal Education and Technical Training**

Appraisal Institute

- Course 110-Appraisal Principles 1997
- Course 120-Appraisal Procedures 1998
- Course 310-Basic Income Capitalization 1998
- Course 400-Uniform Standards of Professional Appraisal Practice Update 2004
- Course 410-Standard of Professional Practice-Part A 1999
- Course 420-Standard of Professional Practice-Part B 1999
- Course 510-Advanced Income Capitalization 1999
- Course 520-Highest & Best Use Analysis 2002
- Course 530-Advanced Sales & Cost Approaches 2004
- Course 540-Course Report Writing & Valuation Analysis 2003
- Course 550-Advanced Applications 2003

Other Courses and Seminars

- The High-Tech Appraisal Office 1997
- GIS Applications for Appraisal 1997
- Uniform Standard of Professional Appraisal Practice 2002
- Comprehensive Appraisal Workshop 2004
- Evaluating Commercial Construction 2006
- Attacking & Defending An Appraisal In Litigation 2007
- Analyzing Distressed Real Estate 2008
- 7-Hour National USPAP Update Course 2010
- Condemnation Appraising 2010

**Formal Education**

University of Nevada, Reno 1995  
 Bachelor of Science in Business Administration  
 Major-Finance, Minor-Economics

**Occupational History**

Johnson-Perkins & Associates 03/1997-Present  
 Chewy & Jug's 11/1994-01/1996  
 Costco Wholesale 05/1990-05/1995



**QUALIFICATIONS OF APPRAISER  
SCOTT QUINN GRIFFIN  
REPRESENTATIVE LIST OF CLIENTS**

Adagio Financial	Idaho-Nevada Community Development
AEGON USA Realty Advisors, Inc.	Imperial Bank
Affordable Housing and Community Development	Interbay Funding, LLC
Allied Washoe	Irwin Union Bank
Aon Construction Services Group	Jack I. McAuliffe
ARCS Commercial Mortgage Co., LP	Jackson Federal Bank
BB&T Real Estate Appraisal	James S. Beasley, Attorney at Law
B & J Corporation	John J. Gezelin, Attorney at Law
Bank of America	John W. Hawkins, Ltd.
Bank of the West	Jones Vargas
Bayliss & Associates, LLC	Junior League of Reno
Becky Allen, CPA	Juniper Trails Development Company
Beesley & Peck, LTD	KeyBank National Association
BHP Copper Inc.	Keybank Real Estate Technical Service
Bonanza Produce	Kirman Gardens LLC
Boy Scouts of America	KNPB - Channel 5
Bureau of Land Management	Lakeridge Apartments
Buss-Shelger and Associates	Land America Financial Group
C-III Asset Management LLC	Lander County School District
Cambridge Capital Group	Law Offices of Alan R. Smith
CB Commercial	LeBoeuf, Lamb, Greene & MacRae
Citizens For Affordable Housing	Lionel, Sawyer and Collins
City of Reno	Marshall, Hill, Cassas & deLipkau
City of Reno Redevelopment Agency	McDonald's Corporation
City of Sparks	Metropolitan Mortgage & Securities Co., Inc.
City of Sparks Public Works Department	Michael G. Chapman, Attorney at Law
City of Sparks Redevelopment Agency	Molof & Vohl Attorneys at Law
Colonial Bank	Monte Rosa, LLC
Connemara Park LLC	Morrissey Realty
CPS, Inc.	Mutual of Omaha Bank
Crosby, Heafey, Roach & May	Mr. John Gavin, Attorney at Law
Dean Heidrich, Attorney at Law	Myers, Nave
Direct Capital Funding	Nevada Bell Telephone Company
Douglas County Community Development Utility Division	Nevada Department of Wildlife
Douglas County Library	Nevada Fine Arts
Edington & Associates	Nevada Security Bank
Erickson, Thorpe and Swainston	Nevada State Bank
Fehr & Peers Transportation Consultants	NV Energy (Formerly Sierra Pacific Power Company)
Ferrari, Shields and Associates	Pacific Capital Bancorp
Fifth Street Partnership	Paul Bancroft, Attorney
First American Title Company	PBS&J
First Independent Bank	Perry and Spann
First National Bank of Nevada	Peterson Investment Co.
First Republic Bank	PFF Bank and Trust
First Security Bank	Pioneer Citizens Bank
Flamingo Hilton	Plumas Bank
Greenwich Capital Financial Products, Inc.	Presbytery of Nevada
Guild, Russell, Gallagher & Fuller, Ltd.	Project Solution
Hale, Lane, Peek, Howard, Anderson and Pearl	Property Specialists Inc.

**QUALIFICATIONS OF APPRAISER  
SCOTT QUINN GRIFFIN  
REPRESENTATIVE LIST OF CLIENTS (CONTINUED)**

Heritage Bank of Nevada	Rex Huntley, Attorney at Law
Highland Federal Bank	Trust for Public Land
Horning Holmberg & Company	U.S. Bancorp Appraisal Division
Robison Belaustegui Sharp & Low	U.S. Bank
SBC Services, Inc.	U.S. Postal Service
Seventh Day Adventist Church	Umpqua Bank
Shannons Management	Union Bank of California
Shelter Properties, Inc.	University and Community College System of Nevada
Sierra Schools Credit Union	University of Nevada, Reno
Silver Sage Manor Inc.	Volunteers of America
Skinner, Sutton, Watson & Rounds	Walker River Irrigation District
Sonoma National Bank	Wal-Mart Realty
Southern Pacific Bank	Walther, Key, Maupin, Oats, Cox & LeGoy
St. Mary's Regional Medical Center	Washington Capital Management, Inc.
Summit Engineering	Washoe County Public Works Department
Sun West Bank	Washoe County School District
Tehama County Bank	Washoe Health Systems
The Conservation Fund	Wells Fargo Bank
The Summit National Bank	Western Pacific Realty Advisors
Todd Torvinen, Attorney at Law	Williams Communications, Inc.
Trammel Crow Company	Winnemucca Convention and Visitors Authority
Truckee Meadows Community College	

**STATE OF NEVADA  
DECLARATION OF VALUE FORM**

**DV-3908483**

08/04/2010 08:06:11 AM  
Requested By  
RENO ENGINEERING CORP  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$922.50  
Page 1 of 1

1. Assessor Parcel Number(s)  
a. N/A  
b. \_\_\_\_\_  
c. \_\_\_\_\_  
d. \_\_\_\_\_



2. Type of Property:
- |   |  |
|---|--|
| a. <input type="checkbox"/> Vacant Land                       | b. <input type="checkbox"/> Single Fam. Res. |
| c. <input type="checkbox"/> Condo/Twnhse                      | d. <input type="checkbox"/> 2-4 Plex         |
| e. <input type="checkbox"/> Apt. Bldg                         | f. <input type="checkbox"/> Comm'l/Ind'l     |
| g. <input type="checkbox"/> Agricultural                      | h. <input type="checkbox"/> Mobile Home      |
| <input checked="" type="checkbox"/> Other <u>Water Rights</u> |  |

**FOR RECORDER'S OPTIONAL USE ONLY**

Book: \_\_\_\_\_ Page: \_\_\_\_\_  
Date of Recording: \_\_\_\_\_  
Notes: \_\_\_\_\_

3. a. Total Value/Sales Price of Property  
b. Deed in Lieu of Foreclosure Only (value of property)  
c. Transfer Tax Value:  
d. Real Property Transfer Tax Due

\$ 225,000  
(0)  
\$ 225,000  
\$ 922.50

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption per NRS 375.090, Section \_\_\_\_\_  
b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the parties agree that disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month. Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature: [Signature]

Capacity: AC

Signature: \_\_\_\_\_

Capacity: \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION  
(REQUIRED)**

**BUYER (GRANTEE) INFORMATION  
(REQUIRED)**

Print Name: Morgan Creeks Development  
Address: P.O. Box 51955  
City: Sparks  
State: NV Zip: 89435

Print Name: Tahoe-Reno Industrial  
Address: P.O. Box 838 Center  
City: Poway  
State: CA Zip: 92074

**COMPANY REQUESTING RECORDING**

Print Name: Reno Engineering Corp  
Address: 872.5 Technology Way  
City: Reno

Escrow #: \_\_\_\_\_  
State: NV Zip: 89521

As a public record this form may be recorded/microfilmed

No APN Assigned  
When recorded, return to Grantee:  
Tahoe-Reno Industrial Center LLC  
P.O. Box 838  
Poway, CA 92074-0838



WATER RIGHTS DEED

THIS INDENTURE, made and entered into this 2<sup>nd</sup> day of August, 2010, by and between **Morgan Creek Development, Inc.**, a Nevada corporation, herein referred to as "Grantor", and **Tahoe-Reno Industrial Center, LLC**, a Nevada limited liability company, herein referred to as "Grantee".

WITNESSETH:

That the said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Grantee, and to its heirs, executors, administrators, successors and assigns forever, all right, title and interest in and to that certain right to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, attached as EXHIBIT A, and more particularly described as follows:

A portion of **Permit No. 25915, Certificate No. 9738**, being **0.47206 c.f.s.** and **45.00 acre feet** per annum from the Orr Ditch, in Washoe County, Nevada, together with the right to change the point of diversion, place of use and manner of use thereof. Said water formerly being a portion of the Stephens Ditch heretofore allocated to S. Oppio in that certain action entitled *The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants*, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and being distributed and allocated in said Decree under Claim or Right No. 609.

TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances thereunto belonging and in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, ALL AND SINGULAR, the said premises together with the appurtenances, unto the said Grantee and to its heirs, executors, administrators, successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has caused this Water Rights Deed to be executed the day and year first above written.

GRANTOR:

Morgan Creek Development, Inc.  
a Nevada corporation

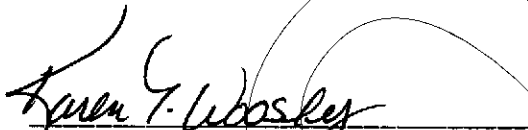


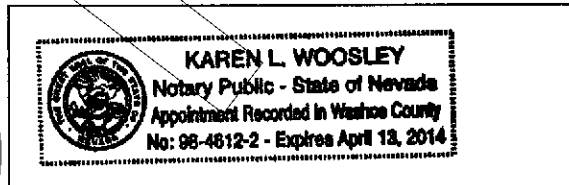
Charles Carter, President

STATE OF NEVADA )  
 ) SS  
COUNTY OF WASHOE )

On this 2<sup>ND</sup> day of AUGUST, 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared **Charles Carter**, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument for the purposes herein stated.

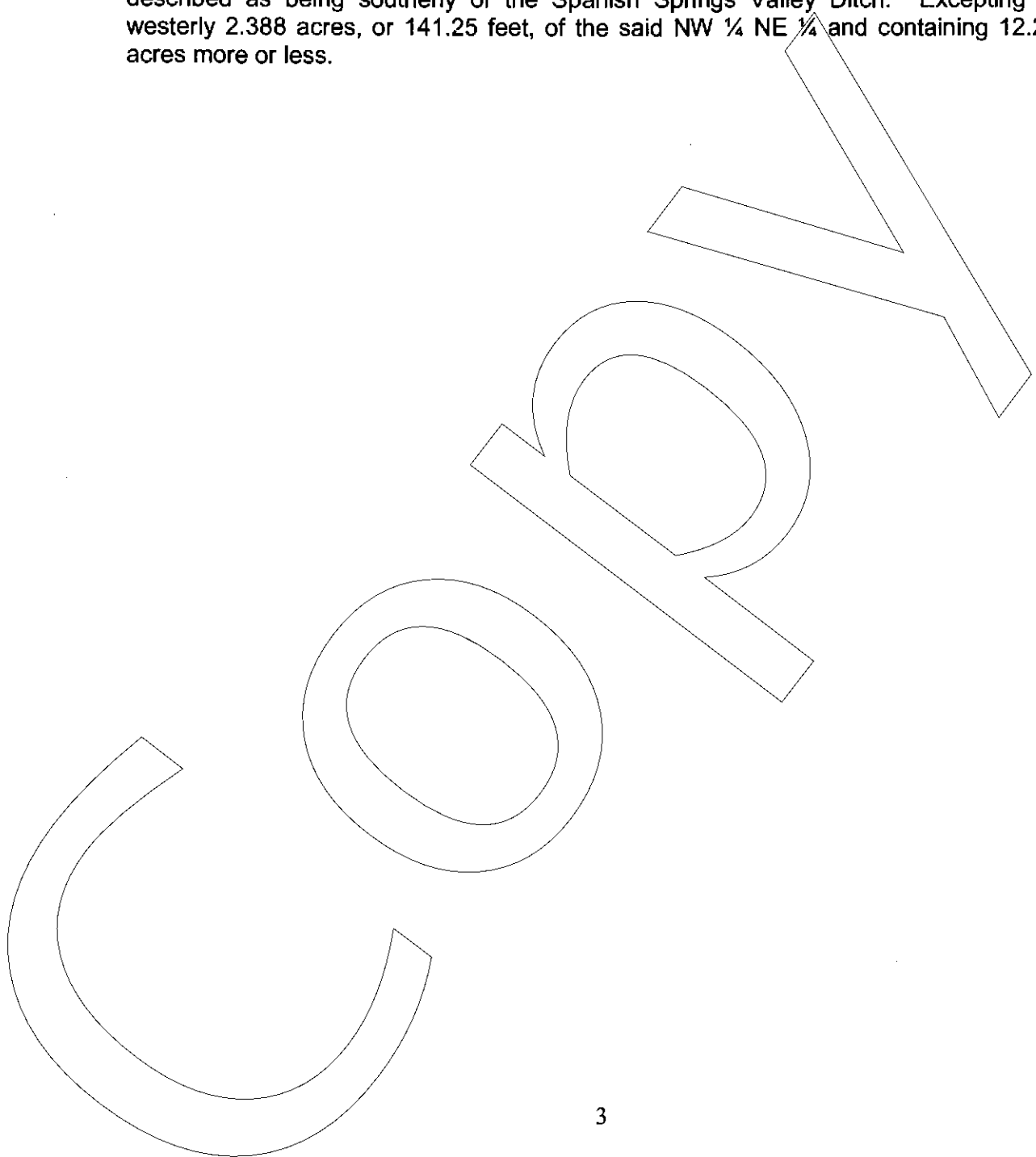
WITNESS my hand and official seal.

  
NOTARY PUBLIC



**EXHIBIT A  
LEGAL DESCRIPTION OF WATER RIGHTS**

All that certain portion of the Northwest one-quarter of the Northeast one-quarter (NW  $\frac{1}{4}$  NE  $\frac{1}{4}$ ) of Section 2, Township 20 North, Range 20 East, M.D.M., more particularly described as being southerly of the Spanish Springs Valley Ditch. Excepting the westerly 2.388 acres, or 141.25 feet, of the said NW  $\frac{1}{4}$  NE  $\frac{1}{4}$  and containing 12.212 acres more or less.





STATE OF NEVADA  
DECLARATION OF VALUE



1. Assessor Parcel Number (s)

- a)   ⊕
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

2. Type of Property:

- |  |              |                             |                 |
|--|--------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land  | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.   | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other        |                             |                 |

*Water rights*

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	<i>water rights sales</i>
	<i>To APN JTS</i>

3. Total Value/Sales Price of Property:

Deed in Lieu of Foreclosure Only (value of property) \$125,000.<sup>00</sup>  
 Transfer Tax Value: \$0  
 Real Property Transfer Tax Due: \$125,000.<sup>00</sup>  
\$512.50

4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity PC  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

SELLER (GRANTOR) INFORMATION BUYER (GRANTEE) INFORMATION

(REQUIRED)	(REQUIRED)
Print Name: <u>Christian Scamton</u>	Print Name: <u>Tabor-Reno Industrial Center</u>
Address: <u>2450 Starwell Dr.</u>	Address: <u>P.O. Box 838</u>
City: <u>Concord</u>	City: <u>Poway</u>
State: <u>CA</u> Zip: <u>94520</u>	State: <u>CA</u> Zip: <u>92074</u>

COMPANY/PERSON REQUESTING RECORDING

(REQUIRED IF NOT THE SELLER OR BUYER)  
 Print Name: Tabor-Reno Industrial Center Escrow # \_\_\_\_\_  
 Address: P.O. Box 838  
 City: Poway State: CA Zip: 92074

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

Reno Engineering Corp  
 8725 Technology Way, Ste. C1  
 Reno, NV

No APN Assigned  
When recorded, return to Grantee:  
Tahoe-Reno Industrial Center LLC  
P.O. Box 838  
Poway, CA 92074-0838



WATER RIGHTS DEED

THIS INDENTURE, made and entered into this 5 day of August, 2010, between **Christian Scranton**, a professional corporation, herein referred to as "Grantor," and **Tahoe-Reno Industrial Center, LLC**, a Nevada limited liability company, herein referred to as "Grantee".

WITNESSETH

That the said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Grantee, and to its heirs, executors, administrators, successors and assigns forever, all right, title and interest in and to that certain right to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, attached as EXHIBIT A and EXHIBIT B, and more particularly described as follows:

A portion of **Permit No. 25915, Certificate No. 9738**, being **0.26226 c.f.s.** and **25.00 acre feet** per annum from the Orr Ditch, in Washoe County, Nevada, together with the right to change the point of diversion, place of use and manner of use thereof. Said water formerly being a portion of the Stephens Ditch heretofore allocated to S. Oppio in that certain action entitled *The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants*, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and being distributed and allocated in said Decree under Claim or Right No. 609.

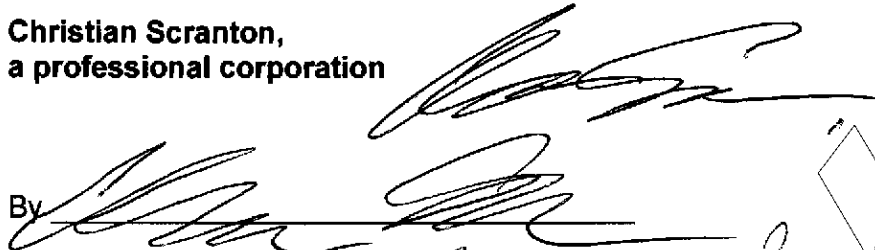
TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances thereunto belonging and in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, ALL AND SINGULAR, the said premises together with the appurtenances, unto the said Grantee and to its heirs, executors, administrators, successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has caused this Water Rights Deed to be executed the day and year first above written.

GRANTOR:

**Christian Scranton,  
a professional corporation**

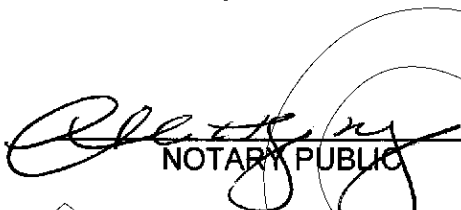
By 

Name (printed) Christian Scranton Title President/owner.

STATE OF California ) SS  
COUNTY OF Costa )  
COSTA

On this 5 day of August, 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared Christian Scranton, ~~personally known to me or~~ proved to me on the basis of satisfactory evidence to be the person who executed the within instrument for the purposes herein stated.

WITNESS my hand and official seal.

  
NOTARY PUBLIC

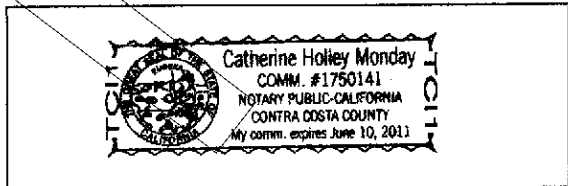


EXHIBIT A  
LEGAL DESCRIPTION OF WATER RIGHTS

All that certain parcel situate within a portion of the Northeast One-quarter (NE 1/4) of Section 2, Township 20 North, Range 20 East, M.D.M., Washoe County, Nevada, being a portion of Parcel B as shown and so designated on Parcel Map No. 3825, File No. 2619335, recorded November 21, 2001, in the Official Records of Washoe County, Nevada;

**COMMENCING** at the southeast corner of Parcel A of said Parcel Map No. 3825;

**THENCE** along the southerly line of said Parcels A and B of said Parcel Map No. 3825, North 89°31'16" West, 2195.17 feet;

**THENCE** leaving the southerly line of said Parcel B, North 01°22'43" East, 920.92 feet to the **POINT OF BEGINNING**.

**THENCE** North 01°22'43" East, 415.38 feet;

**THENCE** South 89°26'29" East, 808.67 feet to a point on a non-tangent curve to the right;

**THENCE** from a tangent bearing South 23°39'57" West, 95.56 feet along the arc of a 1481.56 foot radius curve to the right, through a central angle of 3°41'44";

**THENCE** South 27°21'41" West, 162.43 feet to a point of curvature;

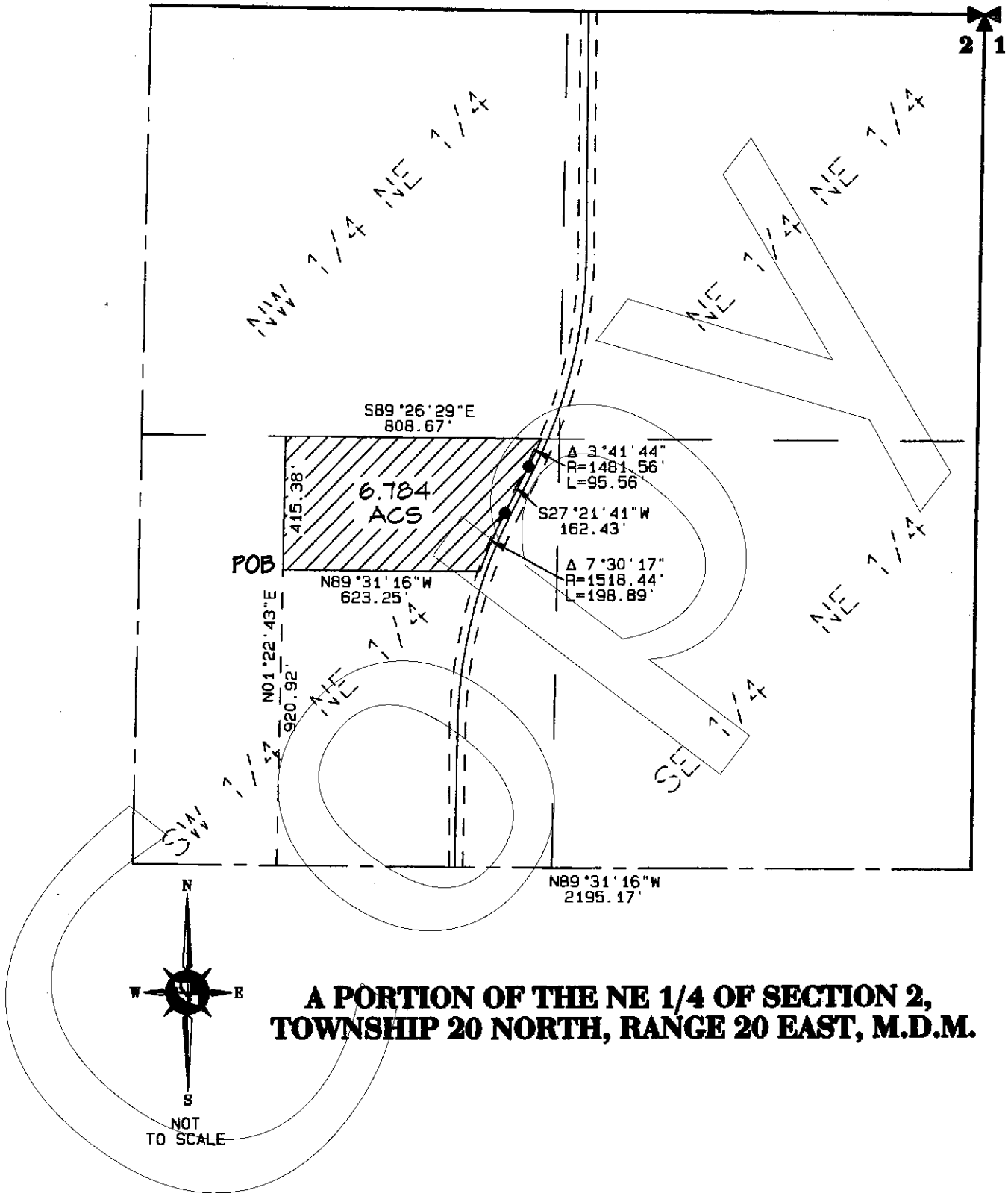
**THENCE** 198.89 feet along the arc of a 1518.44 foot radius curve to the left, through a central angle of 7°30'17";

**THENCE** North 89°31'16" West, 623.25 feet, to the **POINT OF BEGINNING**, containing 6.784 acres, more or less.

The **BASIS OF BEARINGS** is identical to Parcel Map 3825, recorded as File No. 2619335 in the Official Records of Washoe County, Nevada.

*This legal description previously appeared in Document No. 3816904, recorded in the Official Records of Washoe County, Nevada, on October 29, 2009.*

### EXHIBIT B



**A PORTION OF THE NE 1/4 OF SECTION 2,  
TOWNSHIP 20 NORTH, RANGE 20 EAST, M.D.M.**

DV-3912383

08/16/2010 03:08:46 PM

Requested By  
RENO ENGINEERING CORP  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$820.00  
Page 1 of 1

# STATE OF NEVADA DECLARATION OF VALUE



1. Assessor Parcel Number (s)

- a) NONE.
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

2. Type of Property:

- |  |              |                             |                 |
|--|--------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land  | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.   | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other        |                             |                 |

FOR RECORDERS' OPTIONAL USE ONLY
Notes: <u>water rights / AS</u>

3. Total Value/Sales Price of Property:

Deed in Lieu of Foreclosure Only (value of property) \$ 200,000

Transfer Tax Value: \$ 200,000

Real Property Transfer Tax Due: \$ 820.

4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity PC.

Signature [Signature] Capacity SELLERS AGENT

**SELLER (GRANTOR) INFORMATION**

(REQUIRED)

Print Name: MORGAN CREEK DEV

Address: PO. 51955 SPARKS 89431

City: RENO

State: NV Zip: \_\_\_\_\_

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)

Print Name: TAHOE RENO INDUSTRIAL CTR

Address: 8725 Technology "C"

City: RENO

State: NV Zip: 89521

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: RENO ENGINEERING CORP Escrow # \_\_\_\_\_

Address: 8725 Technology C NV 89521

City: RENO State: NV Zip: 89521

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)



No APN Assigned  
When recorded, return to Grantee:  
Tahoe-Reno Industrial Center LLC  
P.O. Box 838  
Poway, CA 92074-0838



**WATER RIGHTS DEED**

THIS INDENTURE, made and entered into this 11<sup>TH</sup> day of AUGUST, 2010, by and between **Morgan Creek Development, Inc.**, a Nevada corporation, herein referred to as "Grantor", and **Tahoe-Reno Industrial Center, LLC**, a Nevada limited liability company, herein referred to as "Grantee".

WITNESSETH:

That the said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Grantee, and to its heirs, executors, administrators, successors and assigns forever, all right, title and interest in and to that certain right to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, attached as EXHIBIT A and EXHIBIT B, and more particularly described as follows:

A portion of **Permit No. 25915, Certificate No. 9738**, being **0.41961 c.f.s.** and **40.00 acre feet** per annum from the Orr Ditch, in Washoe County, Nevada, together with the right to change the point of diversion, place of use and manner of use thereof. Said water formerly being a portion of the Stephens Ditch heretofore allocated to S. Oppio in that certain action entitled *The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants*, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and being distributed and allocated in said Decree under Claim or Right No. 609.

TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances thereunto belonging and in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, ALL AND SINGULAR, the said premises together with the appurtenances, unto the said Grantee and to its heirs, executors, administrators, successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has caused this Water Rights Deed to be executed the day and year first above written.

GRANTOR:

**Morgan Creek Development, Inc.**  
a Nevada corporation

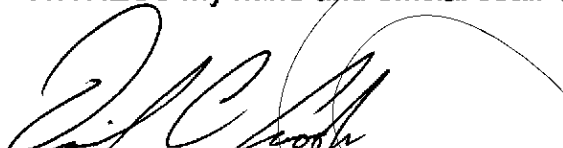
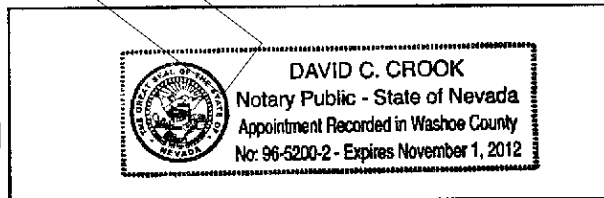


Charles Carter, President

STATE OF NEVADA )  
  ) SS  
COUNTY OF WASHOE )

On this 11<sup>TH</sup> day of AUGUST, 2010, before me, the undersigned, a Notary Public in and for said State, personally appeared **Charles Carter**, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument for the purposes herein stated.

WITNESS my hand and official seal.

  
NOTARY PUBLIC

**EXHIBIT A**

Parcel 1

All that certain portion of the Northeast one-quarter of the Northwest one-quarter (NE ¼ NW ¼) of Section 2, Township 20 North, Range 20 East, M.D.M., more particularly described as being all 7.50 acres irrigated under Permit 25915, Certificate 9738, as depicted on the map supporting Proof of Beneficial Use under said certificate, filed in the office of the Nevada State Engineer on November 17, 1978.

Parcel 2

All that certain portion of the Northwest one-quarter of the Northeast one-quarter (NW ¼ NE ¼) of Section 2, Township 20 North, Range 20 East, M.D.M., more particularly described as being the westerly 2.388 acres, or 141.25 feet, southerly of the Spanish Springs Valley Ditch. Excepting therefrom the easterly 12.212 acres of the said NW ¼ NE ¼.

Parcel 3

All that certain parcel situate within a portion of the Southwest one-quarter of the Northeast one-quarter (SW ¼ NE ¼) of Section 2, Township 20 North, Range 20 East, M.D.M., Washoe County, Nevada, being a portion of Parcel B as shown and so designated on Parcel Map No. 3825, File No. 2619335, recorded November 21, 2001, in the Official Records of Washoe County, Nevada;

**COMMENCING** at the southeast corner of Parcel A of said Parcel Map No. 3825;

**THENCE** along the southerly line of said Parcels A and B of said Parcel Map No. 3825, North 89°31'16" West, 2650.46 feet to the center one-quarter corner of said Section 2;

**THENCE** leaving the southerly line of said Parcel B, North 01°22'52" East, 898.24 feet to the **POINT OF BEGINNING**.

**THENCE** North 01°22'52" East, 416.02 feet;

**THENCE** South 89°26'29" East, 78.90 feet;

**THENCE** South 01°22'43" West, 415.91 feet;

**THENCE** South 89°31'16" East, 331.39 feet;

**THENCE** South 01°22'43" West, 22.68 feet;

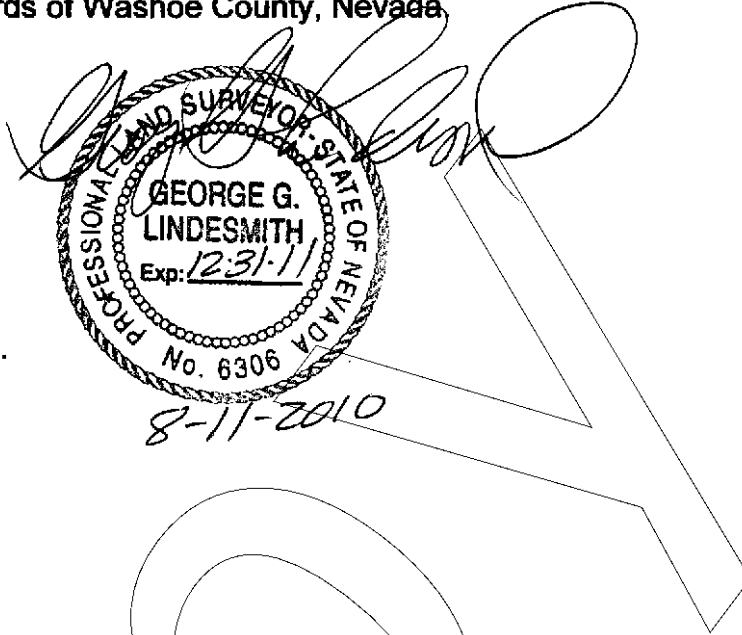
**THENCE North 89°31'16" West, 410.30 feet, to the POINT OF BEGINNING, containing 0.967 acres, more or less.**

**The BASIS OF BEARINGS is identical to Parcel Map 3825, recorded as File No. 2619335 in the Official Records of Washoe County, Nevada.**

Prepared by;  
**Tri State Surveying, Ltd.**

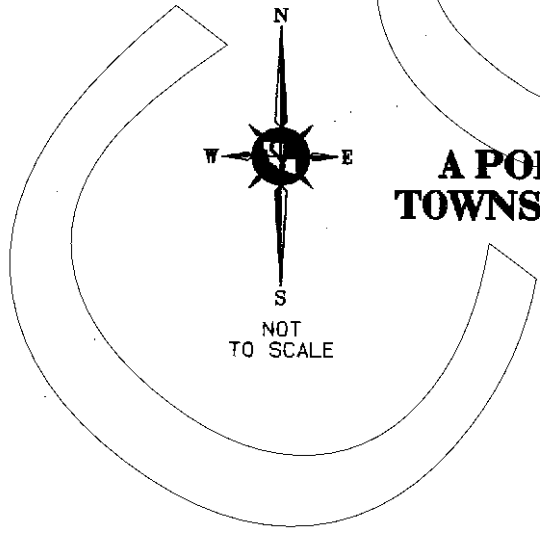
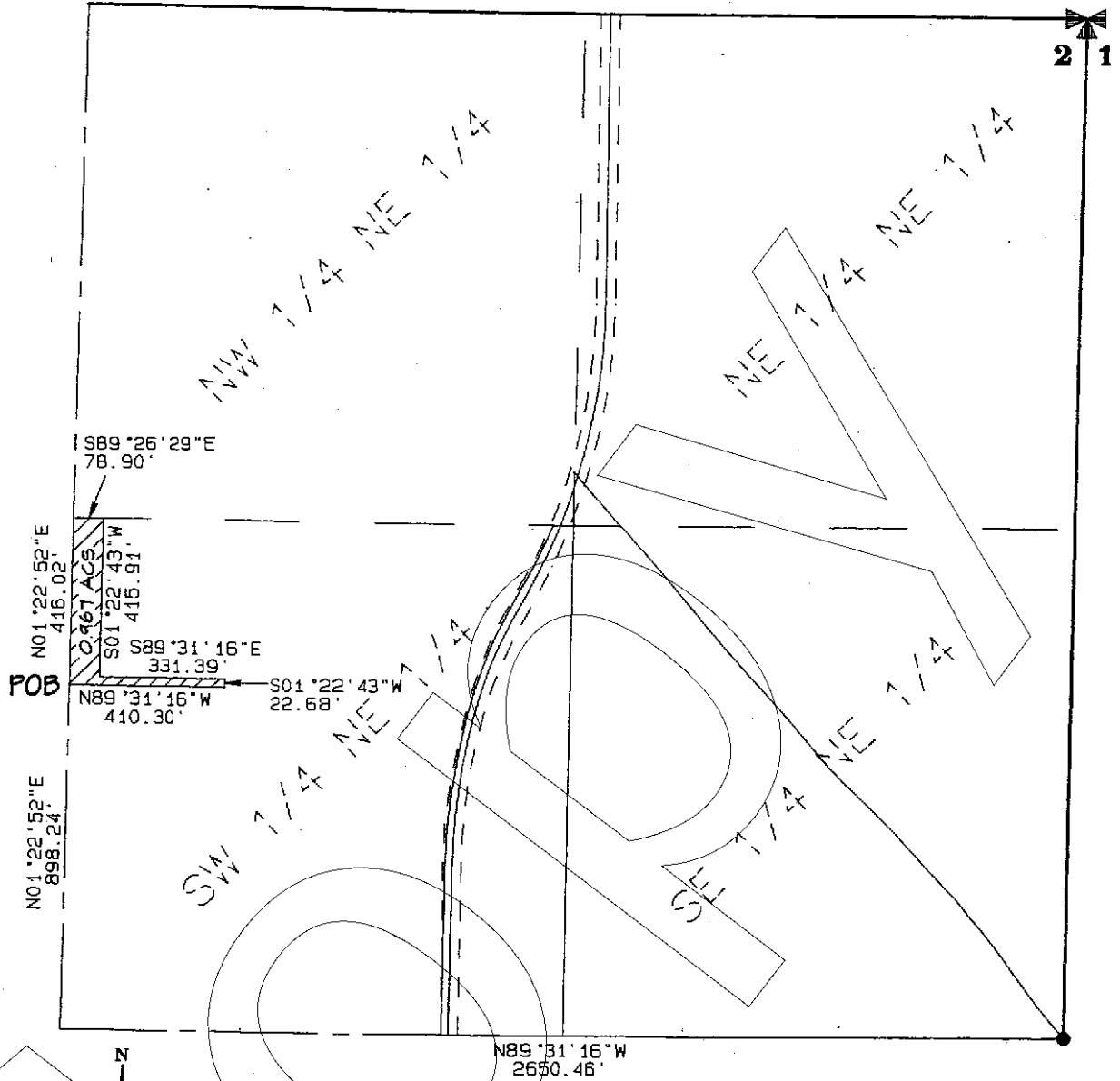
1925 E PRATOR WAY  
SPARKS NV 89434

George G. Lindesmith, P.L.S.  
Nevada Certificate No. 6306



8-17-2010

### EXHIBIT B



**A PORTION OF THE NE 1/4 OF SECTION 2,  
TOWNSHIP 20 NORTH, RANGE 20 EAST, M.D.M.**



# WASHOE COUNTY RECORDER


OFFICE OF THE RECORDER  
KATHRYN L. BURKE, RECORDER

1001 E. NINTH STREET  
POST OFFICE BOX 11130  
RENO, NEVADA 89520-0027  
PHONE (775) 328-3661  
FAX (775) 325-8010

## LEGIBILITY NOTICE

The Washoe County Recorder's Office has determined that the attached document may not be suitable for recording by the method used by the Recorder to preserve the Recorder's records. The customer was advised that copies reproduced from the recorded document would not be legible. However, the customer demanded that the document be recorded without delay as the parties rights may be adversely affected because of a delay in recording. Therefore, pursuant to NRS 247.120 (3), the County Recorder accepted the document conditionally, based on the undersigned's representation (1) that a suitable copy will be submitted at a later date (2) it is impossible or impracticable to submit a more suitable copy.

By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

  
\_\_\_\_\_  
Signature

8/16/2010  
\_\_\_\_\_  
Date

VINCENT G. GRIFFIN  
\_\_\_\_\_  
Printed Name



**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3959149**

12/30/2010 12:45:46 PM  
Requested By  
GCS CONSULTING  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$600.65  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- a)  Vacant Land
- b)  Single Fam Res.
- c)  Condo/Twnhse
- d)  2-4 Plex
- e)  Apt. Bldg.
- f)  Comm'l/Ind'l
- g)  Agricultural
- h)  Mobile Home
- i)  Other WATER RIGHTS

<b>FOR RECORDERS OPTIONAL USE ONLY</b>	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 146,400

Transfer Tax Value: \$ 146,400

Real Property Transfer Tax Due: \$ 600.65

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Agent

Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)  
Print Name: GCS Consulting  
Address: 227 VINE ST  
City: Reno  
State: NV Zip: 89503

(REQUIRED)  
Print Name: ERMAT NEVADA INC  
Address: 6225 NEIL RD  
City: Reno  
State: NV Zip: 89511

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
Print Name: GCS Consulting Escrow # \_\_\_\_\_  
Address: 227 VINE  
City: Reno State: NV Zip: 89503

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

APN: N/A  
When Recorded mail Document to:  
ORMAT Nevada, Inc.  
Attn.: Christopher M. Heaps,  
Director of Business Development  
6225 Neil Rd  
Reno, Nevada 89511



WATER RIGHTS DEED

THIS INDENTURE, made and entered into this 30<sup>th</sup> day of December, 2010 by and between the TRUCKEE MEADOWS WATER AUTHORITY, a Joint Powers Authority entity created pursuant to a cooperative agreement among the cities of Reno, Nevada, Sparks, Nevada and Washoe County, Nevada, pursuant to N.R.S. Chapter 277, hereinafter referred to as "Grantor", and, ORMAT NEVADA, INC., a Delaware corporation, hereinafter referred to as the "Grantees".

WITNESSETH:

That said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents hereby grants, bargain, sell and convey unto the Grantee, and to its successors and assigns forever, any and all of Grantor's right, title, and interest in and to that portion of the water rights under Permit No. 73046, more particularly described as follows:

A portion of the water and water rights described in Permit No. 73046, being a total of 24.00 acre feet annually, more or less, together with a pro-rata share of the diversion rate, granted by the State Engineer on January 25, 2008 and on file at the office of the Nevada Division of Water Resources. Said water and water rights were originally a part of the Spanish Springs Valley Ditch heretofore originally allocated to Mrs. Adelina Trosi (formerly Mrs. Chas. Trosi), in that certain action entitled United States of America, Plaintiff, vs. Orr Water Ditch Company, et al., Defendants, the same in Equity Docket A-3 in the District Court of the United States in and for the District of Nevada, said water being distributed and allocated in said Decree under Claim or Right No. 346 & 347.

RESERVING unto the Grantor any and/or all water and water rights assigned to Permit No. 73046 over and above the 24.00 acre feet per annum specifically set forth herein.

To have and to hold said water rights together with the tenements, hereditaments and appurtenances thereunto belonging or appertaining and the reversion and

reversions, remainder and remainders, rents, issues, and profits thereof unto the Grantees, its successors and assigns, forever.

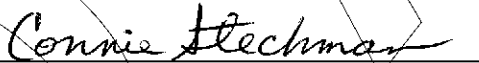
Grantees do hereby agree to assume the payment of all water master fees and charges that may hereafter become due and payable in respect to said rights referred to herein by reason of the Decree in The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and Grantee does hereby further agree to pay all administration and operation and maintenance charges that may be herein payable to Washoe County Water Conservation District and constitute a charge or lien against the lands herein described by reason of Boca Dam construction.

IN WITNESS WHEREOF, the parties hereto have caused their name to be hereunto subscribed the day and year first above written.

GRANTOR:  
TRUCKEE MEADOWS WATER  
AUTHORITY, a joint powers authority

GRANTEE:  
ORMAT NEVADA, INC., a Delaware  
Corporation

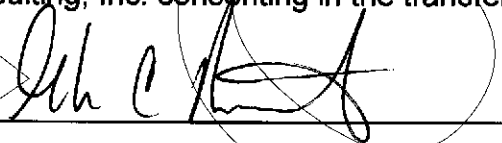
By: 

By: 

Name: John A. Erwin  
Director Natural Resources  
Title: Planning and Management

Name: Connie Stechman  
Title: Assistant Secretary

This document is being signed by Glen A. Armstrong, President of GCS Consulting, Inc. consenting in the transfer of these water rights:

By: 

Name: Glen A. Armstrong, President  
C. Armstrong

STATE OF NEVADA )  
 )ss.  
COUNTY OF WASHOE )

This instrument was acknowledged before me on DECEMBER 30, 2010, by John A. Erwin as Director Natural Resources Planning and Management of TRUCKEE MEADOWS WATER AUTHORITY, on behalf of said Joint Powers Authority therein named.



Kenneth C Briscoe  
Notary Public

STATE OF NEVADA )  
 )ss.  
COUNTY OF WASHOE )

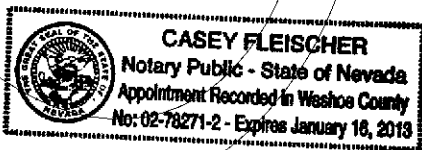
This instrument was acknowledged before me on DECEMBER 30, 2010, by Glen A. Armstrong as President of GCS Consulting, Inc., on behalf of said corporation therein named.



Kenneth C Briscoe  
Notary Public

STATE OF NEVADA )  
 )ss.  
COUNTY OF WASHOE )

This instrument was acknowledged before me on December 30, 2010, by Connie Stechman as Assistant Secretary of ORMAT NEVADA, INC., on behalf of said corporation therein named.



Casey Fleischer  
Notary Public

**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3965691**

01/20/2011 04:02:02 PM

Requested By  
CAP ONE INC  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$1,420.65  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) NONE
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>WATER RIGHTS</u> |                             |                 |

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 346,500.00  
 Transfer Tax Value: \$ 346,500.00  
 Real Property Transfer Tax Due: \$ 1,420.65

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature Alex G. Woosley Capacity Member  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)	(REQUIRED)
Print Name: <u>DACOLE INVESTMENT Co LP</u>	Print Name: <u>ACC PROPERTY INVESTMENT, LLC</u>
Address: <u>165 W LIBERTY #100</u>	Address: <u>9222 PROTOTYPE DR.</u>
City: <u>RENO, NV</u>	City: <u>RENO</u>
State: <u>NV</u> Zip: <u>89501</u>	State: <u>NV</u> Zip: <u>89521</u>

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
 Print Name: CAP ONE INC. Escrow # \_\_\_\_\_  
 Address: 9222 PROTOTYPE DR.  
 City: RENO State: NV Zip: 89521

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

When recorded mail to Grantee:

Mail tax statements to Grantee:

ACC Property Investment, LLC  
9222 Prototype Drive  
Reno, Nevada 89521



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 12<sup>TH</sup> day of JANUARY, 2011, by and between **Dacole Investment Company, a Nevada general partnership**, hereinafter called Grantor, and **ACC Property Investment, LLC, a Nevada limited liability company**, hereinafter called Grantee.

**WITNESSETH**

Grantor, in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A portion of Permit No. 75482 consisting of not to exceed 63.00 acre feet and a pro rata share of the diversion rate.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

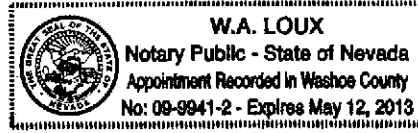
**IN WITNESS WHEREOF**, Grantor has executed this instrument the day and year first above written.

**GRANTOR:**

**Dacole Investment Company, a Nevada general partnership**

By:   
Theodore J. Day aka T.J. Day, its general partner

STATE OF NEVADA )  
 ) SS  
COUNTY OF WASHOE )



On this 12<sup>th</sup> day of January, 2011, personally appeared before me, a Notary Public, Theodore J. Day aka T.J. Day, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as General Partner of Dacole Investment Company, a Nevada general partnership.

  
\_\_\_\_\_  
Notary Public

COPY



**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3974400**

02/16/2011 11:24:26 AM

Requested By  
**RESOURCE MGT & DEVELOPMENT INC**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$1,678.95  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'/Ind'l     |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>Water Rights</u> |                             |                 |

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 409,500.00

Transfer Tax Value: \$ 409,500.00

Real Property Transfer Tax Due: \$ 1,678.95

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature Karen G. Woosley Capacity Business Mgt. - Seller

Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)	(REQUIRED)
Print Name: <u>ACC PROPERTY INVESTMENT LLC</u>	Print Name: <u>ORMAT NEVADA, INC.</u>
Address: <u>9222 PROTOTYPE DR</u>	Address: <u>6225 NEIL ROAD</u>
City: <u>RENO</u>	City: <u>RENO</u>
State: <u>NV</u> Zip: <u>89521</u>	State: <u>NV</u> Zip: <u>89511</u>

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: RESOURCE MANAGEMENT & DEVEL Escrow # -

Address: P.O. BOX 70458

City: RENO State: NV Zip: 89510

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

**DOC # 3974400**

02/16/2011 11:24:26 AM

Requested By  
RESOURCE MGT & DEVELOPMENT INC  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$15.00 RPTT: \$1,678.95  
Page 1 of 2

APN: N/A

RPTT: \_\_\_\_\_

When Recorded Return to:  
Christopher M. Heaps  
Director of Business Development  
6225 Neil Road  
Reno, NV 89511  
Mail Tax Statements to:  
Party receiving same



SPACE ABOVE FOR RECORDERS USE

**Grant, Bargain, Sale Deed**

**THIS INDENTURE WITNESSETH:** That **ACC Property Investment, LLC**, a Nevada limited liability company, in consideration of \$10.00, the receipt of which is hereby acknowledged, does hereby Grant, Bargain, Sell and convey to **Ormat Nevada, Inc.**, a Delaware corporation the following described water rights:

Sixty-three (63.00) acre feet of water rights and a pro rata share of the diversion rate from a portion of Permit No. 75482 as filed in the office of the Nevada State Engineer's Office, Division of Water Resources.

**SUBJECT TO:** All water master fees and changes that may hereafter become due pursuant to that certain Decree as filed in Equity Docket No. A-3, the United States of America as Plaintiff vs. the Orr Water Ditch company, et al, Defendants.

Together with all and singular the tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining.

WITNESS my hand this 15<sup>th</sup> day of February, 2011.

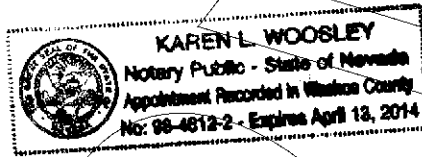
ACC Property Investment, LLC, a Nevada  
limited liability company

  
By: Jeffrey E. Kirby, Manager

STATE OF NEVADA )  
 ) ss.  
COUNTY OF WASHOE )

On this 15<sup>th</sup> day of February, 2011, personally appeared before me, a Notary Public, Jeffrey E. Kirby, who acknowledged to me that he executed the foregoing instrument in his capacity as Manager of ACC Property Investment Company, a Nevada limited liability company.

*Karen L. Wosley*  
\_\_\_\_\_  
Notary Public



C O R P

**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3980295**

03/07/2011 02:40:40 PM  
Requested By  
**MICHAEL D MERCHANT**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$1,420.65  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'/Ind'l     |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>Water Rights</u> |                             |                 |

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 346,500  
 Transfer Tax Value: \$ 246,500  
 Real Property Transfer Tax Due: \$ 1,420.65/00

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Attorney for Grantor  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION BUYER (GRANTEE) INFORMATION**

(REQUIRED)	(REQUIRED)
Print Name: <u>Farmer and Merchants Trust</u>	Print Name: <u>GLS Consulting, Inc.</u>
Address: <u>302 Pine Avenue</u>	Address: <u>245 Vine St.</u>
City: <u>Long Beach, CA</u>	City: <u> Reno</u>
State: <u>CA</u> Zip: <u>90802</u>	State: <u>NV</u> Zip: <u>89503</u>

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
 Print Name: Michael D Merchant Escrow # N/A  
 Address: 9222 Prototype Dr.  
 City: Reno State: NV Zip: 89521

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

- When recorded mail to Grantee:
- Mail tax statements to Grantee:

GCS Consulting, Inc.  
227 Vine Street  
Reno, Nevada 89503



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 8<sup>th</sup> day of March, 2011, by and between **Farmers and Merchants Trust Company of Long Beach, a California corporation**, hereinafter called Grantor, and **GCS Consulting, Inc.**, hereinafter called Grantee.

**WITNESSETH**

Grantor, in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A portion of Permit No. 73529 consisting of not to exceed 63.00 acre feet annually and a pro rata share of the diversion rate. Said 63.00 acre feet of Truckee River water originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights under Permit No. 73529 are reserved to the Grantor.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has executed this instrument the day and year first above written.

**GRANTOR:**

**Farmers and Merchants Trust Company of Long Beach, a California corporation**

*Daniel K. Walker*  
By: Daniel K. Walker  
Title: President

*Kevin M. Tiber*  
By: Kevin M. Tiber  
Title: Senior Vice President

STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF LOS ANGELES )

On this 3<sup>rd</sup> day of March, 2011, personally appeared before me, a Notary Public, Daniel K. Walker, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

*Thylan Nguyen*  
Notary Public



STATE OF CALIFORNIA )  
 ) SS  
COUNTY OF LOS ANGELES )

On this 3<sup>rd</sup> day of March, 2011, personally appeared before me, a Notary Public, Kevin M. Tiber, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as Senior Vice President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

*Thylan Nguyen*  
Notary Public



**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3980296**

03/07/2011 02:40:40 PM  
Requested By  
**MICHAEL D MERCHANT**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$635.50  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>Water Rights</u> |                             |                 |

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 155,000.00  
 Transfer Tax Value: \$ 155,000.00  
 Real Property Transfer Tax Due: \$ 635.50

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Attorney for Grantor  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)  
 Print Name: GLS Consulting, Inc.  
 Address: 245 Viper St.  
 City: Teno  
 State: NV Zip: 89503

(REQUIRED)  
 Print Name: Michael & Pam Guidata  
 Address: 1055 Monte Vista  
 City: Teno  
 State: NV Zip: 89511

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
 Print Name: Michael D Merchant Escrow # N/A  
 Address: 9222 Peotony Dr.  
 City: Teno State: NV Zip: 89521

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)



03/07/2011 02:40:40 PM  
Requested By  
**MICHAEL D MERCHANT**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$15.00 RPTT: \$635.50  
Page 1 of 2

When recorded mail to Grantee:  
Mail tax statements to Grantee:

Michael R. & Pamela L. Guidara  
1055 Monte Vista Drive  
Reno, Nevada 89511



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 7<sup>th</sup> day of March, 2011, by and between **GCS Consulting, Inc.**, a Nevada corporation, hereinafter called Grantor, and **Michael R. Guidara and Pamela L. Guidara**, husband and wife, as joint tenants with rights of survivorship, hereinafter called Grantee.

**WITNESSETH**

Grantor, in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

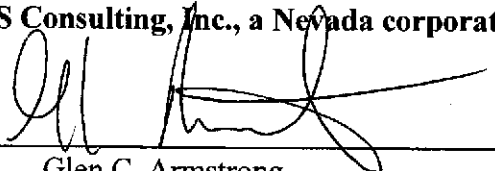
**A portion of Permit No. 73529 consisting of not to exceed 20.00 acre feet annually and a pro rata share of the diversion rate. Said 20.00 acre feet of Truckee River water originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights under Permit No. 73529 are reserved to the Grantor.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

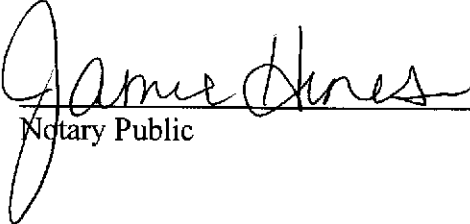
IN WITNESS WHEREOF, Grantor has executed this instrument the day and year first above written.

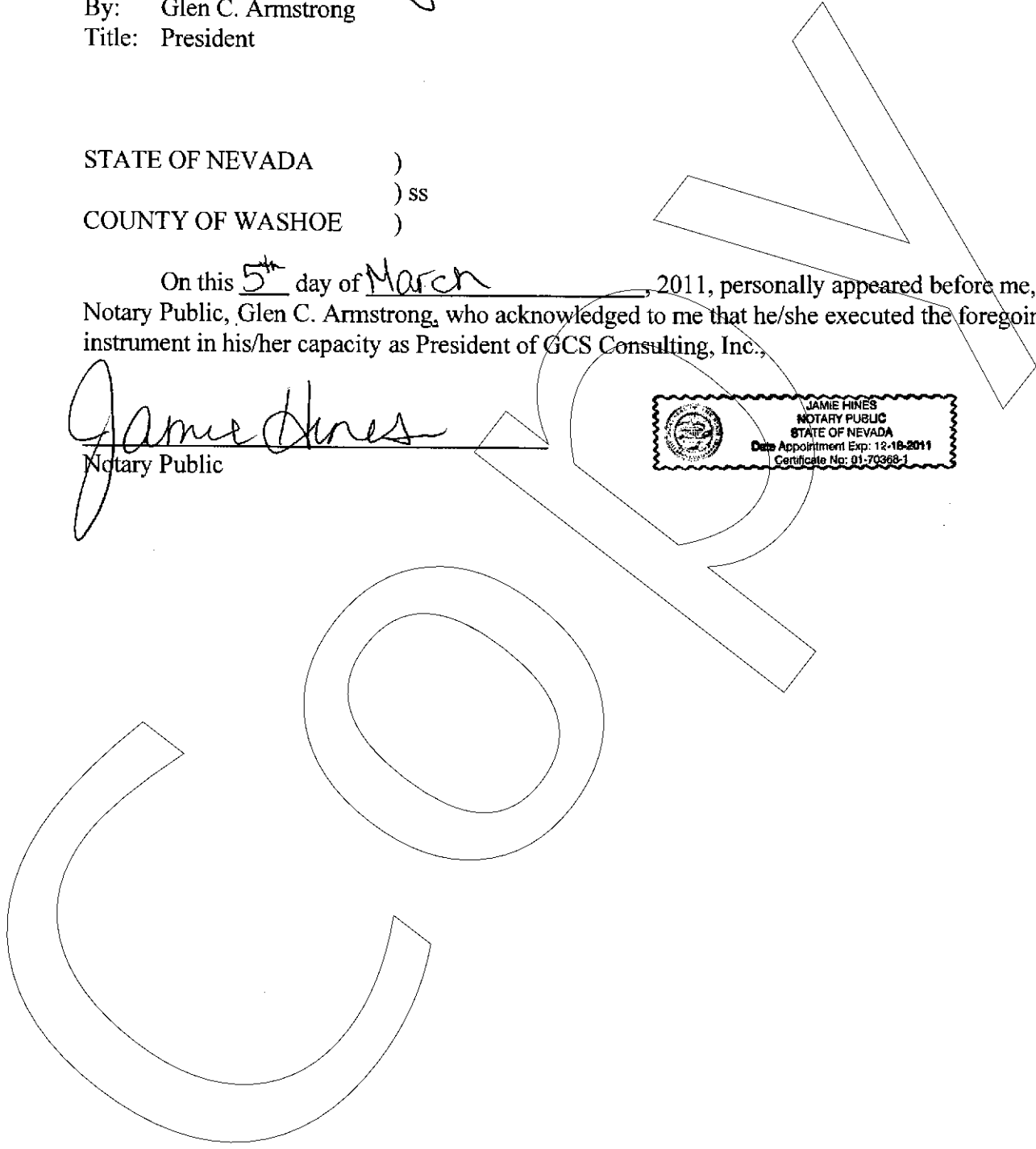
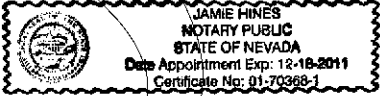
**GRANTOR:**  
**GCS Consulting, Inc., a Nevada corporation**

  
\_\_\_\_\_  
By: Glen C. Armstrong  
Title: President

STATE OF NEVADA        )  
  ) ss  
COUNTY OF WASHOE    )

On this 5<sup>th</sup> day of March, 2011, personally appeared before me, a Notary Public, Glen C. Armstrong, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as President of GCS Consulting, Inc.,

  
\_\_\_\_\_  
Notary Public



DV-3980297

03/07/2011 02:40:40 PM

Requested By  
MICHAEL D MERCHANT  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$1,137.75  
Page 1 of 1

STATE OF NEVADA  
DECLARATION OF VALUE



1. Assessor Parcel Number (s)

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

2. Type of Property:

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'/Ind'l     |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>water rights</u> |                             |                 |

**FOR RECORDERS OPTIONAL USE ONLY**

Notes: \_\_\_\_\_

\_\_\_\_\_

3. Total Value/Sales Price of Property:

\$ 277,500.00

Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_

Transfer Tax Value: \$ 277,500.00

Real Property Transfer Tax Due: \$ 1,137.75

4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature \_\_\_\_\_ Capacity Attorney

Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)

Print Name: Furness Merchants TRWF

Address: 302 Pine Avenue

City: Las Vegas

State: CA Zip: 90802

(REQUIRED)

Print Name: Prinet Nevada, Inc.

Address: 6225 Neil Road

City: Teno

State: NV Zip: 89511

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: Michael Merchant Escrow # N/A

Address: 9222 Peartype Dr

City:  Reno  State:  NV  Zip:  89521

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

When recorded mail to Grantee:  
Mail tax statements to Grantee:

Attn: Christopher M. Heaps  
Ormat Nevada, Inc.  
6225 Neil Road  
Reno, Nevada 89511



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 8<sup>th</sup> day of March, 2011, by and between **Farmers and Merchants Trust Company of Long Beach, a California corporation**, hereinafter called Grantor, and **Ormat Nevada, Inc., a Delaware corporation**, hereinafter called Grantee.

**WITNESSETH**

Grantor, in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A portion of Permit No. 73529 consisting of not to exceed 37.00 acre feet annually and a pro rata share of the diversion rate. Said 37.00 acre feet of Truckee River water originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights under Permit No. 73529 are reserved to the Grantor.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

IN WITNESS WHEREOF, Grantor has executed this instrument the day and year first above written.

**GRANTOR:**

**Farmers and Merchants Trust Company of Long Beach, a California corporation**

*Daniel K. Walker*  
By: Daniel K. Walker  
Title: President

*Kevin M. Tiber*  
By: Kevin M. Tiber  
Title: Senior Vice President

STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF LOS ANGELES )

On this 3<sup>rd</sup> day of March, 2011, personally appeared before me, a Notary Public, Daniel K. Walker, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

*Thylan Nguyen*  
Notary Public



STATE OF CALIFORNIA )  
 ) ss  
COUNTY OF LOS ANGELES )

On this 3<sup>rd</sup> day of March, 2011, personally appeared before me, a Notary Public, Kevin M. Tiber, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as Senior Vice President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

*Thylan Nguyen*  
Notary Public



**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3984525**

03/18/2011 01:20:06 PM  
Requested By  
**RENOWN HEALTH**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$666.25  
Page 1 of 1



**1. Assessor Parcel Number (s)**

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm/Wind'l     |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>WATER RIGHTS</u> |                             |                 |

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

**3. Total Value/Sales Price of Property:**

Deed in Lieu of Foreclosure Only (value of property) \$ 162,500  
 Transfer Tax Value: \$ 162,500  
 Real Property Transfer Tax Due: \$ 666.25

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Director  
 Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)  
 Print Name: GCS Consulting  
 Address: 227 VINE ST  
 City: RENO  
 State: NV Zip: 89503

(REQUIRED)  
 Print Name: RENOWN Health  
 Address: 1155 MILL ST T-2  
 City: RENO, NV 89502  
 State: NV Zip: \_\_\_\_\_

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
 Print Name: \_\_\_\_\_ Escrow # \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

APN: n/a  
When Recorded, Return to:  
Renown Health  
Attn: Steve Tapogna, Director of Real Estate  
1155 Mill Street; Mail Stop 12  
Reno, NV 89502



WATER RIGHTS DEED

THIS INDENTURE, made and entered into this 16<sup>th</sup> day of March, 2011, by and between, GCS CONSULTING, INC., a Nevada corporation, hereinafter referred to as "Grantor", and RENOWN HEALTH, a Nevada non-profit corporation, hereinafter referred to as "Grantee";

WITNESSETH:

That the said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Grantee, and to its successors and assigns forever, all of the rights of the Grantor to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, described as follows:

A portion of Permit Number 73529, on file at the Division of Water Resources, Carson City, Nevada, consisting of 25.00 acre feet annually, together with a prorate share of the diversion rate. Said 25.00 acre feet of Truckee River water originally allocated under Truckee River Decree Claim Numbers 94 and 94a.

Reserving unto Grantor any and all water rights above and beyond said 25.00 acre feet.

To have and to hold the said water rights together with the tenements, hereditaments and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof unto the Grantee, its successors and assigns, forever.



APN: n/a

IN WITNESS WHEREOF, the parties hereto have caused their names to be hereunto subscribed the day and year first above written.

GRANTOR:

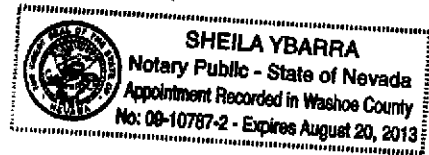
GCS CONSULTING, INC.  
a Nevada corporation

By: [Signature]  
GLEN C. ARMSTRONG, PRESIDENT

STATE OF NEVADA        )  
                                  ) ss.  
COUNTY OF WASHOE

This instrument was acknowledged before me on March 16, 2011, by GLEN C. ARMSTRONG, and that the Grantor(s) named above are the same as identified herein.

[Signature]  
Notary Public



**STATE OF NEVADA  
DECLARATION OF VALUE**

**DV-3991733**

04/08/2011 03:08:16 PM  
Requested By  
**MICHAEL D BUSCHELMAN CONSULTING**  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$582.20  
Page 1 of 1

**1. Assessor Parcel Number (s)**

- a) None
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_



**2. Type of Property:**

- |  |                           |                             |                 |
|--|---------------------------|-----------------------------|-----------------|
| a) <input type="checkbox"/>            | Vacant Land               | b) <input type="checkbox"/> | Single Fam Res. |
| c) <input type="checkbox"/>            | Condo/Twnhse              | d) <input type="checkbox"/> | 2-4 Plex        |
| e) <input type="checkbox"/>            | Apt. Bldg.                | f) <input type="checkbox"/> | Comm'l/Ind'l    |
| g) <input type="checkbox"/>            | Agricultural              | h) <input type="checkbox"/> | Mobile Home     |
| i) <input checked="" type="checkbox"/> | Other <u>Water Rights</u> |                             |                 |

**FOR RECORDERS OPTIONAL USE ONLY**  
Notes: \_\_\_\_\_  
\_\_\_\_\_

**3. Total Value/Sales Price of Property:**

\$ 141,666.60  
Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_  
Transfer Tax Value: \$ 141,666.60  
Real Property Transfer Tax Due: \$ 582.20

**4. If Exemption Claimed:**

- a. Transfer Tax Exemption, per NRS 375.090, Section: \_\_\_\_\_
- b. Explain Reason for Exemption: \_\_\_\_\_

**5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %**

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature Michael D Buschelman Capacity Agent  
Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)  
Print Name: Farmers & Merchants  
Address: 302 Pine Avenue  
City: Long Beach  
State: CA Zip: 90802

(REQUIRED)  
Print Name: Walter Boon Von Ocksee  
Address: 2309 Diamond Place  
City: Reno  
State: NV Zip: 89511

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)  
Print Name: Michael D Buschelman Escrow # \_\_\_\_\_  
Address: PO Box 51371  
City: SPARKS State: NV Zip: 89435

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

When recorded mail to Grantee:  
Mail tax statements to Grantee:

Walther Boon Von Ochssee  
2309 Diamond J Place  
Reno, Nevada 89511



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 28<sup>th</sup> day of March, 2011, by and between **Farmers and Merchants Trust Company of Long Beach, a California corporation**, hereinafter called Grantor, and **Walther Boon von Ochssee**, hereinafter called Grantee.

**WITNESSETH**

Grantor, in consideration of the sum of Ten Dollars (\$10.00) lawful money of the United States of America, and other good and valuable consideration, receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to a **total of 20.00 acre feet annually** of the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A portion of Permit No. 73529 consisting of not to exceed 13.245 acre feet annually and a pro rata share of the diversion rate. Said 13.245 acre feet of Truckee River water originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights under Permit No. 73529 are reserved to the Grantor.**

**A portion of Permit No. 76232 consisting of not to exceed 6.755 acre feet annually and a pro rata share of the diversion rate. Said 6.755 acre feet of Truckee River water originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights under Permit No. 76232 are reserved to the Grantor.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

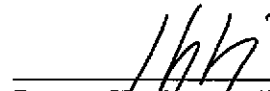
**IN WITNESS WHEREOF**, Grantor has executed this instrument the day and year first above written.

**GRANTOR:**

**Farmers and Merchants Trust Company of Long Beach, a California corporation**



By: Daniel K. Walker  
Title: President



By: Kevin M. Tiber  
Title: Senior Vice President

STATE OF CALIFORNIA

)  
) ss  
)

COUNTY OF LOS ANGELES

On this 28<sup>th</sup> day of March, 2011, personally appeared before me, a Notary Public, Daniel K. Walker, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

  
Notary Public

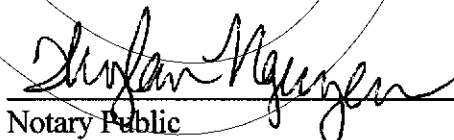


STATE OF CALIFORNIA

)  
) ss  
)

COUNTY OF LOS ANGELES

On this 28<sup>th</sup> day of March, 2011, personally appeared before me, a Notary Public, Kevin M. Tiber, who acknowledged to me that he/she executed the foregoing instrument in his/her capacity as Senior Vice President of Farmers and Merchants Trust Company of Long Beach, a California corporation.

  
Notary Public



State of Nevada Declaration of Value

1. Assessor Parcel Number(s)

- a) 079-180-08
- b) \_\_\_\_\_
- c) \_\_\_\_\_

2. Type of Property:

- a)  Vacant Land
- b)  Single Fam. Res.
- c)  Condo / Twnhse
- d)  2-4 Plex
- e)  Apt. Bldg.
- f)  Comm'l/Ind'l
- g)  Agricultural
- h)  Mobile Home
- i)  Other \_\_\_\_\_

Recorder's Note:  
Transfer to Pyramid Lake Paiute Tribe. GS

3. Total Value/Sale Price of Property:

Deed in Lieu of Foreclosure Only (value of property)

\$3,716,880.00

Transfer Tax Value

\$

Real Property Transfer Tax Due:

\$3,716,880.00

4. If Exemption Claimed:

a. Transfer Tax Exemption, per NRS 375.090, Section: 2

b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage Being Transferred: \_\_\_\_\_ %

The undersigned, declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Handwritten Signature]

Capacity V.P. Finance / Admin

Signature \_\_\_\_\_

Capacity GRANTOR

SELLER (GRANTOR) INFORMATION

Print Name: Board of Regents, Nevada System of Higher Education, Inc.  
Address: 899 J. Center ST.  
City: RENO  
State: NV Zip: 89501

BUYER (GRANTEE) INFORMATION

Print Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_  
State: \_\_\_\_\_ Zip: \_\_\_\_\_

COMPANY/PERSON REQUESTING RECORDING

Co. Name: Northern Nevada Title Company Esc. # WA-1090366-CL  
Address: 307 W Winnie Lane #5  
City: Carson City State: NV Zip: 89703

State of Nevada Declaration of Value

1. Assessor Parcel Number(s)

- a) 079-180-08
- b) \_\_\_\_\_
- c) \_\_\_\_\_

2. Type of Property:

- a)  Vacant Land
- b)  Single Fam. Res.
- c)  Condo / Twnhse
- d)  2-4 Plex
- e)  Apt. Bldg.
- f)  Comm'l/Ind'l
- g)  Agricultural
- h)  Mobile Home
- i)  Other \_\_\_\_\_

3. Total Value/Sale Price of Property:

\$3,716,880.00

Deed in Lieu of Foreclosure Only (value of property)

\$ \_\_\_\_\_

Transfer Tax Value

\$3,716,880.00

Real Property Transfer Tax Due:

0

4. If Exemption Claimed:

a. Transfer Tax Exemption, per NRS 375.090, Section: 2

b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage Being Transferred: \_\_\_\_\_ %

The undersigned, declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature: Wayne Burke Capacity: Chairman / GRANTEE  
 Signature: \_\_\_\_\_ Capacity: \_\_\_\_\_

SELLER (GRANTOR) INFORMATION

Print Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 City: \_\_\_\_\_  
 State: \_\_\_\_\_ Zip: \_\_\_\_\_

BUYER (GRANTEE) INFORMATION

PYRAMID LAKE PEAHUTE TRIBE  
 Print Name: Wayne Burke, Tribal Chairman  
 Address: P.O. Box 256  
 City: NIXON  
 State: NV Zip: 89424

COMPANY/PERSON REQUESTING RECORDING

Co. Name: Northern Nevada Title Company Esc. # WA-1090366-C7.  
 Address: 307 W Winnie Lane #5  
 City: Carson City State: NV Zip: 89703

WA-1090366LS  
APN# 079-180-08  
Washoe County, NV

RECORDING REQUESTED BY:  
Northern Nevada Title Company  
Escrow No. WA-1090366

WHEN RECORDED, PLEASE MAIL TO:  
Pyramid Lake Paiute Tribe  
P.O. Box 256  
Nixon, NV 89424  
Attn: Chairman, Tribal Council

### GRANT, BARGAIN AND SALE DEED

FOR VALUE RECEIVED, the BOARD OF REGENTS, NEVADA SYSTEM OF HIGHER EDUCATION ("Grantor") does hereby grant, bargain and sell to the PYRAMID LAKE PAIUTE TRIBE, a federally recognized Indian Tribe, and to its successors and assigns, ("Grantee") all that certain real property situate in the County of Washoe, State of Nevada, described in EXHIBIT A attached hereto and by this reference incorporated herein (the "Subject Property").

TOGETHER WITH, all and singular, the improvements and fixtures thereon, and any and all rights appurtenant thereto, including but not limited to any and all water and water rights, including all of the rights of Grantor in and to those water rights more particularly described on EXHIBIT B attached hereto and by this reference incorporated herein, ditch and ditch rights, channels and channel rights, minerals and mineral rights, and all other surface and subsurface rights, permits, tenements, hereditaments and appurtenances thereunto belonging or in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

Grantee does hereby assume the payment of all water master fees and charges that may hereafter become due and payable in respect to the water rights referred to herein by reason of the Decree in The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al., Defendants, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada.

TO HAVE AND TO HOLD the said premises, together with the appurtenances, unto Grantee, and unto its successors and assigns, forever.

Dated 25 day of May, 2011.

GRANTOR:

BOARD OF REGENTS,  
NEVADA SYSTEM OF HIGHER EDUCATION

By:

  
RONALD M. ZUREK

Title:

VP, Admin. + Finance

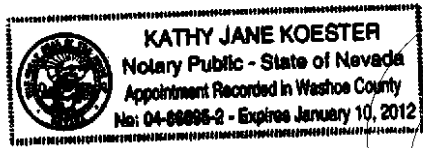


STATE OF NEVADA )  
COUNTY OF Washoe ) ss.

On May 25, 2011, personally appeared before me, a notary public,  
Ronald M. Zurek, who proved to me on the basis of  
satisfactory evidence to be the person whose name is subscribed to the foregoing  
instrument and acknowledged to me that he executed the same in his authorized capacity,  
and that by his signature on the instrument the person, or entity upon behalf of which the  
person acted, executed the instrument.

WITNESS my hand and official seal.

Signature Kathy Jane Koester



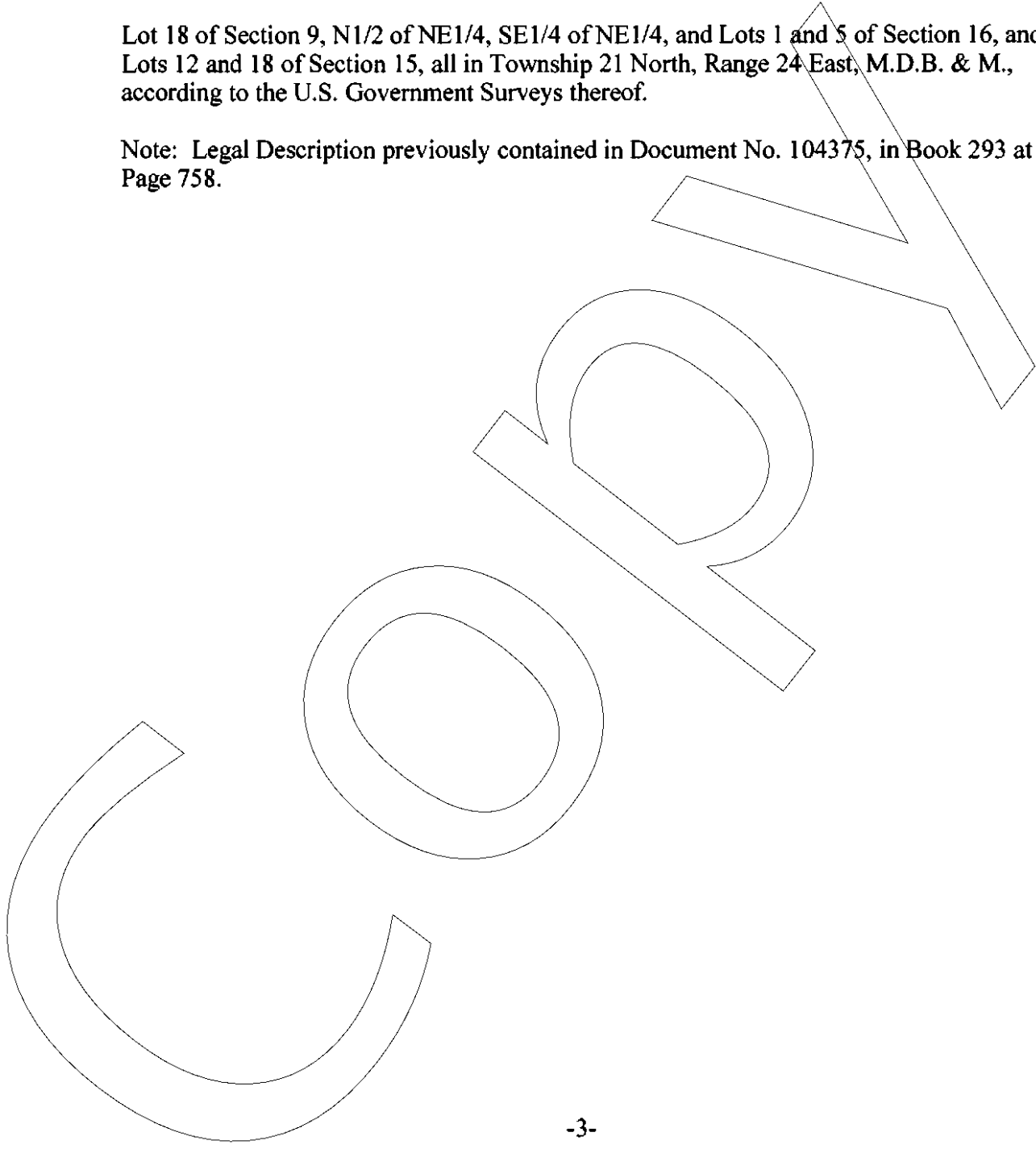
COPY

**EXHIBIT A**  
**LEGAL DESCRIPTION**

All that certain real property situate in the County of Washoe, State of Nevada, described as follows:

Lot 18 of Section 9, N1/2 of NE1/4, SE1/4 of NE1/4, and Lots 1 and 5 of Section 16, and Lots 12 and 18 of Section 15, all in Township 21 North, Range 24 East, M.D.B. & M., according to the U.S. Government Surveys thereof.

Note: Legal Description previously contained in Document No. 104375, in Book 293 at Page 758.



**EXHIBIT B**

**DESCRIPTION OF WATER RIGHTS**

**Truckee River Decree Claim No. 644**

Those certain decreed vested water rights in and to the waters of the Truckee River being all of the water and water rights, ditch and ditch rights, designated under Truckee River Decree Claim No. 644 (with a 1897 priority date), delivered by the GARDELLA DITCH, heretofore allocated to JOSEPH GARDELL, as set forth in the Final Decree in Equity, Docket No. A3, entered on September 8, 1944, by the United States District Court for the District of Nevada in that certain action entitled The United States of America vs. Orr Water Ditch Company, et al. (Truckee River Decree), as follows:

The appurtenant lands containing 56.3 acres from Claim No. 644 are as follows:

- 8.1 Acres within the SE NE, Section 16, T.21 N., R.24 E., M.D.B.&M.
  - 9.1 Acres within the NE NE, Section 16, T.21 N., R.24 E., M.D.B.&M.
  - 1.4 Acres within the SW NE, Section 16, T.21 N., R.24 E., M.D.B.&M.
  - 17.4 Acres within the NW NE, Section 16, T.21 N., R.24 E., M.D.B.&M.
  - 1.8 Acres within the NE NW, Section 16, T.21 N., R.24 E., M.D.B.&M.
  - 5.8 Acres within the SE SW, Section 9, T.21 N., R.24 E., M.D.B.&M.
  - 10.1 Acres within the NW SW, Section 15, T.21 N., R.24 E., M.D.B.&M.
  - 2.6 Acres within the SW NW, Section 15, T.21 N., R.24 E., M.D.B.&M.
- 56.3 Acres

Said water and water rights being conveyed herein are appurtenant to that certain 56.3 acres of the Subject Property described above, totaling 226 acre feet annually with a duty of 4.0 acre feet per annum; and authorizing a pro-rata share of the diversion rate, with the right to change the point of diversion, place and manner of use specifically set forth herein.

Permit 47020, Certificate 11434 (Truckee River Decree Claim No. 384)

Those certain decreed vested water rights in and to the waters of the Truckee River being all of Permit 47020, Certificate 11434, being appurtenant to a certain 20.76 acres of the Subject Property described below, with a duty not to exceed 4.0 acre feet per annum for a total of 83.00 acre feet of water rights, formerly a portion of Truckee River Decree Claim No. 384 as set forth in the Final Decree in Equity, Docket No. A3, entered on September 8, 1944, by the United States District Court for the District of Nevada in that certain action entitled The United States of America vs. Orr Water Ditch Company, et al. (Truckee River Decree).

The description of the Subject Property to which the water is appurtenant is:

10.23 Acres in the SW1/4 NE1/4 of Section 16, T.21 N., R.24 E., M.D.B.&M.  
7.17 Acres in the SE1/4 NE1/4 of Section 16, T.21 N., R.24 E., M.D.B.&M.  
3.36 Acres in the NW1/4 NE1/4 of Section 16, T.21 N., R.24 E., M.D.B.&M.  
20.76 Acres

Permit 47020, Certificate 11434, issued on May 30, 1986 by the State Engineer, Division of Water Resources, State of Nevada, changed the place of use of Permit 38860, which changed the point of diversion and place of use of a portion of Permit 16879, Certificate 4582, which changed the point of diversion of Truckee River Decree Claim No. 384.

Permit 47021, Certificate 11435 (Truckee River Decree Claim No. 385)

Those certain decreed vested water rights in and to the waters of the Truckee River being all of Permit 47021, Certificate 11435, being appurtenant to a certain 3.79 acres of the Subject Property in the NW1/4 NE1/4 of Section 16, T.21N. R.24 E., M.D.B.&M., with a duty not to exceed 4.0 acre-feet per annum for a total of 15.16 acre-feet of water rights, formerly a portion of Truckee River Decree Claim No. 385 as set forth in the Final Decree in Equity, Docket No. A3, entered on September 8, 1944, by the United States District Court for the District of Nevada in that certain action entitled The United States of America vs. Orr Water Ditch Company, et al. (Truckee River Decree).

Permit 47021, Certificate 11435, issued on May 30, 1986 by the State Engineer, Division of Water Resources, State of Nevada, changed the point of diversion and place of use of a portion of Permit 16900, Certificate 4545, which changed the point of diversion and place of use of Truckee River Decree Claim No. 385.

ACCEPTANCE

As the duly elected Tribal Chairman of THE PYRAMID LAKE TRIBAL COUNCIL, I hereby accept and consent to recordation of this document on behalf of THE PYRAMID LAKE PAIUTE TRIBE.

By: Wayne Burke  
Wayne Burke, Tribal Chairman

On May 25, 2011, personally appeared before me, a notary public, WAYNE BURKE, personally known to me to be the person whose name is subscribed to the above instrument who acknowledged that he executed the instrument.



Alicia Querta  
NOTARY PUBLIC

Residing at:

208 Capital Hill, Nixm, NV 89424

My commission expires: July 15, 2013

**STATE OF NEVADA  
DECLARATION OF VALUE**

- 1. Assessor Parcel Number(s)
  - a) water rights no apn assigned
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_
  - d) \_\_\_\_\_

- 2. Type of Property
  - a)  Vacant Land
  - b)  Single Fam. Res.
  - c)  Condo/Twnhse
  - d)  2-4 Plex
  - e)  Apt. Bldg.
  - f)  Comm'l/Ind'l
  - g)  Agricultural
  - h)  Mobile Home
  - i)  Other water rights

FOR RECORDERS OPTIONAL USE	
Book _____	Page: _____
Date of Recording: _____	
Notes: _____	

- 3. a) Total Value/Sales Price of Property: \$4,293,650.00
- b) Deed in Lieu of Foreclosure Only (value of \$)
- c) Transfer Tax Value: \$4,293,650.00
- d) Real Property Transfer Tax Due: \$17,605.40

- 4. **If Exemption Claimed:**
  - a. Transfer Tax Exemption, per 375.090, Section: \_\_\_\_\_
  - b. Explain reason for exemption: \_\_\_\_\_
- 5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the parties agree that disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month. Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature: [Signature] Capacity: Grantor  
 Signature: \_\_\_\_\_ Capacity: \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**  
**(REQUIRED)**

Print Name: Rising Tides LLC  
 Address: P.O. Box 70458  
 City: Reno  
 State: NV Zip: 89570

**BUYER (GRANTEE) INFORMATION**  
**(REQUIRED)**

Print Name: LLC  
 Address: 8725 Technology Way, Suite B  
 City: Reno, NV 89521  
 State: \_\_\_\_\_ Zip: \_\_\_\_\_

**COMPANY/PERSON REQUESTING RECORDING (required if not seller or buyer)**

Print Name: First American Title Insurance Company File Number: 121-2417283 MLR/MLR  
 Address: 5310 Kietzke Lane, Suite 100  
 City: Reno State: NV Zip: 89511-2043

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED/MICROFILMED)

**STATE OF NEVADA  
DECLARATION OF VALUE**

1. Assessor Parcel Number(s)
- a) water rights no apn assigned
  - b) \_\_\_\_\_
  - c) \_\_\_\_\_
  - d) \_\_\_\_\_

2. Type of Property
- a)  Vacant Land
  - b)  Single Fam. Res.
  - c)  Condo/Twnhse
  - d)  2-4 Plex
  - e)  Apt. Bldg.
  - f)  Comm'l/Ind'l
  - g)  Agricultural
  - h)  Mobile Home
  - i)  Other water rights

<b>FOR RECORDERS OPTIONAL USE</b>	
Book _____	Page: _____
Date of Recording: _____	
Notes: _____	

3. a) Total Value/Sales Price of Property: \$4,293,650.00
- b) Deed in Lieu of Foreclosure Only (value of ( \$ \_\_\_\_\_ ))
- c) Transfer Tax Value: \$4,293,650.00
- d) Real Property Transfer Tax Due: \$17,605.40

4. **If Exemption Claimed:**

- a. Transfer Tax Exemption, per 375.090, Section: \_\_\_\_\_
- b. Explain reason for exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the parties agree that disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month. Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature: [Signature]

Capacity: Manager/Member

Signature: \_\_\_\_\_

Capacity: \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION  
(REQUIRED)**

**BUYER (GRANTEE) INFORMATION  
(REQUIRED)**

Print Name: Rising Tides LLC

Print Name: LLC

Address: P.O. Box 70458

Address: 8725 Technology Way,

City: Reno

Address: Suite B

State: NV Zip: 89570

City: Reno, NV 89521

State: \_\_\_\_\_ Zip: \_\_\_\_\_

**COMPANY/PERSON REQUESTING RECORDING (required if not seller or buyer)**

First American Title Insurance

File Number: 121-2417283 MLR/MLR

Print Name: Company

Address: 5310 Kietzke Lane, Suite 100

City: Reno

State: NV Zip: 89511-2043

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED/MICROFILMED)

Water Rights - No APN Assigned  
RPTT \$ 17,605.40

When recorded, return to Grantee:  
Mail tax statement to Grantee:  
Reno Land and Water, LLC  
8725 Technology Way, Ste B  
Reno, NV 89521

Recorder Affirmation Statement: The undersigned hereby affirms that this document, including any exhibit, hereby submitted for recording does not contain the social security number of any person or persons (per NRS 293B.030)

*Section # 121-2417283 MLR*

WATER RIGHTS DEED

THIS INDENTURE, made and entered into this 11<sup>th</sup> day of January, 2012, by and between **Rising Tides LLC**, a Nevada limited liability company, herein referred to as "Grantor", and **Reno Land and Water, LLC**, a Nevada limited liability company, herein referred to as "Grantee".

WITNESSETH

That the said Grantor, for good and valuable consideration, the receipt whereof is hereby acknowledged, does by these presents grant, bargain, sell and convey unto the Grantee, and to its heirs, executors, administrators, successors and assigns forever, all right, title and interest in and to that certain right to divert from the Truckee River and its tributaries the water appurtenant to the land situate in the County of Washoe, State of Nevada, attached as EXHIBIT A and EXHIBIT B, and more particularly described as follows:

A portion of **Truckee River Claims 346/347**, being a pro rata share of the diversion rate and **898.73 acre feet per annum**, more or less, from the Spanish Springs Valley Ditch (diversion through Orr Ditch and Orr Ditch Extension), in Washoe County, Nevada, together with the right to change the point of diversion, place of use and manner of use thereof, being portions of Sections 10 and 15, Township 20 North, Range 20 East, M.D.M..

Said water being a portion of the Orr Ditch heretofore allocated to Mrs. Adelina Trosi in that certain action entitled *The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants*, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and being distributed and allocated in said Decree under Claim or Right Nos. 346/347.



EXCEPTING THEREFROM unto the Grantor any and/or all water and water rights, ditch and ditch rights over and above the 898.73 acre feet per annum specifically set forth herein.

TOGETHER WITH ALL AND SINGULAR, the tenements, hereditaments and appurtenances thereunto belonging and in anywise appertaining, and the reversion and reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD, ALL AND SINGULAR, the said premises together with the appurtenances, unto the said Grantee and to its heirs, executors, administrators, successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has caused this Water Rights Deed to be executed the day and year first above written.

GRANTOR:

Rising Tides LLC, a Nevada limited liability company

Signed [Signature]  
Name (printed) Robert Mathewson  
Title Managing Member

STATE OF NEVADA )  
  ) SS  
COUNTY OF WASHOE )

This instrument is being recorded as an "Accommodation Only" by First American Title Insurance Company and has not been examined as to its validity, execution or its effect upon title, if any.

On this 11th day of JANUARY, 2012, before me, the undersigned, a Notary Public in and for said State, personally appeared ROBERT A. MATHEWSON, personally known to me or proved to me on the basis of satisfactory evidence to be the person who executed the within instrument for the purposes herein stated.

WITNESS my hand and official seal.

[Signature]  
NOTARY PUBLIC



**EXHIBIT A****TRANSFER TABLE FOR ORR DITCH DECREE CLAIMS 346/347**

1/4 1/4	Section	Township	Range	Cultivated Acres at 3.40269 af/ac *3	Wild Hay Acres at 4.00128 af/ac *4
NE NW	10	20 North	20 East	1.30	
SE NW	10	20 North	20 East	11.70	
SW NE	10	20 North	20 East	37.60	2.20
SE NE *1	10	20 North	20 East		1.55
NE SW	10	20 North	20 East	4.50	
NE SE	10	20 North	20 East	10.10	29.70
SE SW	10	20 North	20 East	3.50	
SW SE	10	20 North	20 East	40.80	
SE SE	10	20 North	20 East	14.30	25.00
NW NE	15	20 North	20 East	37.20	
NE NE	15	20 North	20 East	9.80	
SW NE *2	15	20 North	20 East	24.59	
<b>TOTALS:</b>				<b>195.39</b>	<b>58.45</b>

\*1 More particularly described as the westerly 51 feet (more or less) of the SE 1/4 of the NE 1/4 of Section 10, Township 20 North, Range 20 East, M.D.M., as depicted on EXHIBIT B attached hereto.

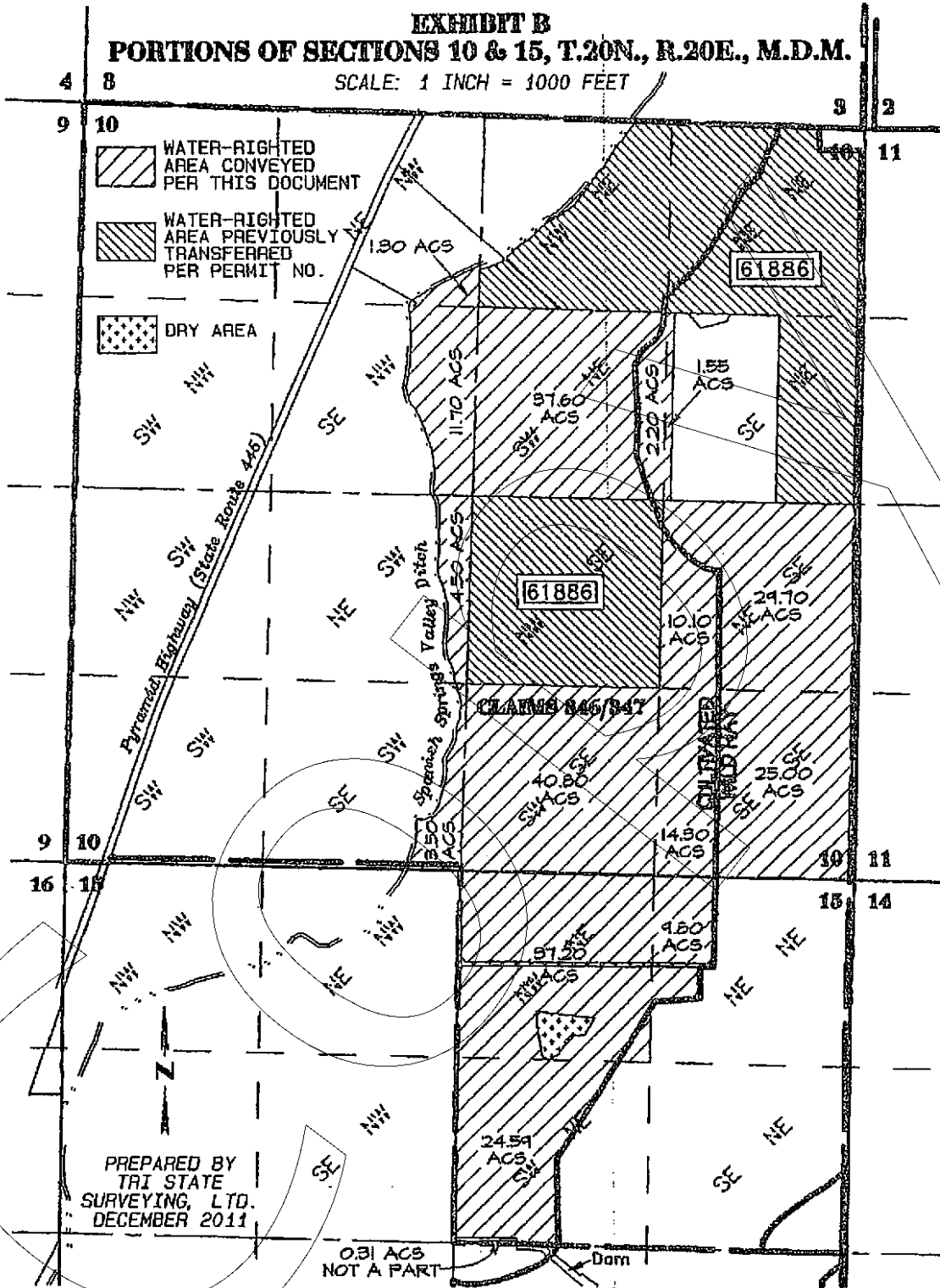
\*2 Excepting that portion of Washoe County Assessor's Parcel No. 083-830-13 as condemned by the City of Sparks in Document No. 1454165, depicted and tabulated as 0.31 acres on Map TR-014 on file in the office of the Nevada State Engineer and on EXHIBIT B attached hereto.

\*3 Duty determined per Page 39 of the Orr Ditch Decree; 1112 acre feet per season allowed for the irrigation of 326.8 acres

\*4 Duty determined per Page 39 of the Orr Ditch Decree; 1248 acre feet per season allowed for the irrigation of 311.9 acres

**EXHIBIT B**  
**PORTIONS OF SECTIONS 10 & 15, T.20N., R.20E., M.D.M.**

SCALE: 1 INCH = 1000 FEET





# WASHOE COUNTY RECORDER


OFFICE OF THE RECORDER  
KATHRYN L. BURKE, RECORDER


1001 E. NINTH STREET  
POST OFFICE BOX 11130  
RENO, NEVADA 89520-0027  
PHONE (775) 328-3661  
FAX (775) 325-8010

## LEGIBILITY NOTICE

The Washoe County Recorder's Office has determined that the attached document may not be suitable for recording by the method used by the Recorder to preserve the Recorder's records. The customer was advised that copies reproduced from the recorded document would not be legible. However, the customer demanded that the document be recorded without delay as the parties rights may be adversely affected because of a delay in recording. Therefore, pursuant to NRS 247.120 (3), the County Recorder accepted the document conditionally, based on the undersigned's representation (1) that a suitable copy will be submitted at a later date (2) it is impossible or impracticable to submit a more suitable copy.

By my signing below, I acknowledge that I have been advised that once the document has been microfilmed it may not reproduce a legible copy.

  
\_\_\_\_\_  
Signature Margie Roma

  
\_\_\_\_\_  
Date

First American Title Insurance Company of Nevada

**STATE OF NEVADA  
DECLARATION OF VALUE**

1. Assessor Parcel Number(s)  
a) NO apr- water rights  
b) \_\_\_\_\_  
c) \_\_\_\_\_  
d) \_\_\_\_\_

2. Type of Property  
a)  Vacant Land      b)  Single Fam. Res.  
c)  Condo/Twnhse    d)  2-4 Plex  
e)  Apt. Bldg.        f)  Comm'l/Ind'l  
g)  Agricultural     h)  Mobile Home  
i)  Other Water rights

**FOR RECORDERS OPTIONAL USE**  
Book \_\_\_\_\_ Page: \_\_\_\_\_  
Date of Recording: \_\_\_\_\_  
Notes: TO WASHOE COUNTY DB

3. a) Total Value/Sales Price of Property: \$267,500.00  
b) Deed in Lieu of Foreclosure Only (value of ( \$ ))  
c) Transfer Tax Value: \$267,500.00  
d) Real Property Transfer Tax Due \$

4. **If Exemption Claimed:**  
a. Transfer Tax Exemption, per 375.090, Section: 2  
b. Explain reason for exemption: no transfer tax due when deeding to the county

5. Partial Interest: Percentage being transferred: 100 %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the parties agree that disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month. Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature: [Signature]  
Signature: [Signature]

Capacity: [Signature]  
Capacity: \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION  
(REQUIRED)**

**BUYER (GRANTEE) INFORMATION  
(REQUIRED)**

Print Name: Farmers and Merchants Trust Company  
Address: 302 Pine Avenue  
City: Long Beach  
State: CA Zip: 90802

Print Name: Washoe County Dept. of Water Resources  
Address: 4930 Energy Way  
City: Reno  
State: NV Zip: 89520

**COMPANY/PERSON REQUESTING RECORDING (required if not seller or buyer)**

Print Name: First American Title Insurance Company File Number: 121-2422881 MLR/MLR  
Address: 5310 Kietzke Lane, Suite 100  
City: Reno State: NV Zip: 89511-2043

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED/MICROFILMED)

When recorded mail to Grantee:  
Washoe County Dept. Water Resources  
4930 Energy Way  
Reno, NV ~~89520-0027~~ 89502

APN: None

Escrow # 121-2422881-m.r

### WATER RIGHT DEED

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 22<sup>nd</sup> day of MARCH, 2012, by **Farmers and Merchants Trust Company of Long Beach, a California corporation**, hereinafter called Grantor, in favor of **Washoe County, a political subdivision of the State of Nevada**, hereinafter called Grantee.

### WITNESSETH

Grantor, for valuable consideration receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street - Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A portion of Permit No. 81144 consisting of not to exceed 50.00 acre feet annually and a pro rata share of the diversion rate. Said 50.00 acre feet of Truckee River water was originally allocated under Truckee River Decree Claim No. 94 and 94A.**

**Any and all remaining water rights over and above the 50.00 acre feet under Permit No. 81144 are reserved to the Grantor.**

**This conveyance to Grantee is for the beneficial interest of Western Supply Corp., a Nevada corporation**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

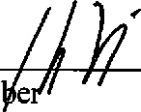
**IN WITNESS WHEREOF**, Grantor has executed this instrument the day and year first above written.

**GRANTOR:**

**Farmers and Merchants Trust Company of Long Beach, a California corporation**



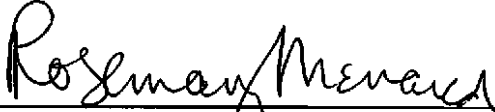
By: Daniel K. Walker  
Title: President



By: Kevin M. Tiber  
Title: Senior Vice President

**GRANTEE:**

**Washoe County**

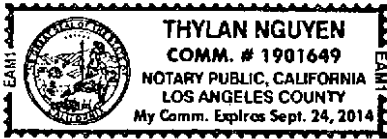


By: Rosemary Menard  
Title: Director of the Washoe County Dept. of Water Resources

This instrument is being recorded as an "Accommodation Only" by First American Title Insurance Company and has not been examined as to its validity, execution or its effect upon title, if any.

STATE OF California )  
COUNTY Los Angeles ) ss.

On this 22nd day of March, 2012, before me, a Notary Public, personally appeared **Daniel K. Walker**, personally known to me to be the **President of Farmers and Merchants Trust Company of Long Beach**, who acknowledged to me that he executed the foregoing document.

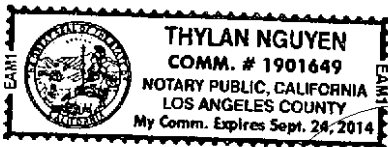


Thylan Nguyen  
Notary Public

My Commission expires: Sept 24, 2014

STATE OF California )  
COUNTY Los Angeles ) ss.

On this 22nd day of March, 2012, before me, a Notary Public, personally appeared **Kevin M. Tiber**, personally known to me to be the **Senior Vice President of Farmers and Merchants Trust Company of Long Beach**, who acknowledged to me that he executed the foregoing document.



Thylan Nguyen  
Notary Public

My Commission expires: Sept 24, 2014

STATE OF NEVADA )  
 ) ss.  
COUNTY OF WASHOE )

On this 4th day of March, 2012, before me, a Notary Public, personally appeared **Rosemary Menard**, personally known to me to be the **Director of the Washoe County Dept. of Water Resources**, who acknowledged to me that he executed the foregoing document.



Margarite Roma  
Notary Public

My Commission expires: 9-9-2013



DV-4133978

07/23/2012 02:44:53 PM

Requested By  
WASHOE COUNTY WATER RESOURCES  
Washoe County Recorder  
Kathryn L. Burke - Recorder  
Fee: \$0.00 RPTT: \$0.00  
Page 1 of 1

STATE OF NEVADA  
DECLARATION OF VALUE



1. Assessor Parcel Number (s)

- a) N/A
- b) \_\_\_\_\_
- c) \_\_\_\_\_
- d) \_\_\_\_\_

2. Type of Property:

- a)  Vacant Land
- b)  Single Fam Res.
- c)  Condo/Twnhse
- d)  2-4 Plex
- e)  Apt. Bldg.
- f)  Comm'l/Ind'l
- g)  Agricultural
- h)  Mobile Home
- i)  Other Water Rights

FOR RECORDERS OPTIONAL USE ONLY	
Notes:	_____
	_____

3. Total Value/Sales Price of Property:

Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_

Transfer Tax Value: \$ \_\_\_\_\_

Real Property Transfer Tax Due: \$ \_\_\_\_\_

4. If Exemption Claimed:

- a. Transfer Tax Exemption, per NRS 375.090, Section: #2
- b. Explain Reason for Exemption: Transferring to Washoe County

5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature [Signature] Capacity Licensed Engineer/Washoe County

Signature \_\_\_\_\_ Capacity \_\_\_\_\_

**SELLER (GRANTOR) INFORMATION**

**BUYER (GRANTEE) INFORMATION**

(REQUIRED)

Print Name: Farmers & Merchant Trust Company

Address: 302 Pine Ave

City: Long Beach

State: CA Zip: 90802

(REQUIRED)

Print Name: Washoe County - Department of Water Resources

Address: 4930 Energy Way

City: Reno

State: NV Zip: 89502

**COMPANY/PERSON REQUESTING RECORDING**

(REQUIRED IF NOT THE SELLER OR BUYER)

Print Name: \_\_\_\_\_ Escrow # \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

When recorded return to:

Washoe County Dept. of Water Resources  
4930 Energy Way  
Reno, Nevada 89502

APN: N/A



Notice: Per NRS 239B.030, this document does not contain personal information as defined in NRS 603A.040

**WATER RIGHTS GRANT, BARGAIN AND SALE DEED**

This Grant, Bargain and Sale Deed is made and executed this 26<sup>th</sup> day of June, 2012, by and between Farmers and Merchants Trust Company of Long Beach, a California corporation ("GRANTOR"), and WASHOE COUNTY, a political subdivision of the State of Nevada ("GRANTEE").

GRANTOR hereby grants, bargains and sells to GRANTEE and its successors and assigns, forever all of GRANTOR'S right, title and interest in and to all that certain water and water rights and ditch and ditch rights of GRANTOR to divert from the Truckee River and its tributaries the water situate in the County of Washoe, State of Nevada, said water and ditch rights more particularly described in Exhibit "A" attached hereto and made a part hereof.

TOGETHER WITH ALL and singular the tenements, hereditaments and appurtenances thereunto belonging in or in any way appertaining, and the reversions, remainder and remainders, rents, issues and profits thereof.

TO HAVE AND TO HOLD the said premises, together with the appurtenances, unto the Grantee and to its successors and assigns forever.

Grantee does hereby agree to assume the payment of all water master fees and charges that may hereafter become due and payable in respect to said rights referred to herein by reason of the Decree in the United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants, the same in Equity Docket No. A-3 in the District Court of the United States in and for the District of Nevada, and Grantee does hereby further agree to pay all administrative and operation and maintenance charges that may be herein payable to the Washoe County Water Conservation District described by the reason of Boca Dam construction.

IN WITNESS WHEREOF, the parties hereto have executed this Grant, Bargain and Sale Deed on this 26<sup>th</sup> day of June, 2012.

**GRANTOR:**  
**FARMERS AND MERCHANTS TRUST COMPANY OF LONG BEACH,**  
a California corporation

**GRANTEE:**  
**WASHOE COUNTY,**  
a political subdivision of the  
State of Nevada

By: [Signature]  
Name: Daniel K Walker  
Title: President

By: [Signature]  
Robert M. Larkin, Chairman  
Washoe County Board of Commissioners

Date: 6/26/12

Date: 7/10/12

**GRANTOR:**  
FARMERS AND MERCHANTS TRUST COMPANY  
OF LONG BEACH

California  
STATE OF ~~NEVADA~~ )  
Los Angeles ) ss.  
COUNTY OF ~~WASHOE~~ )

On this 26<sup>th</sup> day of June, 2012, this Water Rights Deed was acknowledged before me, a Notary Public, by Daniel K Walker, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who acknowledged to me that s/he executed the foregoing document.



[Signature]  
Notary Public

My Commission expires: Sept 24, 2014

**GRANTEE:**  
WASHOE COUNTY

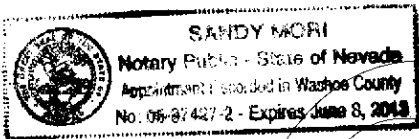
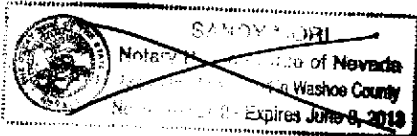
ATTEST

BY: *Amy L. P. Harvey, Chief Deputy*  
Amy Harvey, County Clerk

Date: 7/10/12

STATE OF NEVADA )  
  ) ss.  
COUNTY OF WASHOE )

On this 10<sup>th</sup> day of July, 2012, before me, a Notary Public, personally appeared Robert M. Larkin personally known to me to be **Robert M. Larkin, Chairman of the Washoe County Board of Commissioners**, who acknowledged to me that he executed the foregoing document.



*Sandy Mori*  
Notary Public

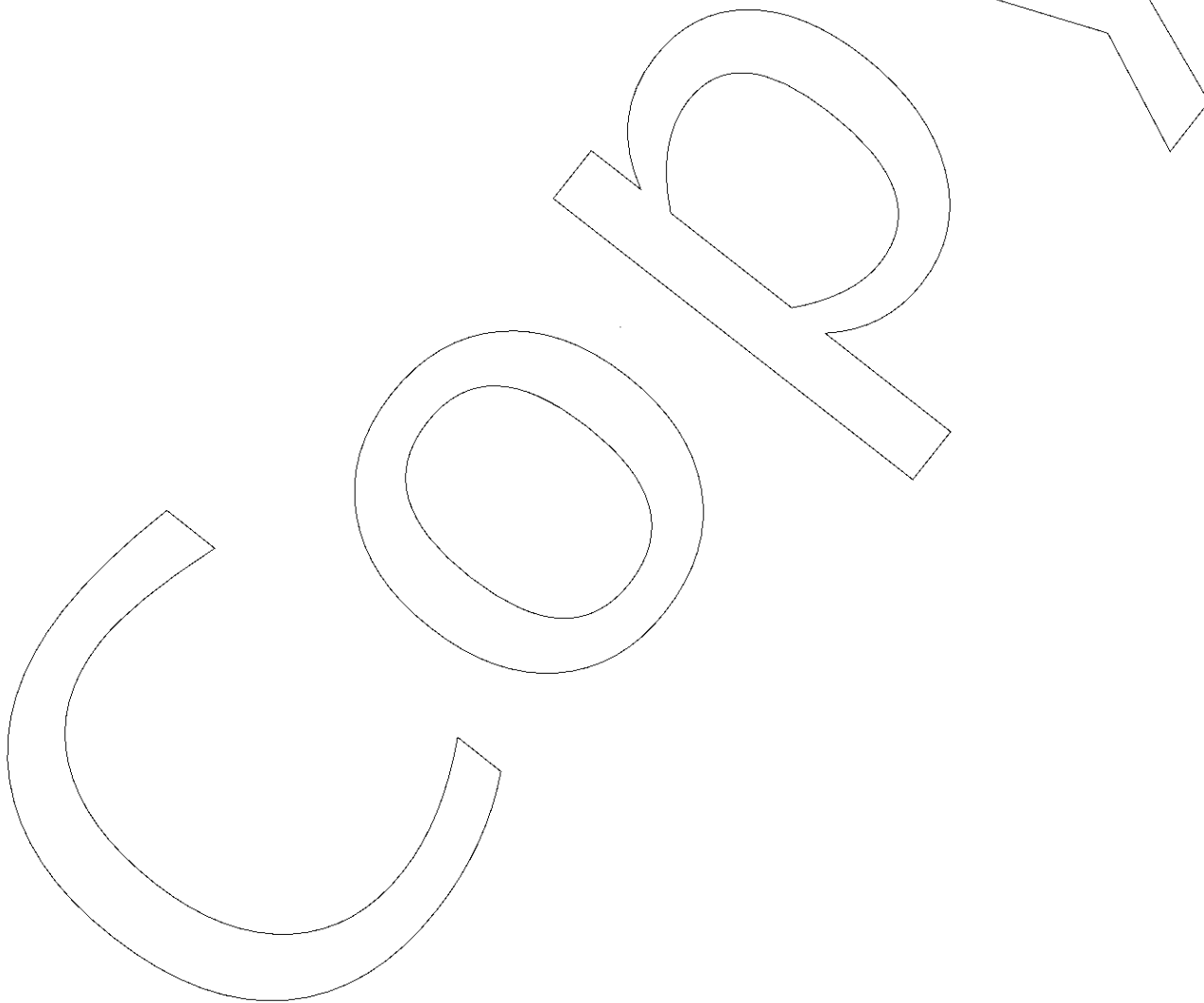
My Commission expires: June 08, 2013

**EXHIBIT "A"**

The water rights described herein are a portion of the water rights permit 81144 granted by the Nevada State Engineer to appropriate the waters of the Truckee River.

Said water rights are a portion of Coldron Ditch heretofore allocated to F.E. Durham in that certain action entitled "The United States of America, Plaintiff, vs. Orr Water Ditch Company, et al, Defendants," the same in Equity Docket No. A-3 in the District Court of Nevada, said water being distributed and allocated in said Decree under Claim or Right #94/94a. This water right is currently appropriated under permit 81144.

Said right authorizing delivery of 22.00 acre-feet per season from the Points of Diversion permitted in permit 81144, in Washoe County, Nevada, together with the proportionate share of the diversion rate and the right to change the point of diversion, place and manner of use thereof.



1. APN: None

2. Type of Property:

- a)  Vacant Land
- b)  Single Fam. Res.
- c)  Condo/Twnhse
- d)  2-4 Plex
- e)  Apt. Bldg
- f)  Comm'l/Ind'l
- g)  Agricultural
- h)  Mobile Home
- i)  Other WATER RIGHTS

**DV-4150797**

09/12/2012 11:24:30 AM  
 Requested By  
**FIRST CENTENNIAL TITLE**  
 Washoe County Recorder  
 Kathryn L. Burke - Recorder  
 Fee: \$0.00 RPTT: \$574.00  
 Page 1 of 1



FOR RECORDERS OPTIONAL USE ONLY	
Document Instrument No.:	
Book:	Page:
Date of Recording:	REQ. BY:
Notes:	First Centennial Title 1450 Ridgeway Dr #100 Reno NV 89519

**STATE OF NEVADA  
DECLARATION OF VALUE**

3. **Total Value/Sales Price of Property:** \$140,000.00  
 Deed in Lieu of Foreclosure Only (value of property) \$ \_\_\_\_\_  
 Transfer Tax Value: \$140,000.00  
 Real Property Transfer Tax Due: \$ 574.00

4. **If Exemption Claimed**  
 a. Transfer Tax Exemption, per NRS 375.090, Section \_\_\_\_\_  
 b. Explain Reason for Exemption: \_\_\_\_\_

5. Partial Interest: Percentage being transferred: \_\_\_\_\_ %

The undersigned declares and acknowledges, under penalty of perjury, pursuant to NRS 375.060 and NRS 375.110, that the information provided is correct to the best of their information and belief, and can be supported by documentation if called upon to substantiate the information provided herein. Furthermore, the disallowance of any claimed exemption, or other determination of additional tax due, may result in a penalty of 10% of the tax due plus interest at 1% per month.

Pursuant to NRS 375.030, the Buyer and Seller shall be jointly and severally liable for any additional amount owed.

Signature <u>[Signature]</u>	Capacity Agent
Signature <u>[Signature]</u>	Capacity Agent
<b>SELLER (GRANTOR) INFORMATION</b>	<b>BUYER (GRANTEE) INFORMATION</b>
(Required)	(Required)
Print Name: Farmers and Merchants Trust Company of Long Beach a California Corporation	Print Name: Naniloa Investment Company, LLC a Utah limited liability company
Address: 302 pine Ave	Address: 780 South 5600 West
City/State/Zip: Long Beach, CA 90802	City/State/Zip: Salt Lake City, UT 84104

**COMPANY REQUESTING RECORDING**

Roy Hibdon 4860 Hilton Crt. Reno, NV 89519	
--	--

(AS A PUBLIC RECORD THIS FORM MAY BE RECORDED)

When recorded mail to Grantee:

Naniloa Investment Company, L.L.C  
780 South 5600 West  
Salt Lake City, UT 84104



APN: None

**WATER RIGHT DEED**

**THIS GRANT, BARGAIN AND SALE DEED** is made and entered into this 27<sup>th</sup> day of August, 2012, by **Farmers and Merchants Trust Company of Long Beach, a California corporation**, hereinafter called Grantor, in favor of **Naniloa Investment Company, L.L.C., a Utah limited liability company**, hereinafter called Grantee.

**WITNESSETH**

Grantor, for valuable consideration receipt of which is hereby acknowledged, does hereby grant, bargain, sell and convey unto the said Grantee and to its successors and assigns forever all its right, title, and interest to the water and water rights filed in the Nevada Division of Water Resources, Nevada State Engineer's office, 901 South Stewart Street – Second Floor, Carson City, Nevada 89701 and more particularly described as follows:

**A total duty of twenty (20.00) acre feet is being conveyed under the following permit:**

**A portion of Permit No. 81144 consisting of not to exceed 20.00 acre feet annually and a pro rata share of the diversion rate. Said 20.00 acre feet of Truckee River water was originally allocated under Truckee River Decree Claim No. 94 and 94A.**


**Any and all remaining water rights over and above the 20.00 acre feet under Permit No. 81144 are reserved to the Grantor.**

**TO HAVE AND TO HOLD** said water and water rights together with the tenements, hereditament and appurtenances thereunto belonging or appertaining and the reversion and reversions, remainders, rents, issues and profits thereof unto the Grantee, its successors and assigns, forever.

**IN WITNESS WHEREOF**, Grantor has executed this instrument the day and year first above written.

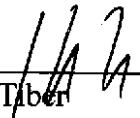
**GRANTOR:**

**Farmers and Merchants Trust Company of Long Beach, a California corporation**

  
\_\_\_\_\_

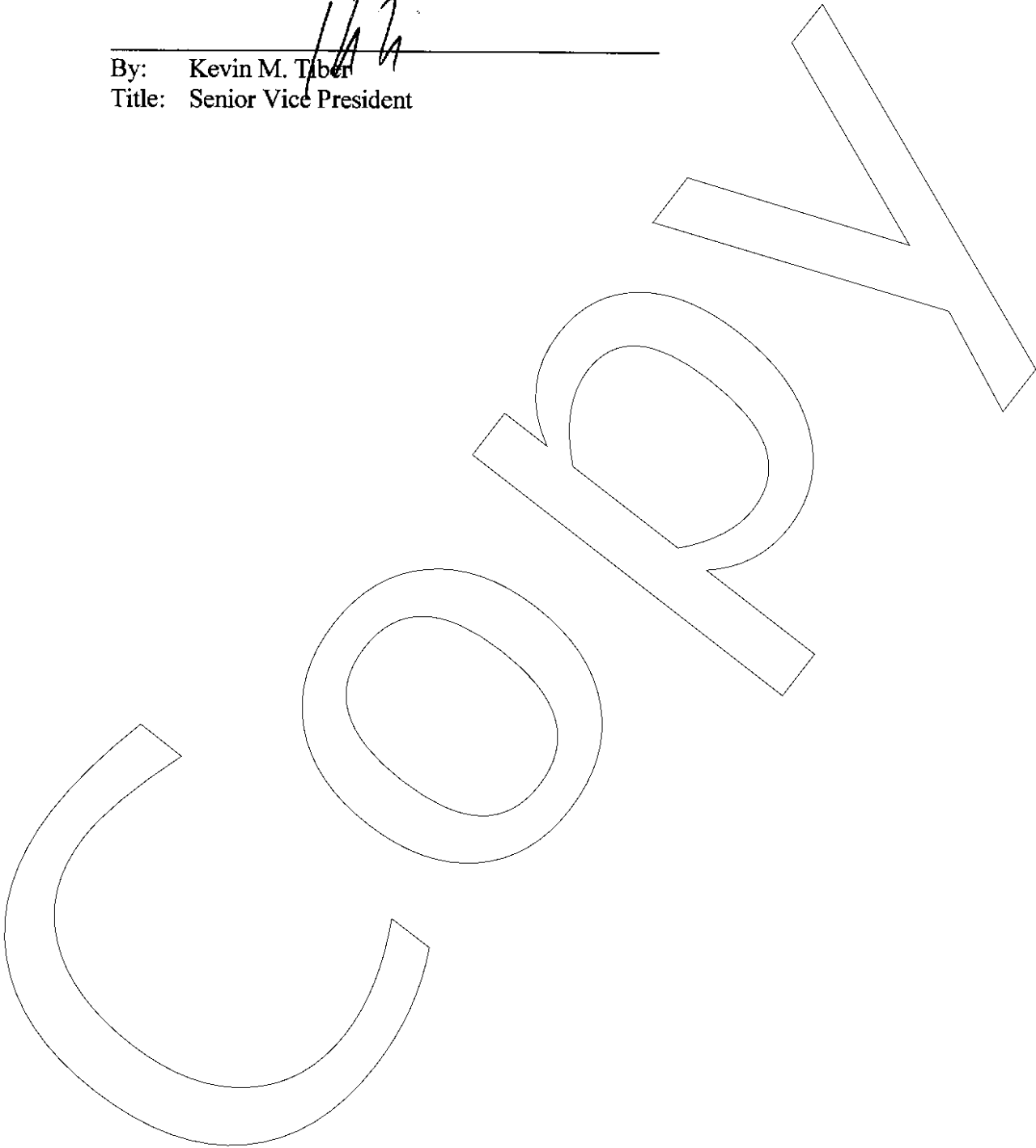
By: Daniel K. Walker

Title: President

  
\_\_\_\_\_

By: Kevin M. Tiber

Title: Senior Vice President





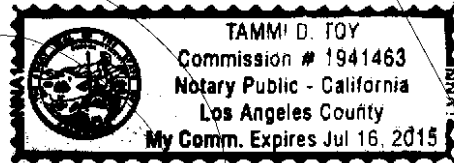
ACKNOWLEDGMENT

STATE OF CALIFORNIA  
COUNTY OF Los Angeles

On August 27, 2012 before me: Tammi D. Toy  
Notary Public, personally appeared Daniel K. Walker  
and Kevin M. Tiber

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies) and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument. I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Tammi D. Toy

(seal)



TRUCKEE RIVER CLAIMS 60, 61, 62, 64, 171, 172 & 173  
 PORTIONS OF SECTIONS 22 & 23, T.19N., R.19E., M.D.B.&M.

CLAIM 60	
PARCEL	AREA (ac.)
Permit 22931 (Cert. 7118)	20.60
<b>Total</b>	<b>20.60</b>

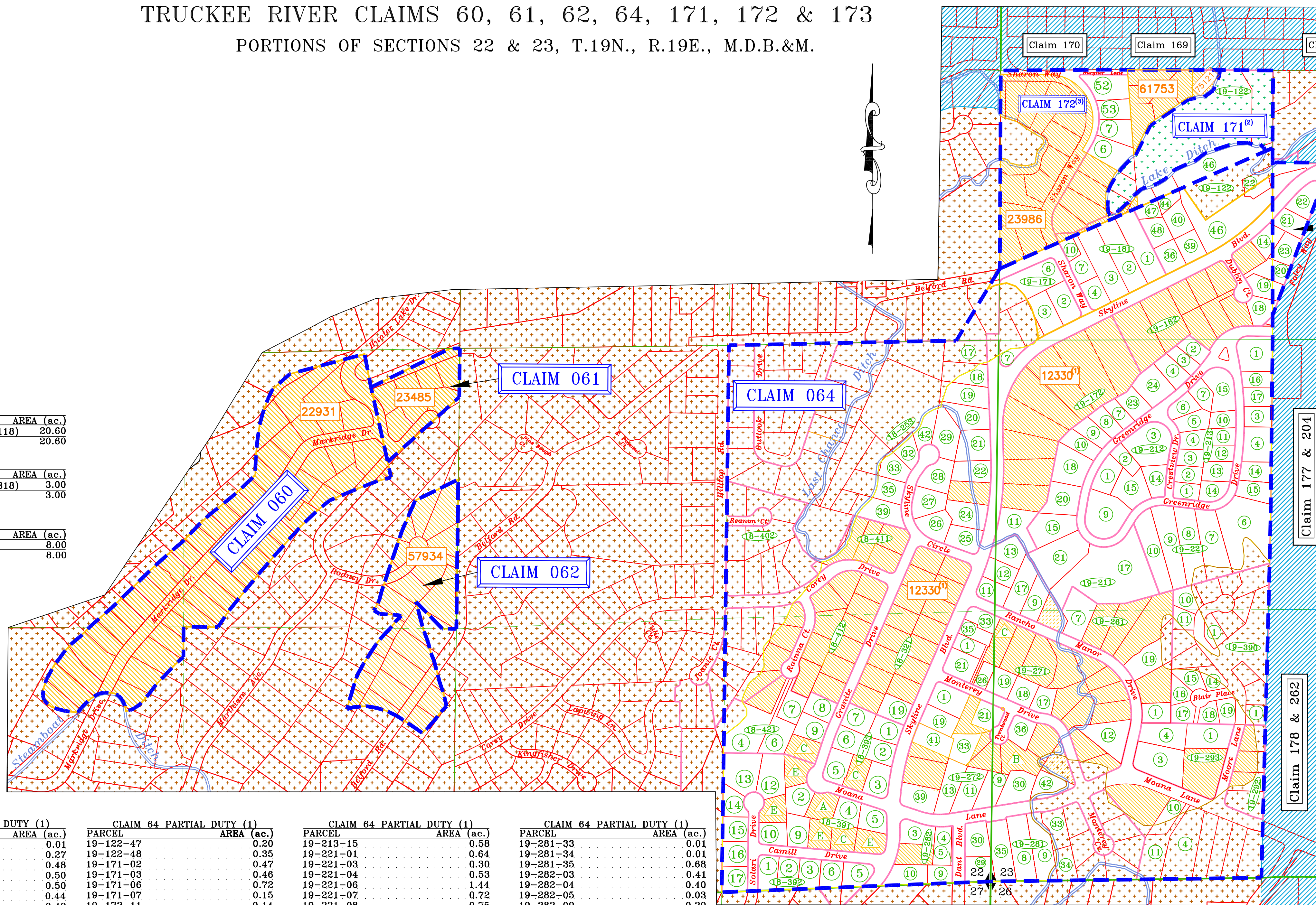
  

CLAIM 61	
PARCEL	AREA (ac.)
Permit 23485 (Cert. 7318)	3.00
<b>Total</b>	<b>3.00</b>

CLAIM 62	
PARCEL	AREA (ac.)
Permit 57934	8.00
<b>Total</b>	<b>8.00</b>

CLAIM 64 PARTIAL DUTY (1)		CLAIM 64 PARTIAL DUTY (1)		CLAIM 64 PARTIAL DUTY (1)		CLAIM 64 PARTIAL DUTY (1)	
PARCEL	AREA (ac.)	PARCEL	AREA (ac.)	PARCEL	AREA (ac.)	PARCEL	AREA (ac.)
18-253-17	0.01	19-122-47	0.20	19-281-15	0.58	19-281-33	0.01
18-253-18	0.27	19-122-48	0.35	19-221-01	0.64	19-281-34	0.01
18-253-19	0.48	19-171-02	0.47	19-221-03	0.30	19-281-35	0.68
18-253-20	0.50	19-171-03	0.46	19-221-04	0.53	19-282-03	0.41
18-253-21	0.50	19-171-06	0.72	19-221-06	1.44	19-282-04	0.40
18-253-22	0.44	19-171-07	0.15	19-221-07	0.72	19-282-05	0.23
18-253-24	0.49	19-172-11	0.14	19-221-08	0.75	19-282-09	0.09
18-253-25	0.43	19-181-01	0.81	19-221-09	0.84	19-282-10	0.43
18-253-26	0.46	19-181-02	0.82	19-221-10	0.78	19-291-04	0.02
18-253-27	0.45	19-181-03	0.83	19-221-13	0.05	19-291-10	0.05
18-253-28	0.50	19-181-04	0.26	19-221-14	0.33	19-291-11	0.02
18-253-29	0.48	19-181-07	0.34	19-221-15	0.35	19-293-01	0.61
18-253-32	0.26	19-181-10	0.16	19-221-16	0.27	19-293-03	0.90
18-253-33	0.33	19-182-07	0.11	19-221-17	0.29	19-293-04	0.58
18-253-35	0.34	19-182-16	0.03	19-261-01	0.31	19-390-01	0.03
18-253-39	0.48	19-211-02	0.25	19-261-07	0.81	19-390-04	0.08
18-253-42	0.30	19-211-03	0.23	19-261-09	0.39	19-390-10	0.27
18-321-19	0.04	19-211-04	0.23	19-261-11	0.33	19-390-11	0.20
18-391-02	0.39	19-211-07	0.23	19-261-12	0.36	19-390-14	0.13
18-391-04	0.35	19-211-08	0.29	19-261-13	0.41	19-390-15	0.25
18-391-05	0.36	19-211-09	0.30	19-261-17	0.54	19-390-16	0.24
18-391-09	0.38	19-211-10	0.35	19-261-19	0.48	19-390-17	0.28
18-391-10	0.35	19-211-15	0.64	19-271-01	0.26	19-390-18	0.22
18-391-13	0.67	19-211-17	2.36	19-271-12	0.69	19-390-19	0.24
18-391-16	0.34	19-211-18	0.65	19-271-17	0.11	19-390-20	0.10
18-391-17	0.35	19-211-20	0.62	19-271-18	0.33	Access Rd.	0.04
18-391-18	0.67	19-211-21	1.08	19-271-19	0.33	Belford Rd.	0.27
18-392-01	0.39	19-211-23	0.41	19-271-21	0.44	Blair Pl.	0.20
18-392-02	0.38	19-211-24	0.50	19-271-26	0.18	Camill Dr.	0.65
18-392-03	0.36	19-212-01	0.43	19-271-33	0.30	Crestview Dr.	0.37
18-392-05	0.36	19-212-02	0.24	19-271-35	0.30	Dant Blvd.	0.32
18-392-06	0.33	19-212-03	0.88	19-272-01	0.51	Granite Dr.	0.36
18-393-01	0.38	19-212-09	0.88	19-272-09	0.41	Greenridge Dr.	2.95
18-393-02	0.40	19-212-14	0.35	19-272-11	0.51	Moana Ln.	1.97
18-393-03	0.41	19-212-15	0.52	19-272-13	0.53	Monterey Dr.	0.60
18-393-05	0.42	19-213-01	0.23	19-272-19	0.63	Moore Ln.	0.29
18-393-06	0.56	19-213-02	0.25	19-272-21	0.71	Rancho Manor	1.45
18-393-07	0.20	19-213-03	0.25	19-272-30	0.52	Sharon Wy.	0.89
18-421-04	0.61	19-213-04	0.28	19-272-33	0.37	Skyline Cir.	0.38
18-421-06	0.46	19-213-05	0.33	19-272-36	0.26	Skyline Offshoot	0.24
18-421-07	0.01	19-213-06	0.29	19-272-39	0.45	Solari Dr.	0.55
18-421-08	0.01	19-213-07	0.28	19-272-41	0.44	Trentwood Ct.	0.11
18-421-09	0.31	19-213-10	0.24	19-272-42	0.29	Burgner Ln.	0.39
19-122-36	0.35	19-213-11	0.26	19-281-08	0.71	Permit 76793	9.00
19-122-39	0.35	19-213-12	0.26	19-281-09	0.59	Permit 76863	1.57
19-122-40	0.37	19-213-13	0.31	19-281-29	0.38	Permit 76881	0.31
19-122-44	0.16	19-213-14	0.27	19-281-30	0.41	Permit 78943	0.59
						Permit 77086	1.44

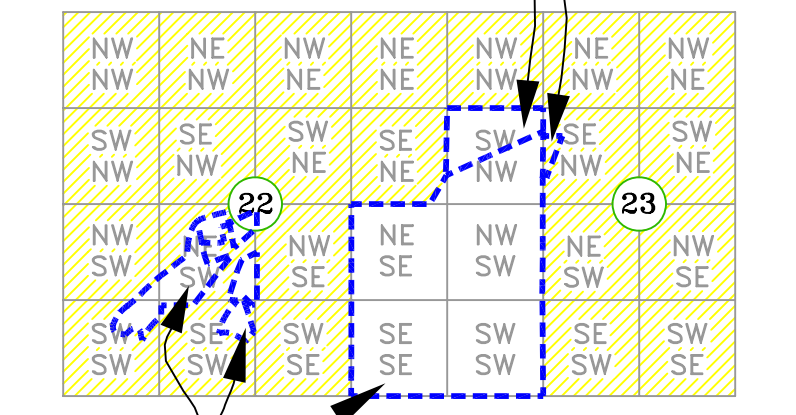


This map is solely for the purpose of describing acreage to which water rights were allocated by the final decree in the United States vs. Orr Water Ditch Company, in Equity, Docket No. 43 and for no other purpose. The map is based upon the State Engineer's and the Federal Water Master's interpretation of the final decree using information available in the State Engineer's and the Federal Water Master's offices as of the date of this approval. This map should not be relied upon as a legal description of any specific parcel.

APPROVED BY THE STATE ENGINEER:  
 s/Tracy Taylor, P.E. 11-06-08  
 Tracy Taylor, P.E. Date

APPROVED BY THE FEDERAL WATER MASTER:  
 s/Garry D. Stone 11-06-08  
 Garry D. Stone Date

Area covered by Last Chance Ditch Water (claims 171, 172 & 173)



Area covered by Steamboat Ditch Water (Claims 60, 61, 62 & 64)

PORTIONS OF SECTIONS COVERED BY THIS MAP

**LEGEND**

- lot/parcel line
- block boundary
- section 1/4 section Public Land Survey System (PLSS) lines
- creek/ditch
- area covered by decreed water rights
- dry area not containing decreed water rights
- claim coverage on other map
- Washoe County Assessor's parcel number (APN)
- block page book
- parcel number
- section corner
- water rights completely stripped by permit/certificate
- water rights partially stripped by permit/certificate

CLAIM 64 FULL DUTY		CLAIM 173	
PARCEL	AREA (ac.)	PARCEL	AREA (ac.)
Skyline Blvd.	5.76	019-122-22	0.19
Permit 12330	46.06	019-122-46	0.23
<b>Total</b>	<b>134.20</b>	019-182-14	0.09
		019-182-18	0.02
		019-182-19	0.09
		019-182-20	0.17
		019-182-21	0.35
		019-182-22	0.41
		019-182-23	0.33
		Skyline Blvd.	0.52
		<b>Total</b>	<b>2.40</b>

**CLAIM 64 PARCELS STRIPPED BY PERMITS**

▲ Permit #76793	▲ Permit #76943
▲ Permit #76863	▲ Permit #77086
▲ Permit #76881	

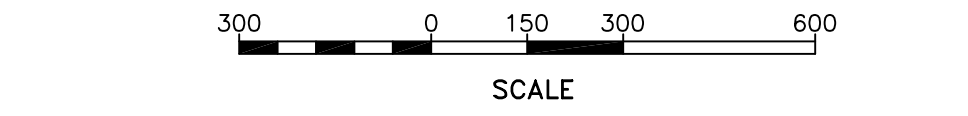
**CLAIM 171(2)**

PARCEL	AREA (ac.)
Waste Water Only	1.50

**CLAIM 172(3)**

PARCEL	AREA (ac.)
19-122-06	0.50
19-122-07	0.41
19-122-44	0.17
19-122-46	0.85
19-122-47	0.13
19-122-52	0.55
Sharon Wy.	0.32
Burgner Ln.	0.29
Permit 23986	9.00
Permit 61753	1.93
Permit 75121	0.35
<b>Total</b>	<b>14.50</b>

- Notes:**
- Parcels sold after Damonte were completely stripped by Permit 12330, this acreage totaling 46.06 acres, while the remainder of Permit 12330 was equally stripped from the rest of Claim 64, not including Skyline Boulevard, for a total of 82.40 acres, thus causing these remaining parcels to have a lesser duty of 2.98 acre-feet/acre instead of the original decreed duty.
  - Claim 171 is a 1.5 acre waste water right within the area shown.
  - Claim 172 has 14.5 acres of decreed water rights appurtenant to 13.7 acres of land.



NOTE: This Map is Subject to Revision at Anytime Without Notice.

REVISIONS		CHECKED BY	
DATE	BY	DEPUTY STATE ENGINEER	TWT
1 9/10/08	MMW	REVISED TO UPDATE STRIPPING IN DTR-064 1	
2		PROJECT SUPERVISOR	RHZ
3		F.W.M. OFFICE REVIEWER	JMP
4			

STATE of NEVADA  
 Division of Water Resources  
 123 W. Nye Ln., Carson City NV 89710

DRAWING NO.: TR-115  
 DRAWN BY: Larry McIntosh DATE: 05/01/03



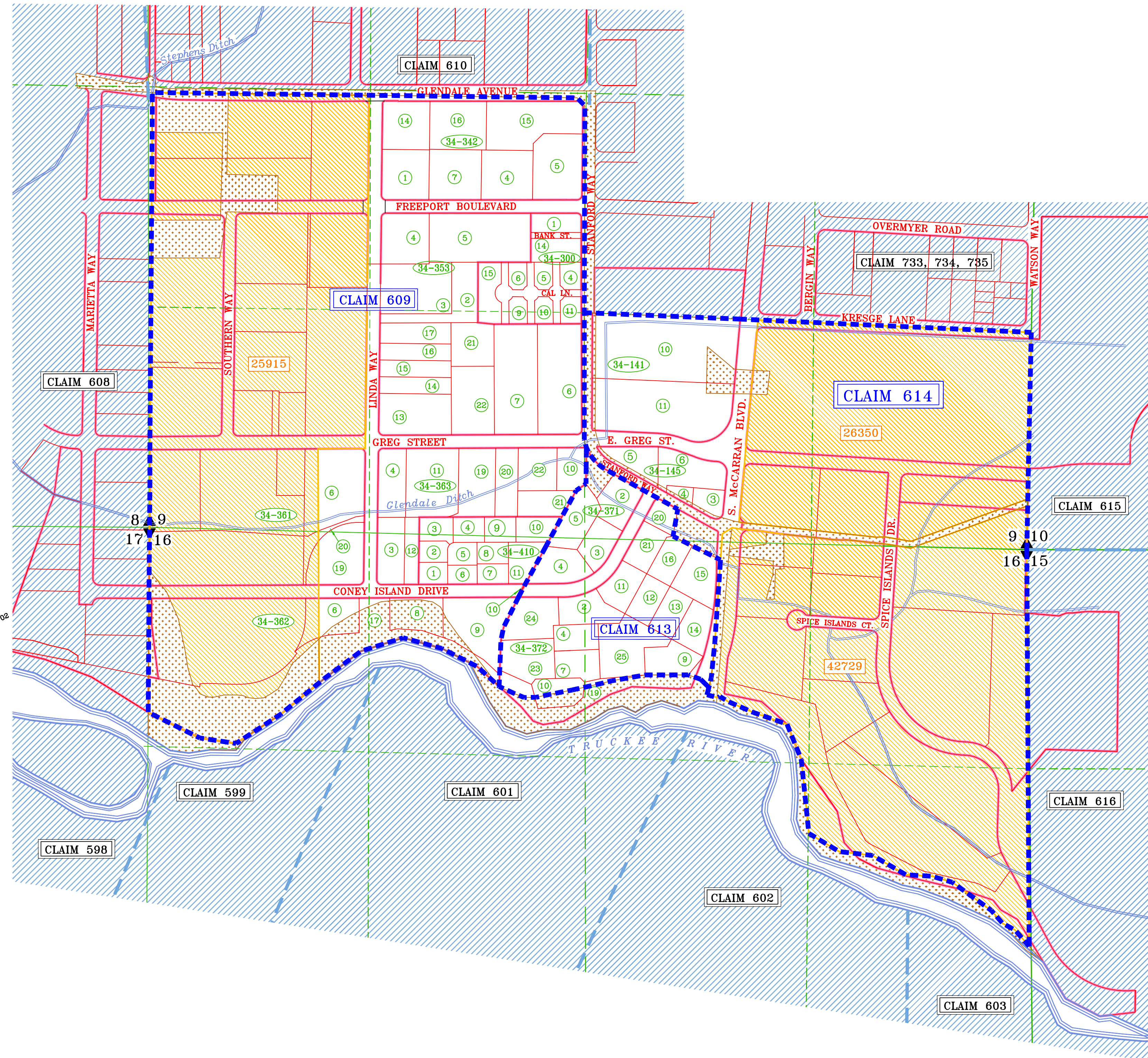
# TRUCKEE RIVER CLAIMS 609, 613, & 614

PORTIONS OF SECTIONS 9 & 16 T. 19 N., R. 20 E., M.D.B.&M.

CLAIM 609		
PARCEL	Duty=3.5 AF/A AREA (acres)	Duty=4.0 AF/A AREA (acres)
34-300-01	0.80	0.80
34-300-04	0.48	
34-300-05	0.41	
34-300-06	0.41	
34-300-09	0.40	
34-300-10	0.40	
34-300-11	0.47	
34-300-14	1.00	1.00
34-300-15	1.14	
34-342-01	1.99	1.99
34-342-04	2.13	2.13
34-342-05	2.68	2.68
34-342-07	2.19	2.19
34-342-14	1.92	1.92
34-342-15	3.31	3.31
34-342-16	2.29	2.29
34-353-02	1.87	
34-353-03	3.00	
34-353-04	2.07	2.07
34-353-05	4.15	4.15
34-353-06	4.00	
34-353-07	4.00	
34-353-13	2.49	
34-353-14	1.00	
34-353-15	1.00	
34-353-16	1.00	
34-353-17	1.23	
34-353-21	1.55	
34-353-22	2.45	
34-361-06	2.86	
34-361-19	2.17	
34-361-20	0.19	
34-362-06	0.85	
34-362-08	0.16	
34-362-09	2.70	
34-362-10	0.01	
34-362-17	0.34	
34-363-03	1.53	
34-363-04	1.57	
34-363-10	1.00	
34-363-11	3.00	
34-363-12	0.81	
34-363-19	2.13	
34-363-20	1.30	
34-363-21	1.11	
34-363-22	1.39	
34-410-01	0.53	
34-410-02	0.51	
34-410-03	0.69	
34-410-04	0.66	
34-410-05	0.55	
34-410-06	0.47	
34-410-07	0.53	
34-410-08	0.56	
34-410-09	0.66	
34-410-10	0.83	
34-410-11	1.00	
Bank St. R/W	0.25	
Cal Lane R/W	1.61	
Coney Island Dr. R/W	2.24	
Freeport Blvd. R/W	2.23	
Glendale Ave.	0.81	
Greg St. R/W	2.28	
Linda Way R/W	3.74	1.63
Stanford Way R/W	0.41	0.36
Permit 25915 (Cert. 9738)	87.70	
<b>Total</b>	<b>156.20 Acres</b>	<b>29.00 Acres</b>

Claim 613	
PARCEL	AREA (acres)
34-371-02	1.33
34-371-03	1.11
34-371-04	1.49
34-371-05	1.57
34-372-02	1.32
34-372-04	0.96
34-372-07	1.10
34-372-09	1.27
34-372-10	0.59
34-372-11	1.17
34-372-12	1.00
34-372-13	1.00
34-372-14	1.18
34-372-15	1.54
34-372-16	1.02
34-372-19	0.60
34-372-20	0.63
34-372-21	1.07
34-372-23	1.74
34-372-24	1.69
34-372-25	2.46
Coney Island Dr. R/W	2.01
S. McCarran Blvd. R/W	0.65
<b>Total</b>	<b>28.50</b>

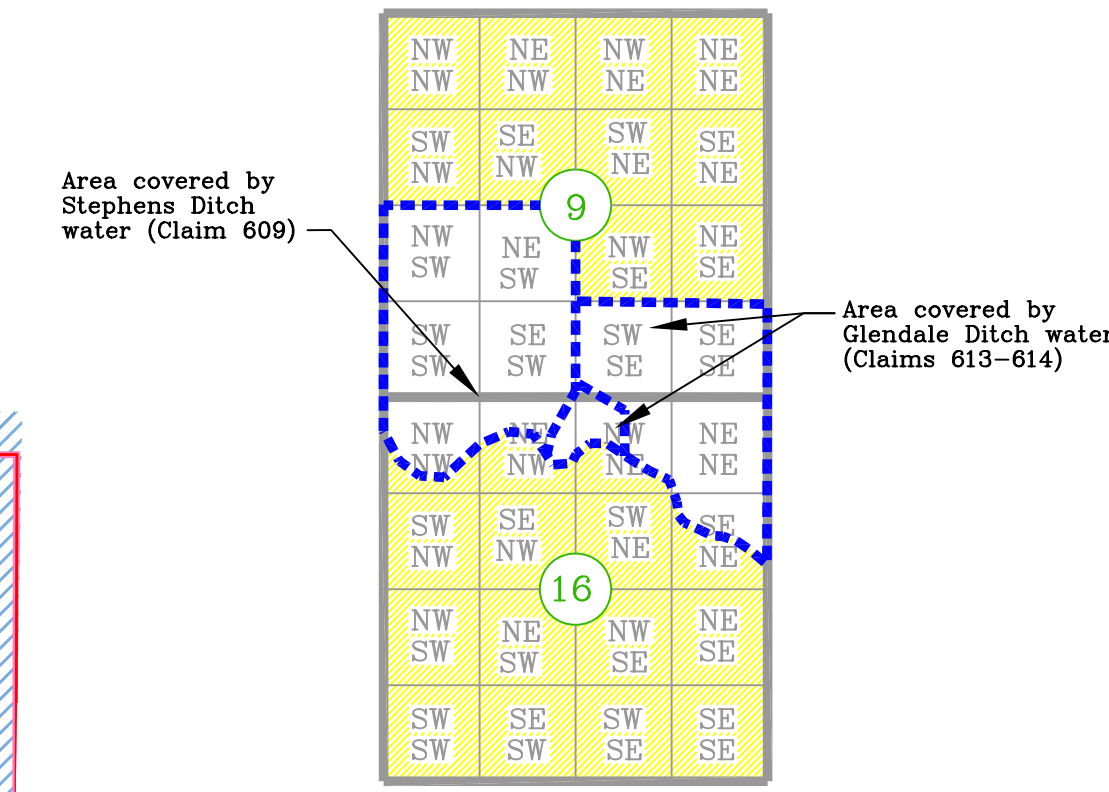
Claim 614	
PARCEL	AREA (acres)
34-141-10	7.10
34-141-11	5.86
34-145-03	0.59
34-145-04	0.22
34-145-05	1.02
34-145-06	1.83
Greg St. R/W	1.87
S. McCarran Blvd. R/W	2.51
Permit 26350 (Cert. 9621)	46.76
Permit 42729 (Cert. 12596)	75.64
<b>Total</b>	<b>143.40</b>



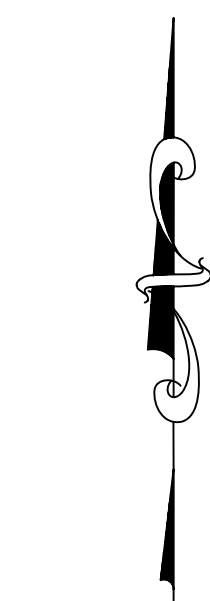
This map is solely for the purpose of describing acreage to which water rights were allocated by the final decree in the United States vs. Orr Water Ditch Company, in Equity, Docket No. A3 and for no other purpose. The map is based upon the State Engineer's and the Federal Water Master's interpretation of the final decree using information available in the State Engineer's and the Federal Water Master's office as of the date of this approval. This map should not be relied upon as a legal description of any specific parcel.

APPROVED BY THE STATE ENGINEER:  
 s/Hugh Ricci, P.E. 01/26/01  
 Date

APPROVED BY THE FEDERAL WATER MASTER:  
 s/Garry D. Stone 01/30/01  
 Garry D. Stone Date

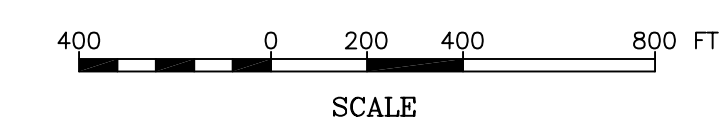


PORTIONS OF SECTIONS COVERED BY THIS MAP



### LEGEND

- lot/parcel line
- block boundary
- section 1/4 section } Public Land Survey System (PLSS) lines
- 1/4 1/4 section
- creek/ditch
- area covered by decreed water rights
- area not containing decreed water rights
- claim coverage on other map
- Washoe County Assessor's parcel number (APN)
- block page book
- lot number
- found corner
- water rights completely stripped by permit/certificate

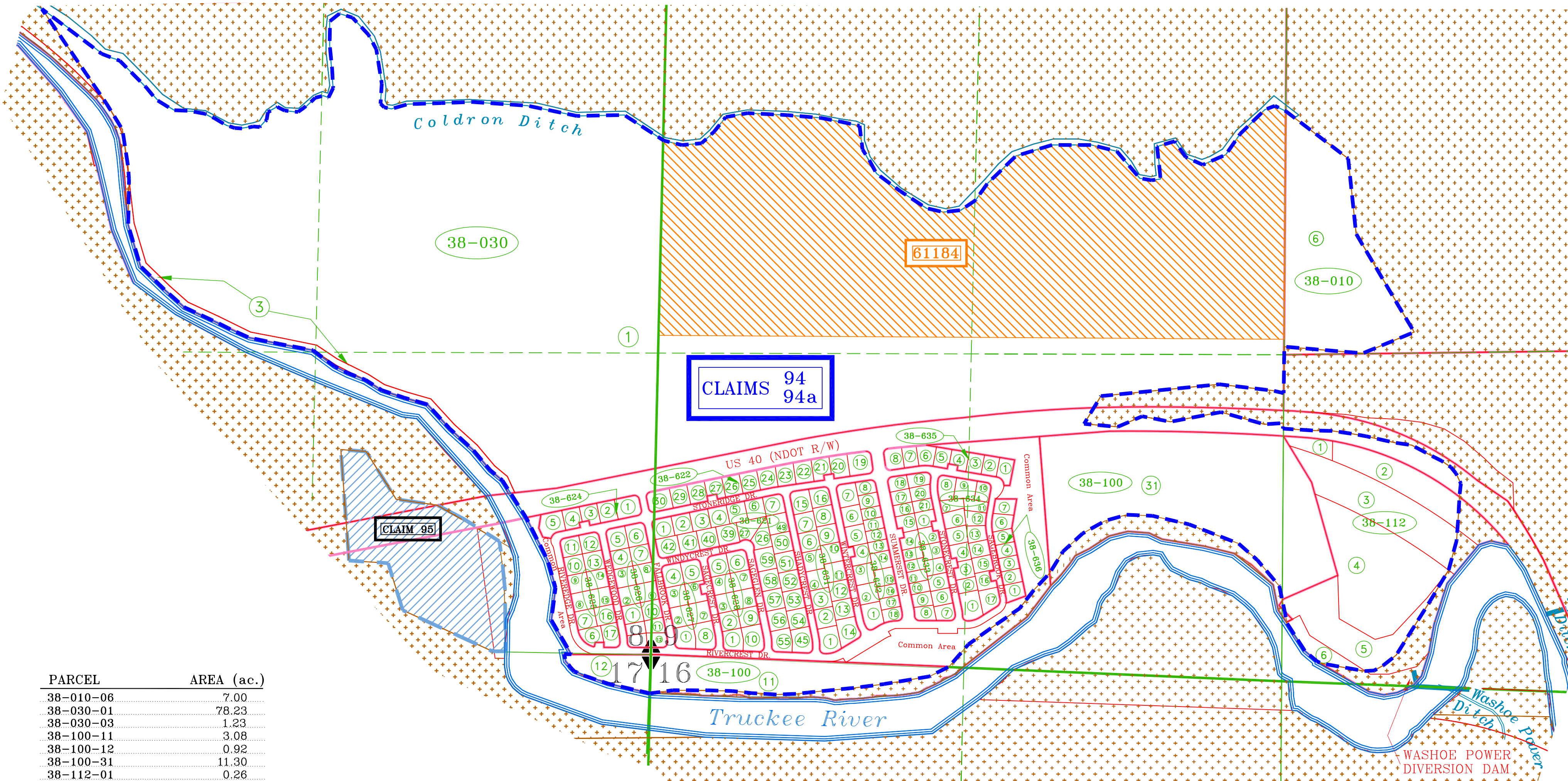


REVISIONS		CHECKED BY		STATE OF NEVADA	
#	DATE	REVIEWER	DEPUTY STATE ENGINEER	TWT	Division of Water Resources
1	1/19/01	CHRYSTAL APTA			123 W. Nye Ln., Carson City NV 89710
2					
3					
4					
5					
6					

DRAWING NO.: TR-082  
 DRAWN BY: M.Cardinal & H.C. Smith DATE: 1/25/2001



TRUCKEE RIVER CLAIMS 94 & 94a  
 PORTIONS OF SECTIONS 8, 9, 16 & 17 T.19N., R.18E., M.D.B.&M.



PARCEL	AREA (ac.)
38-010-06	7.00
38-030-01	78.23
38-030-03	1.23
38-100-11	3.08
38-100-12	0.92
38-100-31	11.30
38-112-01	0.26
38-112-02	1.39
38-112-03	2.35
38-112-04	3.79
38-112-05	1.87
38-112-06	0.50
38-621-01	0.15
38-621-02	0.14
38-621-03	0.14
38-621-04	0.14
38-621-05	0.14
38-621-06	0.14
38-621-07	0.15
38-621-26	0.15
38-621-27	0.15
38-621-39	0.16
38-621-40	0.15
38-621-41	0.15
38-621-42	0.16
38-621-45	0.19
38-621-49	0.14
38-621-50	0.14
38-621-51	0.14
38-621-52	0.14
38-621-53	0.14
38-621-54	0.14
38-621-55	0.17
38-621-56	0.15
38-621-57	0.15
38-621-58	0.15
38-621-59	0.17
38-622-19	0.18
38-622-20	0.15
38-622-21	0.14
38-622-22	0.15
38-622-23	0.15
38-622-24	0.14
38-622-25	0.14
38-622-26	0.14
38-622-27	0.12

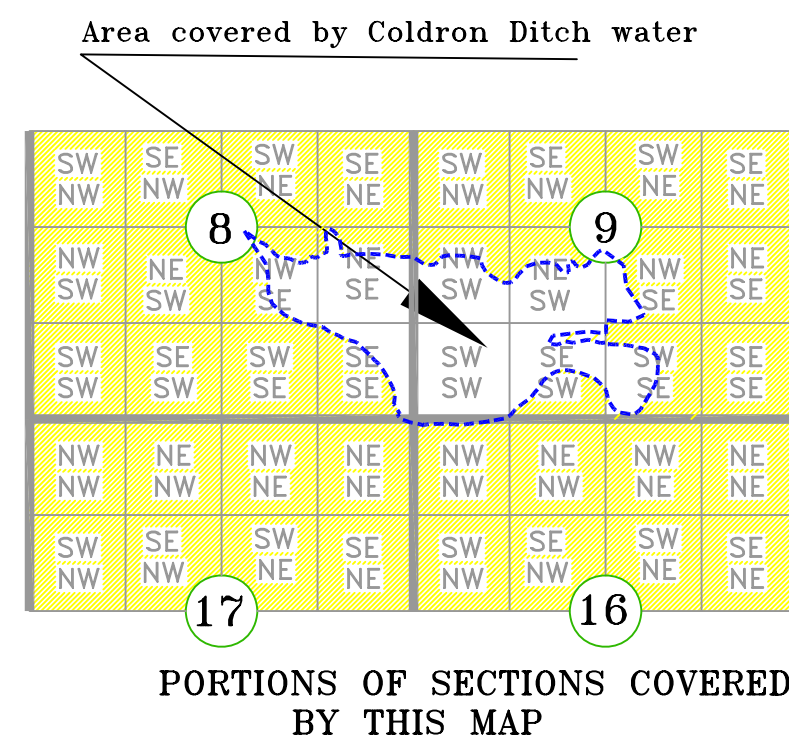
PARCEL	AREA (ac.)	PARCEL	AREA (ac.)	PARCEL	AREA (ac.)	PARCEL	AREA (ac.)	PARCEL	AREA (ac.)
38-622-28	0.14	38-627-02	0.15	38-632-03	0.15	38-633-20	0.11	Common Areas	4.30
38-622-29	0.14	38-627-03	0.15	38-632-04	0.13	38-633-21	0.08	Fallbrook Dr. R/W	0.37
38-622-30	0.16	38-627-04	0.16	38-632-05	0.15	38-634-01	0.21	Rivercrest Dr. R/W	1.37
38-624-01	0.16	38-627-05	0.16	38-632-06	0.15	38-634-02	0.10	Riveredge Dr. R/W	0.37
38-624-02	0.14	38-627-06	0.14	38-632-07	0.17	38-634-03	0.12	Sagebrook Dr. R/W	0.31
38-624-03	0.13	38-627-07	0.13	38-632-08	0.10	38-634-04	0.12	Sagecreek Dr. R/W	0.28
38-624-04	0.13	38-627-08	0.20	38-632-09	0.10	38-634-05	0.13	Sageglen Dr. R/W	0.33
38-624-05	0.18	38-628-01	0.16	38-632-10	0.08	38-634-06	0.13	Shadyrest Dr. R/W	0.43
38-625-06	0.13	38-628-02	0.14	38-632-11	0.08	38-634-07	0.11	Stoncrest Dr. R/W	0.45
38-625-07	0.14	38-628-03	0.14	38-632-12	0.08	38-634-08	0.15	Stoneridge Dr. R/W	1.29
38-625-08	0.14	38-628-04	0.14	38-632-13	0.08	38-634-09	0.16	Summerset Dr. R/W	0.71
38-625-09	0.14	38-628-05	0.15	38-632-14	0.13	38-634-10	0.11	US HWY 40 R/W	7.49
38-625-10	0.14	38-628-06	0.15	38-632-15	0.13	38-634-11	0.10	Wedgewood Dr. R/W	0.33
38-625-11	0.14	38-628-07	0.14	38-632-16	0.09	38-634-12	0.11	Windycrest Dr. R/W	0.25
38-625-12	0.14	38-628-08	0.14	38-632-17	0.08	38-634-13	0.12	Wintercrest Dr. R/W	0.45
38-625-13	0.14	38-628-09	0.14	38-632-18	0.10	38-634-14	0.12	Permit 61184	43.11
38-625-14	0.14	38-628-10	0.19	38-633-01	0.12	38-634-15	0.12		
38-625-15	0.14	38-631-01	0.19	38-633-02	0.12	38-634-16	0.12		
38-625-16	0.14	38-631-02	0.15	38-633-03	0.12	38-634-17	0.15		
38-625-17	0.15	38-631-03	0.15	38-633-04	0.12	38-635-01	0.13		
38-626-01	0.14	38-631-04	0.15	38-633-05	0.12	38-635-02	0.12		
38-626-02	0.14	38-631-05	0.15	38-633-06	0.12	38-635-03	0.12		
38-626-03	0.14	38-631-06	0.15	38-633-07	0.12	38-635-04	0.12		
38-626-04	0.14	38-631-07	0.15	38-633-08	0.11	38-635-05	0.12		
38-626-05	0.16	38-631-08	0.14	38-633-09	0.10	38-635-06	0.12		
38-626-06	0.16	38-631-09	0.14	38-633-10	0.08	38-635-07	0.12		
38-626-07	0.14	38-631-10	0.14	38-633-11	0.08	38-635-08	0.15		
38-626-08	0.14	38-631-11	0.14	38-633-12	0.08	38-636-01	0.12		
38-626-09	0.14	38-631-12	0.14	38-633-13	0.08	38-636-02	0.10		
38-626-10	0.14	38-631-13	0.14	38-633-14	0.12	38-636-03	0.10		
38-626-11	0.11	38-631-14	0.14	38-633-15	0.19	38-636-04	0.10		
38-626-12	0.11	38-631-15	0.17	38-633-16	0.08	38-636-05	0.10		
38-626-13	0.10	38-631-16	0.14	38-633-17	0.10	38-636-06	0.13		
38-626-14	0.09	38-632-01	0.18	38-633-18	0.11	38-636-07	0.12		
38-627-01	0.17	38-632-02	0.15	38-633-19	0.11				

TOTAL = 197.00 ac.

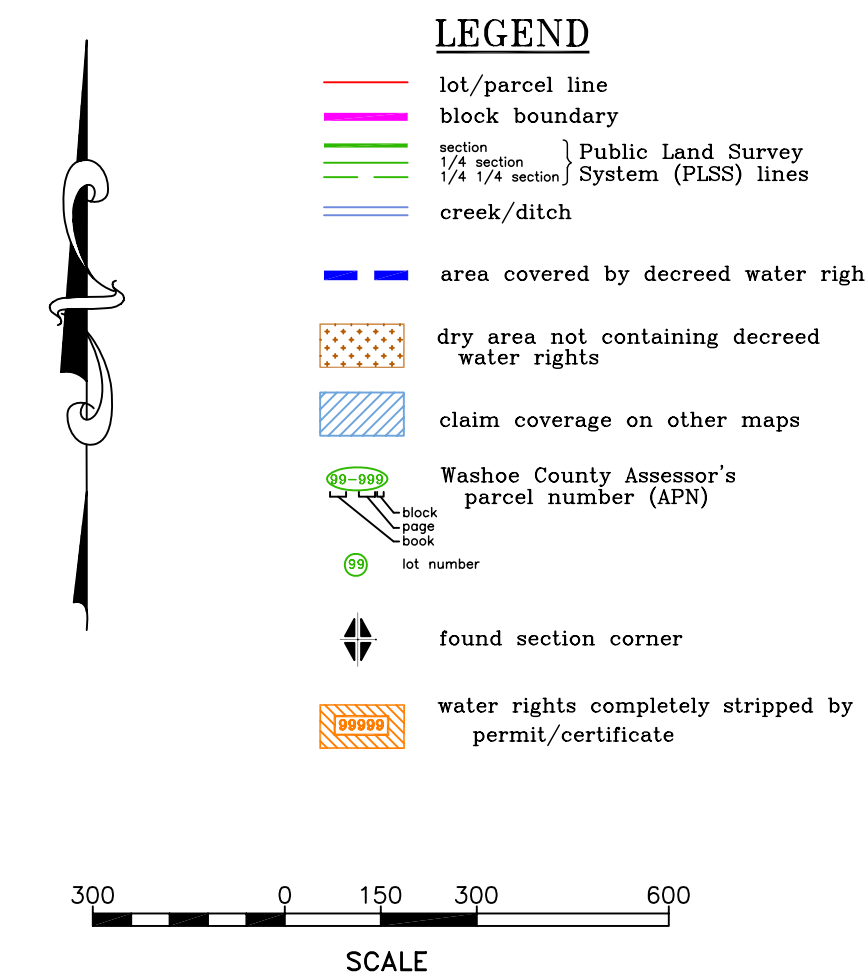
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APPROVED BY THE STATE ENGINEER:  
 s/Hugh Ricci, P.E. 11/29/2000  
 Hugh Ricci, P.E. Date

APPROVED BY THE FEDERAL WATER MASTER:  
 s/Garry D. Stone 11/30/2000  
 Garry D. Stone Date



Area covered by Coldron Ditch water  
 PORTIONS OF SECTIONS COVERED BY THIS MAP



REVISIONS			CHECKED BY		 STATE of NEVADA Division of Water Resources 123 W. Nye Ln., Carson City NV 89710 DRAWING NO.: TR-066 DRAWN BY: A.E. Stroud/M. Cardinal DATE: 11/09/2000
#	DATE	REVIEWER	DEPUTY STATE ENGINEER	TWT	
1			PROJECT SUPERVISOR	RHZ	
2			F.W.M. OFFICE REVIEWER	JWP	
3					
4					
5					
6					



# TRUCKEE RIVER CLAIMS 342, 343, 344, 345, 346, and 347

## PORTIONS OF SECTIONS 10, 15, 16, 21, and 22, T.20N., R.20E., M.D.B.&M.

This map is solely for the purpose of describing acres to which water rights were allocated by the final decree in the United States vs. Orr Water Ditch Company, in Equity, Docket No. A3 and for no other purpose. The map is based upon the State Engineer's and the Federal Water Master's interpretation of the final decree using information available in the State Engineer's and the Federal Water Master's office as of the date of this approval. This map should not be relied upon as a legal description of any specific parcel.

APPROVED BY THE STATE ENGINEER:  
 s/R. Michael Turnipseed 02/05/98  
 R. Michael Turnipseed Date

APPROVED BY THE FEDERAL WATER MASTER:  
 s/Garry D. Stone 02/17/98  
 Garry D. Stone Date

**CLAIMS 342,344**

PARCEL	AREA (acres)
83-060-02	18.10
PERMIT 11009	114.90
<b>TOTAL</b>	<b>= 133.00 acres</b>

**CLAIMS 343,344**

PARCEL	CULTIVATED AREA (acres)	WILD HAY
83-830-22	12.00	15.60
83-830-23		38.70
83-830-29		7.20
83-830-13		2.60
83-830-14		2.90
83-830-15		4.47
83-830-16		29.41
83-830-17	38.00	
83-830-28		22.42
518-252-03		5.80
518-252-16		23.81
518-252-18		11.58
518-252-41		3.40
518-41 (combined)		0.71
PERMIT 58560		34.30
<b>TOTAL</b>	<b>= 50.00</b>	<b>= 200.50 acres</b>

**CLAIM 345**

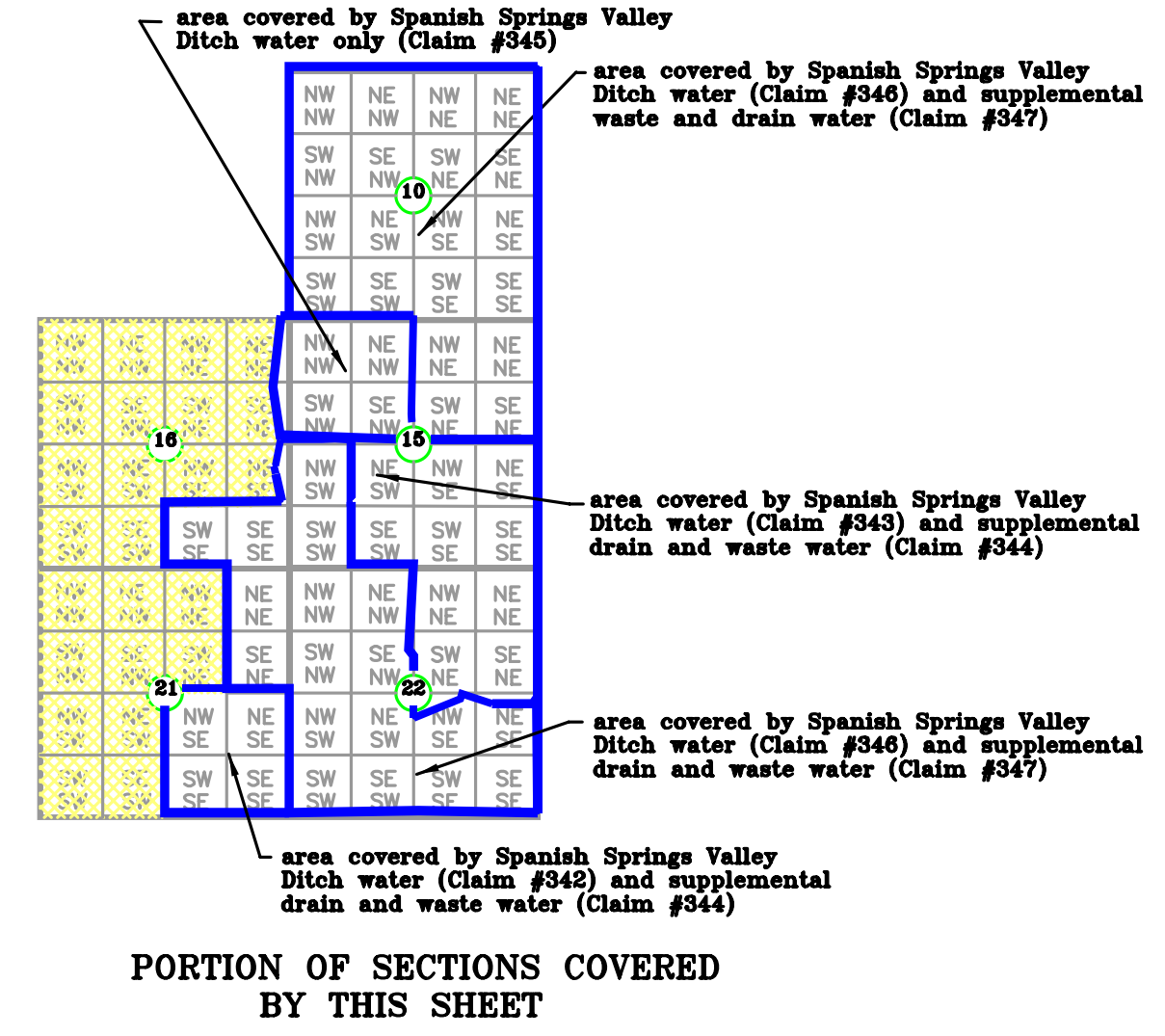
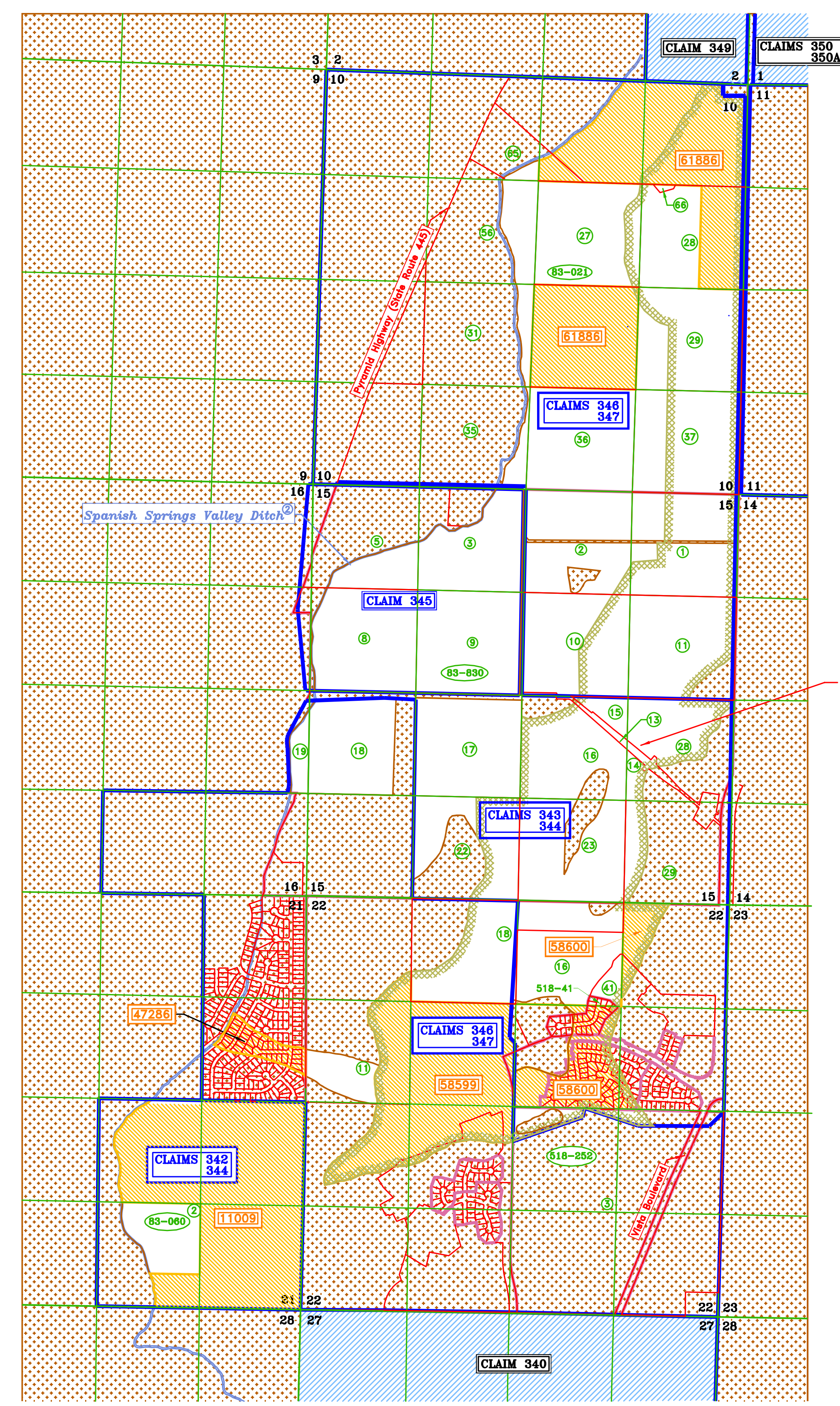
PARCEL	AREA (acres)
83-830-03	28.80
83-830-05	13.30
83-830-08	39.90
83-830-09	38.20
<b>TOTAL</b>	<b>= 118.00 acres</b>

**CLAIMS 346,347**

PARCEL	CULTIVATED AREA (acres)	WILD HAY
83-021-27	37.60	2.20
83-021-28		22.35
83-021-29	10.10	29.70
83-021-31	4.50	
83-021-35	3.50	
83-021-36	40.80	
83-021-37	14.30	25.00
83-021-56	11.70	
83-021-65	1.30	
83-021-66		0.45
83-830-01	9.80	28.50
83-830-02	37.20	
83-830-10	24.59	14.00
83-830-11		37.80
83-830-13	0.31	
83-830-18	32.32	
83-830-19	4.48	
518-252-11	10.00	27.00
PERMIT 47286	7.90	
PERMIT 58559		83.90
PERMIT 61886	76.40	41.20
<b>TOTAL</b>	<b>= 326.80</b>	<b>= 311.90</b>

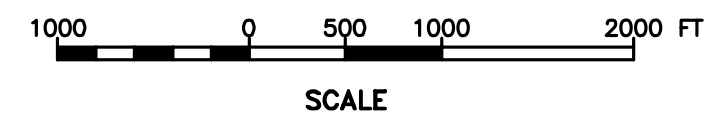
**NOTES**

- Permit #11009 (Certificate #2821) stripped 5.6 acres from the south portion of the SW 1/4 of the SE 1/4 of section 21, T.20N., R.20E., M.D.B.&M., leaving a remainder of 18.1 acres.
- The Spanish Springs Valley Ditch has also been referred to as the Haydon or South Side Extension of the Orr Ditch.



**LEGEND**

- lot/parcel line
- block boundary
- decree claim boundary
- Public Land Survey
- System (PLSS) lines
- creek/ditch
- claim coverage on other sheet
- dry area not containing decreed water rights
- Washoe County Assessor's parcel number (APN)
- block book
- lot number
- found section corner
- water rights completely stripped by permit/certificate
- area indicated by decree as being Wild Hay and having a duty of 4.0 acre feet/acre



CHECKED BY		 STATE of NEVADA Division of Water Resources 123 W. Nye Ln., Carson City NV 89710
SECTION CHIEF		
PROJECT SUPERVISOR		
F.W.M. OFFICE REVIEWER		
DRAWING NO.: TR-014		DATE: 11/12/96
DRAWN BY: A.E. Stroud		



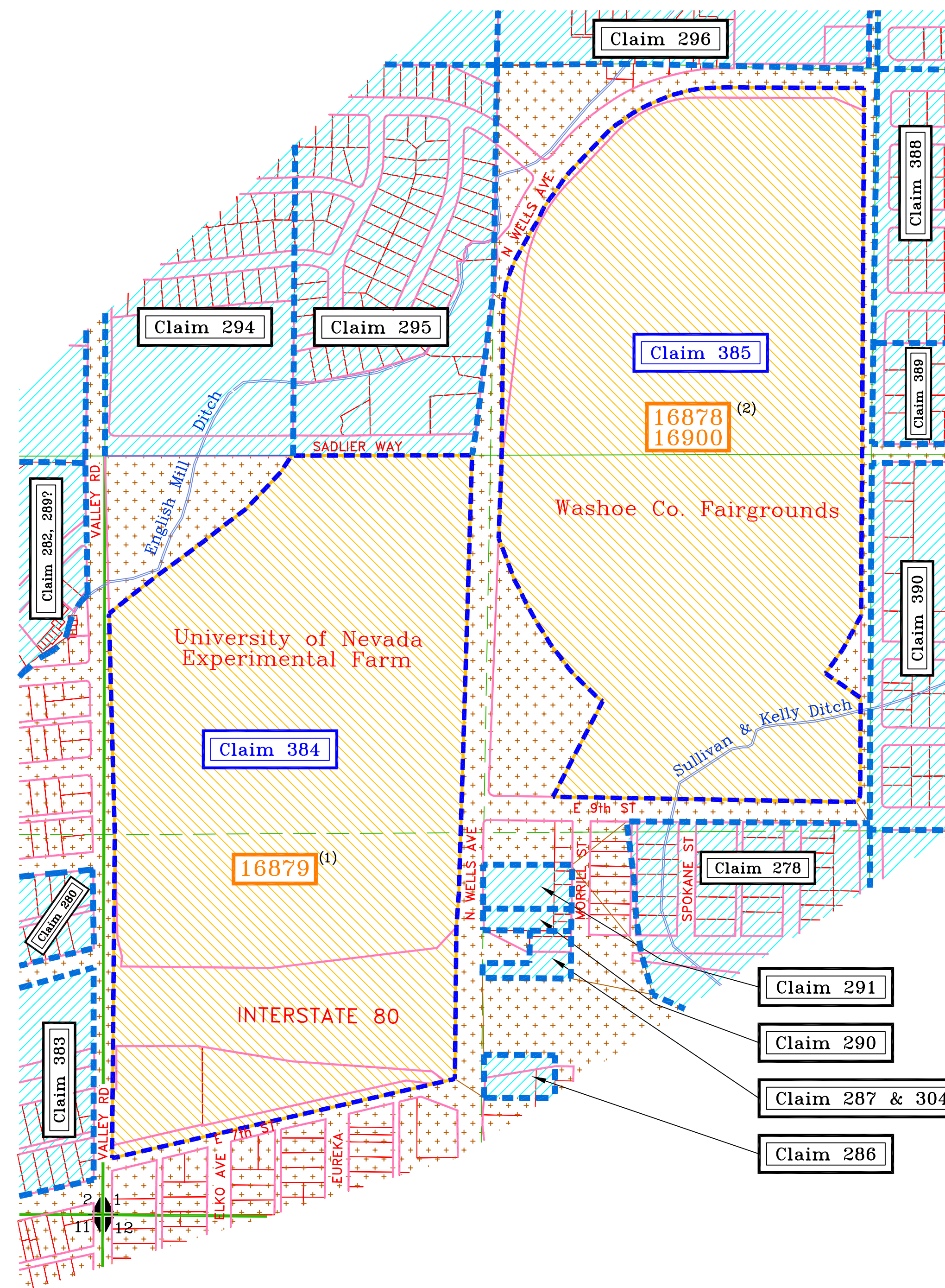
# TRUCKEE RIVER CLAIMS 384 and 385

PORTION OF SECTION 1 T. 19N., R. 19E., M.D.B.&M.

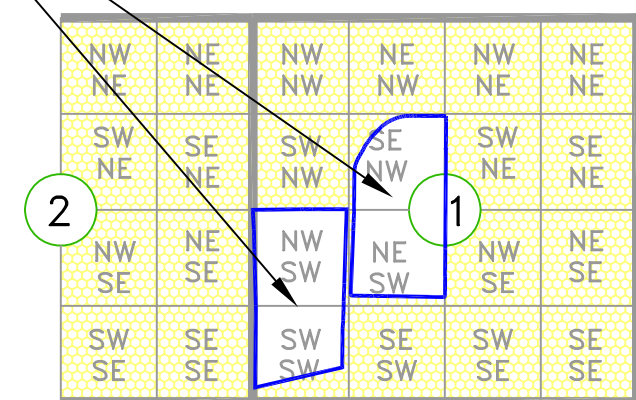
This map is solely for the purpose of describing acreage to which water rights were allocated by the final decree in the United States vs. Orr Water Ditch Company, in Equity, Docket No. 43 and for no other purpose. The map is based upon the State Engineer's and the Federal Water Master's interpretation of the final decree using information available in the State Engineer's and the Federal Water Master's office as of the date of this approval. This map should not be relied upon as a legal description of any specific parcel.

APPROVED BY THE STATE ENGINEER:  
 s/Hugh Ricci, PE 8/17/2001  
 Hugh Ricci, PE Date

APPROVED BY THE FEDERAL WATER MASTER:  
 s/Garry D. Stone 8/17/2001  
 Garry D. Stone Date



Area covered by waters from the English Mill Ditch (Claims 384, and 385)



PORTION OF SECTION COVERED BY THIS SHEET



**CLAIM 384**

PARCEL	AREA (ac.)
(1) Permit 16879 (Cert. 4582)	56.50
<b>TOTAL</b>	<b>= 56.50 ac.</b>

**CLAIM 385**

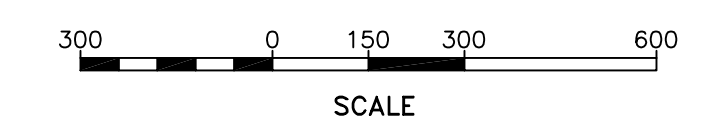
PARCEL	AREA (ac.)
(2) Permit 16878 (Cert. 4544)	29.75
Permit 16900 (Cert. 4545)	29.75
<b>TOTAL</b>	<b>= 59.50 ac.</b>

1. Permit 16879, Certificate 4582, changed only the point of diversion for all of Claim 384.

2. Permit 16878, Certificate 4544, changed only the point of diversion for 20 acres of Claim 385 (E1/2 of SE1/4 of NW1/4, Section 1). The balance of Permit 16878 and all of Permit 16900 change the point of diversion and place of use of Claim 385.

### LEGEND

- lot/parcel line
- block boundary
- section } Public Land Survey
- 1/4 section } System (PLSS) lines
- 1/4 1/4 section }
- creek/ditch
- area covered by decreed water rights
- area not containing decreed water rights
- claim coverage on other maps
- Washoe County Assessor's parcel number (APN)
- block page book
- parcel number
- section corner
- water rights completely stripped by permit/certificate



REVISIONS			CHECKED BY		STATE of NEVADA Division of Water Resources 123 W. Nye Ln., Carson City NV 89710 DRAWING NO.: TR-097 DRAWN BY: D. Taylor, C. Postlethwaite DATE: 8/09/2001
#	DATE	REVIEWER	SECTION CHIEF	TWT	
1			PROJECT SUPERVISOR	RHZ	
2			F.W.M. OFFICE REVIEWER	JMP	
3					
4					
5					
6					



**OPTION AGREEMENT  
FOR PURCHASE AND SALE OF WATER RIGHTS**

THIS OPTION AGREEMENT ("**Agreement**") is entered into this 30<sup>th</sup> day of October 2012, by and between the BOARD OF REGENTS, NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno ("**Seller**") and GREAT BASIN LAND AND WATER, a Nevada nonprofit corporation ("**Buyer**"). This Agreement will be in effect as of the date this Agreement is fully signed by the parties ("**Agreement Date**").

RECITALS

A. Seller is the owner of those certain water and water rights, ditch and ditch rights, designated under **Truckee River Decree Claim No. 601** in that certain action entitled The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants, the same in Equity Docket No. A-3, in the District Court of the United States in and for the District of Nevada, also known as the Orr Ditch Decree, totaling 961.86+/- acre feet per annum (AFA) (containing a total of 240.23 irrigated acres) more particularly described as follows (the "**Water Rights**"):

1. That certain portion of **Truckee River Decree Claim No. 601** delivered by the Pioneer Ditch, heretofore allocated to Charles Mapes, successor to Susan Alt Estate in the Orr Ditch Decree, totaling **219.01 AFA**, as stipulated on the Nevada Division of Water Resources Drawing No. TR-045, as Parcel No. 012-320-02 containing **54.70 acres** of water righted land, which water rights were reserved unto Seller by that certain Grant, Bargain and Sale Deed from Seller to Washoe County, a political subdivision of the State of Nevada, recorded on May 25, 2006, as Document No. 3392236, Official Records, Washoe County, Nevada, said water rights being appurtenant to that certain real property situated within Section 16, Township 19 North, Range 20 East, M.D.M., Washoe County, Nevada, as more particularly described on **Exhibit A**, attached hereto and incorporated herein.

2. Those portions of **Truckee River Decree Claim No. 601** delivered by the Pioneer Ditch, heretofore allocated to Charles Mapes, successor to Susan Alt Estate in the Orr Ditch Decree, totaling **742.85 AFA**, as stipulated on the Nevada Division of Water Resources Drawing No. TR-045 as being appurtenant to those parcels listed on **Exhibit B**, attached hereto and incorporated herein, containing a total of **185.53 acres** of water righted land, which water rights were reserved unto Seller by that certain Grant, Bargain and Sale Deed from Seller to John A. Dermody, et al., re-recorded on May 14, 1997, as Document No. 604996, Official Records, Washoe County, Nevada.

B. Seller and Buyer acknowledge that the number of acres and AFA set forth above in Recital A reflect the records currently on file with the Nevada Division of Water Resources ("**NDWR**") and that such information as to location and quantity of the Water Rights may not be accurate or up to date.

C. Seller desires to sell the Water Rights to Buyer and Buyer desires to purchase the Water Rights from Seller pursuant to the terms and conditions set forth in this Agreement.

D. Seller acknowledges that Buyer is entering into this Agreement in its own right and not as an agent of any governmental agency or entity.

NOW THEREFORE, in consideration of the payment by Buyer to Seller of ONE THOUSAND DOLLARS (\$1,000.00) ("**Option Consideration**") and in consideration of the mutual covenants herein contained and for other good and valuable consideration given by Buyer to Seller, the receipt and adequacy of which are hereby acknowledged, Seller grants to Buyer, and to its successors and



assigns as provided in Section 13, hereof, the exclusive and irrevocable right and option ("**Option**") to purchase the Water Rights pursuant to the terms and conditions set forth in this Agreement.

## TERMS AND CONDITIONS

1. **Option Term.** The Option shall remain in effect until and through midnight of the first business day that is one hundred (100) days from the Agreement Date ("**Initial Option Term**"); provided that the Option Term shall be automatically extended until and through midnight of the first business day that is one hundred eighty (180) days from the expiration of the Initial Option Term ("**Extended Option Term**") if during the Initial Option Term, Buyer exercises the Option to purchase a minimum of 219.01 AFA of the Water Rights; provided that if Seller has fully preformed and Buyer fails to close escrow on said purchase within forty-five (45) days following the date of Buyer's exercise of the Option in accordance with Section 4 of this Agreement, Seller shall have the right to terminate this Agreement by written notice to Buyer and Escrow Holder given in accordance with Section 15 of this Agreement, and any funds deposited into escrow by Buyer shall be immediately returned to Buyer, in which event Buyer's inability to close escrow shall not constitute a breach of this Agreement.

2. **Exercise of Option.** At any time and from time to time during the Option Term, Buyer shall have the right to exercise the Option as to all or any portion of the Water Rights by notifying Seller in writing, which notice shall identify the Water Rights that Buyer is electing to purchase. Such notice(s) shall be deemed timely if given within the Option Term in accordance with the provisions of Section 15 of this Agreement. Buyer may, in its sole discretion, elect not to exercise the Option, in which case Seller shall be entitled to retain the Option Consideration as its sole and exclusive remedy under this Agreement and the option rights herein granted shall terminate and Seller shall have no further obligation to Buyer under this Agreement.

3. **Purchase Terms.**

A. **Purchase Price.** Buyer shall pay to Seller \$5,500.00 per acre foot of Water Rights purchased. The total Purchase Price for a closing shall be \$5,500.00 multiplied by the actual acre feet being transferred.

B. **Board of Regents Approval.** The terms of this Agreement shall be contingent upon the approval of the Board of Regents. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of this Agreement during the Initial Option Term specified in Section 1, this Agreement shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no further binding effect whatsoever. In that event, Seller will return Buyer's option consideration.

C. **Method of Payment.** The Purchase Price shall be paid in cash on close of escrow. The Option Consideration shall be credited to the Purchase Price at the close of the first escrow under this Agreement.

4. **Closing.** The following provisions shall apply to each closing that may occur under this Agreement:

A. **Escrow and Closing Date.** As to each exercise of the Option, escrow closing shall be held at the office of Northern Nevada Title Company located at 307 W Winnie Lane, Suite 1, Carson City, NV 89703-4103 ("**Escrow Holder**") on or before the first business day which is forty-five (45) days following the date of each such exercise of the Option by Buyer ("**Closing Date**"), or as soon thereafter as the conditions precedent to Buyer's obligation to purchase the Water Rights have been satisfied and Seller shall have fully performed under this Agreement. The provisions of this Agreement shall constitute joint instructions to the Escrow Holder; provided, however, that Seller and



Buyer shall mutually execute such additional instructions as may be reasonable and necessary to carry out the provisions of this Agreement.

B. **Water Rights Deed.** Seller shall, at closing, execute and deliver a good and sufficient Water Rights Deed, in recordable form reasonably acceptable to Buyer, conveying the Water Rights to Buyer or to Buyer's nominee and its successors and assigns, subject to Section 13 below.

C. **Closing Costs and Fees.** Buyer shall pay for the cost to record the Water Rights Deed. Seller and Buyer shall split the cost of the escrow fee. Seller shall pay for the chain of title guarantees as required by Section 5 below. Each party will pay its own fees and costs for any special services such as wire transfer fees, overnight mail, certified copies and document preparation. Any other fees or closing costs shall be allocated between the parties in accordance with the customary practice of Washoe County, Nevada.

D. **Prorations.** Any assessments, fees or charges on the Water Rights shall be paid current by Seller through the period in which escrow closes and will be prorated between Seller and Buyer as of the date of the close of escrow.

5. **Chain of Title Guarantees/Release of Water Rights.**

A. **Chain of Title Guarantees.** As to any of the Water Rights that are appurtenant to real property not currently owned by Seller, Escrow Holder will prepare a chain of title report on the real property to which the Water Rights are appurtenant up to the date of Seller's reservation of the Water Rights from its sale of the real property. Closing on such Water Rights shall be conditioned upon Seller providing Buyer, or Buyer's nominee, a chain of title guarantee ("**Chain of Title Guarantee**") issued by Escrow Holder insuring that title to the real property to which the Water Rights are appurtenant was vested in Seller free and clear of all liens and encumbrances at the date upon which the Water Rights were reserved by Seller. Seller's inability to provide a Chain of Title Guarantee shall not constitute a breach of this Agreement.

B. **Release of Water Rights.** As to each exercise of the Option, closing shall be conditioned upon Seller obtaining from the City of Reno a fully executed release of at least those specific Water Rights upon which the Option was exercised ("**Release of Water Rights**") from that certain "Treated Effluent Irrigation and Lease Agreement" by and between Seller and the City of Reno, which agreement was signed by the City of Reno on October 24, 2000 and thereafter by Seller ("**UNR Lease Agreement**"). The form of the Release of Water Rights shall be subject to the prior review and reasonable approval of Buyer. Seller's inability to obtain such a release shall not constitute a breach of this Agreement.

6. **Water Rights Evaluation, Mapping and Transfer Applications.** During the Option Term, Buyer will undertake its own independent evaluation of the title and quantity of the Water Rights and cause to be prepared at Buyer's expense (1) such map(s) as may be necessary or appropriate to determine and depict the real property to which the Water Rights are appurtenant ("**Water Rights Map**"); and (2) application(s) to be filed with NDWR to change the Water Rights from their existing place and manner of use ("**Transfer Application**"). Prior to the close of escrow and as a condition precedent to closing, the Water Rights Map and the form of the Transfer Application shall have been reviewed and approved by NDWR, the Nevada State Engineer and/or the Federal Water Master as Buyer deems appropriate. Buyer agrees that Seller shall not be responsible for the fees to file Transfer Applications. The parties understand that the total Purchase Price for a closing shall be \$5,500.00 multiplied by the actual acre feet being transferred.



7. **Seller's Representations.** Seller represents to Buyer that it has a good faith belief that the following facts and circumstances are true to the best of Seller's knowledge with the intent that these representations shall survive any close of escrow, but shall expire upon the certification by the Nevada State Engineer of the transfer of the Water Rights so purchased to the Truckee River for wildlife purposes ("**Water Rights Transfer**").

A. Seller has full power and authority to enter into this Agreement and to sell, transfer and convey all right, title and interest in and to the Water Rights in accordance with this Agreement.

B. Except for Seller's Temporary Transfer Permit No. 81789T encumbering Truckee River Decree Claim No. 601, which is set to expire on December 31, 2012, and which Seller covenants not to extend, and except for the UNR Lease Agreement from which Seller shall cause the Water Rights optioned to be released prior to any closing in accordance with Section 5.B, (1) the Water Rights have not been transferred, sold or otherwise assigned by Seller, (2) there are no leases, licenses, easements, tenancies, parties in possession, rights to purchase the Water Rights or any portion thereof, or other third party rights to use any portion of the Water Rights whether in writing, oral, or otherwise not of record, which rights were created by Seller, (3) Seller has no knowledge of any interests of third parties, or claims by third parties to an interest in any of the Water Rights, and (4) to Seller's knowledge, there are no disputes, claims or actions involving the Water Rights, except for that certain action entitled The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants, the same in Equity Docket No. A-3, in the District Court of the United States in and for the District of Nevada, also known as the Orr Ditch Decree.

C. All assessments and charges against the Water Rights, including but not limited to the Water Master's fees, have been paid in full, or will be paid in full as of the Closing Date.

D. To inform Buyer that withholding of tax is not required under Section 1445 of the Internal Revenue Code, Seller hereby certifies that the Seller is not a non-resident alien or a foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined for purposes of federal income tax law. Seller understands that this certification may be disclosed to the Internal Revenue Service.

The existence on the Closing Date of any fact with respect to the Water Rights, which Buyer reasonably determines to be inconsistent with any of the foregoing good faith representations, shall constitute the failure of a condition precedent to Buyer's obligations under this Agreement, but shall not constitute a breach of the Agreement by Seller.

8. **Promise Not to Further Encumber.**

A. Seller agrees that Seller's title to the Water Rights shall remain as it now is until closing, and that Seller shall refrain from and shall not, through any action or inaction, change the manner or use of the Water Rights or permit any use of the Water Rights for any purpose or in any manner which would adversely affect Buyer's acquisition of the Water Rights. Seller shall not do any of the following during the term of this Agreement without the prior written consent of Buyer: (a) make or allow to be made, extend or allow to be extended, any leases, contracts, options or agreements affecting the Water Rights; or (b) cause or permit any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon the Water Rights.

B. Following close of escrow up to and including certification of the Water Rights Transfer by the Nevada State Engineer, re-conveyance of the Water Rights to Seller pursuant to Section 11 of this Agreement, or waiver of Buyer's or Buyer's assignee's right to re-convey the Water Rights to Seller pursuant to Section 11 of this Agreement, title to and of the Water Rights shall be



vested in Buyer or Buyer's assignee, the Pyramid Lake Paiute Tribe, and title shall not change, nor shall Buyer or Buyer's assignee do any of the following: (a) make or allow to be made, extend or allow to be extended, any leases, contracts, options or agreements affecting the Water Rights; or (b) cause or permit any lien, encumbrance, mortgage, deed of trust, right, restriction or easement to be placed upon the Water Rights.

9. **Buyer's Conditions Precedent.** As to each exercise of the Option, Buyer's obligation to purchase the Water Rights as provided herein shall be subject to satisfaction of the following conditions precedent ("**Conditions Precedent**"):

A. Seller shall have obtained from the City of Reno a fully executed Release of the Water Rights from the UNR Lease Agreement as required by Section 5.B of this Agreement.

B. Seller's Temporary Transfer Permit No. 81789T encumbering Truckee River Decree Claim No. 601 shall have expired and shall not have been extended.

C. Buyer shall be satisfied that all title and interests in and to the Water Rights is held by Seller and that Seller can sell, transfer and convey the Water Rights to Buyer without encumbrances.

D. A Water Rights Map and the form of Transfer Application shall have been reviewed and approved by NDWR, the Nevada State Engineer and/or the Federal Water Master.

E. Escrow Holder shall be prepared to issue the Chain of Title Guarantee as required under Section 5.A of this Agreement.

F. Seller shall have paid in full any and all assessments and charges against the Water Rights.

G. Seller shall have provided to Buyer and Escrow Holder satisfactory evidence that the Board of Regents has authorized this transaction.

H. Seller's compliance with each of its obligations, covenants and agreements herein, and the accuracy and completeness in all material respects of each of Seller's representations.

If escrow as to any Water Rights upon which Buyer has exercised its option is not closed on or before the Closing Date because one or more of these conditions precedent has not been met, Buyer may elect, by written notice to Seller and the Escrow Holder, to either (a) defer the Closing Date until the conditions precedent have been met, provided that as to those conditions precedent set forth in C and D, above, Buyer may not defer the Closing Date for more than 120 days; (b) terminate this Agreement as to the Water Rights that are the subject of the escrow, in which case Buyer shall have no obligation to purchase such Water Rights and any funds deposited into escrow by Buyer shall be immediately refunded to Buyer; or (c) waive any of the conditions precedent to its obligation to close and proceed to close escrow, provided that a waiver of any of the conditions precedent shall not constitute a waiver of any rights or remedies Buyer may have under any other provision of this Agreement.

10. **Seller's Conditions Precedent.** The following shall be conditions precedent to Seller's obligation to sell the Water Rights at the close of escrow:

A. Timely exercise of the Option.



B. Deposit into Escrow three (3) days prior to closing of the full amount of the Purchase Price as adjusted by Escrow Holder to reflect all required adjusted, pro-rations and credits to which Buyer is entitled.

C. Buyer shall not have committed any defaults of its obligations hereunder.

11. **Resolution In The Event State Engineer Does Not Certicate The Transfer of Water Rights.** In the event that, following the closing of any escrow, the Nevada State Engineer denies or otherwise determines that he is unable to certificate the Water Rights Transfer, the parties agree that Buyer, or Buyer's successor or assignee pursuant to Section 13 of this Agreement, shall, within sixty (60) days of such determination or denial by the Nevada State Engineer, elect, by written notice to Seller given in accordance with Section 15 of this Agreement ("**Notice of Election**"), to either (1) re-convey such Water Rights to Seller in which case Seller shall reimburse Buyer's successor or assignee an amount equal to the Purchase Price of those Water Rights, without interest, or (2) waive the right to re-convey such Water Rights to Seller. In the event Buyer, or Buyer's successor or assignee, elects to re-convey such Water Rights to Seller, the parties shall open an escrow with Escrow Holder and, within thirty (30) days of the effective date of the Notice of Election, Buyer shall cause to be deposited into escrow an instrument conveying such Water Rights to Seller, the form of which shall be subject to the prior review and reasonable approval of Seller, and Seller shall, subject to Buyer and Buyer's successor or assignee having fully complied with Section 8.B of this Agreement, deposit into escrow the Purchase Price of those Water Rights, in cash. The parties agree that, upon such re-conveyance and re-payment, or upon Seller's receipt of a written Notice of Election waiving this right, there shall be no claims made against or penalties assessed to either party and that neither party shall be deemed to be in breach of this Agreement or otherwise responsible for any additional payments or damages to the other party.

12. **No Broker's Commission.** Each party represents to the other that it has not contracted with any broker or finder with regard to this transaction, and each agrees to indemnify and defend the other and hold the other harmless from and against all liability, claims, demands, damages and costs of any kind arising from or connected with any broker's or finder's type of fee, commission or charges claimed to be due any person arising from such party's conduct with respect to this transaction.

13. **Successors and Assigns.** This Agreement shall be binding not only upon the parties but also upon their heirs, executors, administrators, personal representatives, assigns, and all other successors in interest. Buyer's interest herein and rights hereunder shall be freely transferable by assignment, sale or otherwise to the Pyramid Lake Paiute Tribe, a federally recognized Indian Tribe ("**Tribe**"), and any such sale, assignment or other transfer shall be complete and effective upon Buyer's written notice thereof to Seller. Any such sale, assignment or other transfer of rights under this Agreement to any party other than the Tribe is subject to the prior approval by Seller in Seller's sole discretion.

14. **Memorandum of Option.** Concurrently with the signing of this Agreement, Seller shall duly execute and acknowledge a Memorandum of Option, in the form attached to this Agreement as **Exhibit C**, which Buyer may record in the official records of Washoe County, Nevada.

15. **Notices.** All notices, requests, demands, consents, approvals and other communications required or permitted to be given hereunder must be in writing, and shall be (a) personally delivered, or sent by United States mail, postage prepaid, to the address of the party set forth below, (b) telecopied to the Fax number of the party set forth below provided that the executed original thereof is deposited in the mail on the same date as the facsimile, or (c) sent by overnight common carrier courier service to the address of the party set forth below. Such notice or communication shall be deemed given when delivered in person, when the telecopy is received, in



the case of mailed notice, forty-eight (48) hours following deposit in the United States mail, or, in the case of overnight service, on the Business Day immediately following the date it was deposited. Notice of any change of address shall be effective only when done in accordance with this Section.

TO BUYER:

Great Basin Land & Water  
470 Columbus Ave., Suite 211  
San Francisco, CA 94133  
Attn: Aaron Peskin, President  
Telephone: (415) 986-7014  
Fax: (415) 296-9533

TO SELLER:

Board of Regents  
Nevada System of Higher Education  
c/o Director of Real Estate  
895 N. Center Street  
University of Nevada, Reno  
Reno, Nevada 89557-0239  
Telephone: (775) 784-6546  
Fax: (775) 327-5017

With a copy to:

Office of General Counsel, UNR  
Mail Stop 0550  
1664 N. Virginia Street  
Reno, NV 89557-0550  
Telephone (775) 784-3491  
Fax (775) 327-2202

16. **Remedies Upon Default.** If Seller defaults in the performance of any of Seller's obligations under this Agreement, Buyer will, in addition to any and all other remedies provided in this Agreement or by law or equity, have the right of specific performance against Seller. If Buyer defaults in the performance of any of its obligations under this Agreement, Seller will have the right to retain the Option Consideration without thereby waiving Seller's right to recover damages for breach of contract or any other remedy provided in this Agreement or by law or equity.

17. **Miscellaneous.** This Agreement represents the entire agreement of the parties and may not be amended except by a writing signed by each party hereto. Each party shall execute and deliver or cause to be executed and delivered all instruments reasonably required to convey the Water Rights to Buyer and to vest in each party all rights, interest and benefits intended to be conferred by this Agreement.

18. **Applicable Law: Venue.** The laws of the State of Nevada shall govern the validity, construction, interpretation, and effect of this Agreement. Any and all disputes arising out of or in connection with this Agreement shall be litigated only in the Judicial District Court in and for the County of Washoe, State of Nevada, and Buyer hereby expressly consents to the jurisdiction of said court.

19. **Time of Essence.** Time shall be of the essence with respect to the performance of the parties' obligations under this Agreement.

20. **Interpretation.** The parties agree that both were equally influential in preparing and negotiating this Agreement, and each had the opportunity to seek the advice of legal counsel prior to the execution of this Agreement. Therefore, the parties agree that no presumption should arise construing this Agreement more unfavorably against any one party.

21. **Headings.** The headings of the sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference and shall not be considered in construing their contents.

22. **Construction.** As used herein, all references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders; (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well; and (c) to any section, subsection, paragraph or subparagraph shall be deemed, unless otherwise expressly indicated, to have been made to such section, subsection, paragraph or subparagraph of this Agreement.

23. **Severability.** No determination by any court, governmental or administrative body or agency or otherwise that any provision of this Agreement or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other provision hereof, or (b) such provision in any circumstance not controlled by such determination. Each such provision shall remain valid and enforceable to the fullest extent allowed by and shall be construed wherever possible as being consistent with, applicable law.

24. **Counterparts.** To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each party, or that the signature of all persons required to bind any party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this instrument to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each of the parties hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter attached to another counterpart identical thereto except having attached to it additional signature pages.

25. **Expiration.** This Agreement will be of no force or effect, and will be null and void, unless Buyer receives an original of this Agreement, signed by Seller, no later than **October 30, 2012**. For this purpose, a facsimile of the signed signature page shall constitute receipt by Buyer, provided that the executed original Agreement is deposited in the mail on the same date as the facsimile. Buyer acknowledges that Seller's signature below only binds the Seller upon approval of the Board of Regents pursuant to Section 3(B) above.

IN WITNESS WHEREOF, Seller and Buyer have executed this Agreement below.

BUYER:

GREAT BASIN LAND AND WATER,  
a Nevada nonprofit Corporation

By:

  
Aaron Peskin  
President

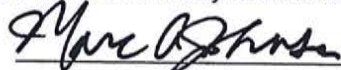
Date:

10-30-12

SELLER:

BOARD OF REGENTS OF THE  
NEVADA SYSTEM OF HIGHER EDUCATION  
on behalf of the University of Nevada, Reno

By:



Title:

President

Date:

10-30-12



**EXHIBIT A**

**LEGAL DESCRIPTION**

**APN 012-320-05 (formerly APN 012-320-02)  
(Containing 219.01 AFA from Claim 601)**

All that certain real property situated within Section 16, Township 19 North, Range 20 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

All that certain property as shown on Reversion to Acreage Map No. 4562, recorded in the office of the County Recorder of Washoe County, State of Nevada on May 19, 2006 as Document No. 3389969.

APN 012-320-05 (formerly APN 012-320-02):

**EXHIBIT B**

**Washoe County, NV Assessor Parcel Numbers  
(Containing 742.85 AFA from Claim No. 601)  
(Legal Description for Each Parcel to be Provided by Buyer)**

012-351-01	012-401-16
012-351-02	012-401-23
012-351-04	012-401-24
012-351-06	012-401-25
012-351-07	012-401-26
012-351-10	012-401-27
012-351-11	012-401-28
012-352-05	012-402-13
012-352-06	012-402-25
012-353-05	012-402-28
012-353-06	012-402-29
012-353-07	012-402-31
012-354-02	012-402-37
012-354-03	012-402-40
012-355-01	012-402-41
012-355-08	012-402-42
012-355-09	012-402-43
012-355-10	012-402-44
012-355-11	012-403-01
012-355-12	Capital Blvd.
012-355-13	Corporate Blvd.
012-401-06	Equity Ave.
012-401-08	Financial Blvd.
012-401-10	Longley Lane
012-401-11	McCarran Blvd.
012-401-12	Mill Street
012-401-14	Wall St.

**EXHIBIT C**

Washoe County, Nevada  
APN 012-320-05 and  
APNs listed on Exhibit C

RECORDING REQUESTED BY:  
Northern Nevada Title Company  
Escrow No. 1098546-RT

WHEN RECORDED MAIL TO:  
Great Basin Land and Water  
470 Columbus Ave. Suite 211  
San Francisco, CA 94133  
Attn: Aaron Peskin

**MEMORANDUM OF OPTION**

This is a MEMORANDUM of a certain Option Agreement dated the \_\_\_\_\_ day of \_\_\_\_\_, 2012, by and between the BOARD OF REGENTS, NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno ("Seller") and GREAT BASIN LAND AND WATER, a Nevada nonprofit corporation ("Buyer"). By said Option Agreement Seller has granted to Buyer an exclusive option to purchase a certain 961.86+/- acre feet per annum (containing a total of 240.23 irrigated acres) of water and water rights appurtenant to that certain real property located in Washoe County, Nevada, more particularly described on **Exhibits A & B** attached hereto and by this reference incorporated herein, being a portion of the water rights designated under **Truckee River Decree Claim Nos. 601** in that certain action entitled The United States of America, Plaintiff, vs. Orr Water Ditch Company, et. al., Defendants, the same in Equity Docket No. A-3, in the District Court of the United States in and for the District of Nevada, also known as the Orr Ditch Decree.

Said option extends until and through midnight of the first business day that is one hundred (100) days from the date of the Option Agreement set forth above, unless extended by its terms for an additional one hundred eighty (180) days.

BOARD OF REGENTS,  
NEVADA SYSTEM OF HIGHER EDUCATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

EXHIBIT ONLY – NOT FOR EXECUTION

**EXHIBIT A**

**LEGAL DESCRIPTION**

**APN 012-320-05 (formerly APN 012-320-02)  
(Containing 219.01 AFA from Claim 601)**

All that certain real property situated within Section 16, Township 19 North, Range 20 East, M.D.M., Washoe County, Nevada, more particularly described as follows:

All that certain property as shown on Reversion to Acreage Map No. 4562, recorded in the office of the County Recorder of Washoe County, State of Nevada on May 19, 2006 as Document No. 3389969.

APN 012-320-05 (formerly APN 012-320-02):

**EXHIBIT B**

**Washoe County, NV Assessor Parcel Numbers  
(Containing 742.85 AFA from Claim No. 601)**

012-351-01	012-401-16
012-351-02	012-401-23
012-351-04	012-401-24
012-351-06	012-401-25
012-351-07	012-401-26
012-351-10	012-401-27
012-351-11	012-401-28
012-352-05	012-402-13
012-352-06	012-402-25
012-353-05	012-402-28
012-353-06	012-402-29
012-353-07	012-402-31
012-354-02	012-402-37
012-354-03	012-402-40
012-355-01	012-402-41
012-355-08	012-402-42
012-355-09	012-402-43
012-355-10	012-402-44
012-355-11	012-403-01
012-355-12	Capital Blvd.
012-355-13	Corporate Blvd.
012-401-06	Equity Ave.
012-401-08	Financial Blvd.
012-401-10	Longley Lane
012-401-11	McCarran Blvd.
012-401-12	Mill Street
012-401-14	Wall St.

**Exhibit 4**

**RESOLUTION  
OF  
THE BOARD OF REGENTS  
OF  
THE NEVADA SYSTEM OF HIGHER EDUCATION**

The Board of Regents hereby approves the Option Agreement for Purchase and Sale of Water Rights with Great Basin Land and Water, a Nevada nonprofit corporation, and authorizes Chancellor Daniel J. Klaich to sign documents necessary to accomplish sales pursuant to the Option Agreement for Purchase and Sale of Water Rights.

\_\_\_\_\_  
Jason Geddes, Chair  
Board of Regents of the Nevada  
System of Higher Education

Dated: \_\_\_\_\_



8. Proposed Policy Relative to Agricultural Properties –

President Crowley recalled that in the 1981 Session of the Legislature, a bill was introduced dedicating the use of any funds realized from the sale of certain agricultural lands in Washoe County owned by the Board of Regents. That bill was not passed; however, the spirit of that bill has been embodied into a resolution for consideration by the Board of Regents as follows:

**RESOLUTION NO. 81-8**

WHEREAS, the Board of Regents of the University of Nevada System holds title to certain parcels of property in Washoe County, Nevada, which parcels are used for the conduct of instruction, research and public service programs of the Fleischmann College of Agriculture; and

WHEREAS, these parcels of property are commonly referred to as (1) the Valley Road Farm, (2) the Main Station Farm, and (3) the Jones Ranch; and

WHEREAS, it is desired that the value of these properties be protected and maintained for the benefit of the College of Agriculture and its programs;

THEREFORE, be it resolved that it shall be the policy of the Board of Regents that in the event that any portion or all of the above described properties are sold, the proceeds from such sale shall be placed in a trust fund, and the principal and income of the trust fund utilized for the following purposes and in the following order of priority:

- (a) To purchase land for an agricultural experiment station;
- (b) For improvements to an agricultural experiment station; or
- (c) For improvements to the 4-H Camp.

AND BE IT FURTHER RESOLVED that it shall be the policy of the Board of Regents that any income from the trust fund which is not expended pursuant to the above may be used in order of priority, to supplement the operating budget of:

- (a) An agricultural experiment station;
- (b) The 4-H Camp;
- (c) The University of Nevada, Reno.

AND BE IT FURTHER RESOLVED that expenditures from the trust fund for such purposes as are described above shall be subject to approval by the Board of Regents.

Mr. Ross moved approval. Motion seconded by Mr. McBride, carried without dissent.

## Exhibit 6

### Local Water Rights Sale Price History: 2000 – 2012

Year	Price of Water Rights (Per Acre Foot)		Comments
	Truckee Meadows Water Authority (TMWA) - Listed Price	Private Party Sales – Actual Market Price	
2000 -2001	\$1,200-\$2000	No Information	
2002-2003	\$2,000-\$3,600	No Information	
2004	Various Prices (With No Water Rights Available for Sale at Certain Times)	\$25,000 -\$50,000	Dramatic price increase due to lack of supply to keep up with demand for new construction and meeting new regulatory water requirement. Truckee River Water Rights in the Washoe Basin selling \$25,000 to \$30,000 per acre foot.
2005	\$25,000+/-	Reasonably Same as TMWA	Continued high demand with limited supply. Vidler Water Company starts work on pipeline to bring additional water to the area market.
2006	\$24,000+/-	Starting to Dip Below \$20,000	Demand tapering off.
2007	\$23,000+/-	\$15,000+/-	TMWA selling little water, more sales within the private market.
2008	\$21,000 -\$23,000	\$12,000 -\$15,000	TMWA selling little water. Private sales slowing but still active.
2009	\$18,000+/-	\$8,000 -\$13,000	TMWA selling little and publicly admitting their listed price is high given the market. Private slowing.
2010	\$11,700 -\$14,720	\$5,000-\$9,000	TMWA selling very little water.
2011	\$10,000 -\$11,700	\$4,500-\$8,000	Substantial privately owned water rights coming to market, including Kiley Ranch (a foreclosure) with upwards of 1,000 AF.  May of 2011, NSHE sold 323.36 AF of Truckee River water rights (as part of the S-Bar-S Ranch sale) for \$8,000 AF, which at time was substantially higher than the average price due to the inholding of land and water rights as part of a land consolidation for the Pyramid Lake Paiute Tribe.
2012	\$9,700	\$4,500-\$5,700	TMWA selling little water, more sales within the private market. Largest private sale in 2012 was Kiley Ranch water, 898.73 acre feet, for \$4,777 AF; only bulk sale in 2012 over 100 AF.