

BOARD OF REGENTS  
BRIEFING PAPER

**Agenda Item Title:** University of Nevada, Reno Sale of a  
Water Line Easement to Kingsbury  
General Improvement District

**Meeting Date:** March 5 & 6, 2015

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

The Kingsbury General Improvement District (KGID) is required to upgrade its water quality treatment system mandated by new Surface Water Treatment regulations promoted by the United States Environmental Protection Agency (EPA). KGID is requesting both a temporary easement for construction and a permanent easement to install water piping along the northern boundary of the 4-H camp located on the Nevada side of Lake Tahoe, near South Shore.

**Location of the 4-H Property and area to Contain both the Temporary and Permanent Easement:** A strip of property running along the north property boundary of parcels 1318-22-002-106 and 1318-22-002-105 on the 4-H Camp (see Exhibits 1 & 2).

**Permanent Easement Area Description:** (Exhibit 3) The permanent easement area is a 10 foot wide strip of land located along the north boundary of the 4-H Camp parcels and contains 38,379+/- square feet in total.

**Temporary Easement Area Description:** (Exhibit 3) The temporary easement area is a 20 foot wide strip of land located along the north boundary inclusive of the 10' permanent easement area of the 4-H Camp parcels and contains 76,544+/- square feet in total.

**Purchase Agreement:** Included is a Purchase Agreement with KGID for the granting of the easements and escrow instructions for the transfer of the easement. The University of Nevada, Reno's General Counsel and NSHE's System Counsel/Director of Real Estate Planning have reviewed and approved this agreement (Exhibit 4).

**Easement Documents:** A permanent easement for KGID will provide for the installation and operation of water lines and associated equipment (Exhibit 4, Exhibit A). A temporary easement is needed for the access and construction of the improvements to be located within the permanent easement (Exhibit 4, Exhibit B). As part of the approval of the above easements, KGID has agreed to abandon an existing Easement of approximately 20' in width. (Exhibit 4, Exhibit C). Also as part of the approval of the above grant of easements, KGID has agreed to reduce an additional existing 20' wide easement to a 10' Easement. (Exhibit 4, Exhibit D)

**Appraisal and Purchase Price:** An appraisal was conducted by Steven Johnson, MAI, SRA, of Johnson Perkins and Associates who valued the easement area at \$220,000 (Exhibit 5). KGID will pay NSHE the appraised value of \$220,000 for granting the easement.

**Resolution:** The University of Nevada, Reno seeks Board of Regents' approval of a Resolution authorizing the Chancellor, or his assignee, to execute the easements and all related documents (Exhibit 6).

**2. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:**

University of Nevada, Reno President Marc Johnson requests Board of Regents' approval of 1) permanent and temporary easements at the University of Nevada, Reno 4-H Camp Lake Tahoe property for Kingsbury General Improvement District, 2) the related Purchase and Sale Agreement with Kingsbury General Improvement District for said easements for the appraised value of \$220,000, and, 3) the resolution authorizing the Chancellor, or his assignee, to execute the easements and all related documents.

**3. IMPETUS (WHY NOW?):**

The easements will provide the means for KGID to upgrade the water quality treatment system adjacent to the 4-H Camp.

**4. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:**

- The purchase price for the easement is at the current appraised value.
- Proceeds from the sale are to be utilized by University of Nevada Cooperative Extension in connection with the 4-H Camp.
- The proposed easement will not disrupt current programs, or known future use of the property, once the water line related equipment is installed. In addition, it will not unreasonably interfere with operations during construction.
- The surface area land within the easement area can continue to be utilized by NSHE.
- It should be noted that this is a small piece of a much larger public project needed for upgrading the water quality treatment system required by new Surface Water Treatment regulations promoted by the EPA.

**5. POTENTIAL ARGUMENTS AGAINST THE REQUEST RECOMMENDATION:**

Although the easement area land can continue to be utilized by NSHE, the easement area will prohibit the construction of any permanent structures.

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

Deny the request and require KGID to seek an alternative.

**7. COMPLIANCE WITH BOARD POLICY:**

Consistent With Current Board Policy: Title #4 Chapter #10 Section #1.9  
 Amends Current Board Policy: Title #\_\_\_\_\_ Chapter #\_\_\_\_\_ Section #\_\_\_\_\_  
 Other:\_  
 Fiscal Impact: Yes  No\_\_\_\_\_  
 Explain: Receipt of grant sale proceeds of \$220,000.

\_\_\_\_\_ Reviewed by Chancellor

\_\_\_\_\_ Reviewed by General Counsel as to form

EXHIBIT 1  
4-H Camp Location Douglas County, Nevada



EXHIBIT 2  
4-H Camp Location Douglas County, Nevada





EXHIBIT 3

4-H Camp Location Douglas County, Nevada

Permanent and Temporary Easement Approximate Locations



Solid White Line Represents 10' wide Permanent Easement Approximate Location

Dotted White Line Represents the Approximate Location of the additional 10' width needed for the Temporary Easement (20' total width)



**PURCHASE AND SALE AGREEMENT**

**Permanent Water Line Easement**

**And**

**Temporary Construction Easement**

This Permanent Water Line Easement And Temporary Construction Easement Purchase and Sale Agreement, hereinafter referred to as the "Agreement" is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by and between the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno, hereinafter referred to as the "Seller" and the Kingsbury General Improvement District, a Nevada municipal corporation, hereinafter referred to as "Buyer".

**RECITALS**

WHEREAS, Seller has title to certain real property in Douglas County, Nevada;

WHEREAS, Buyer desires to purchase a Permanent Water Line Easement and a Temporary Construction Easement, on a portion of said property for the purpose of constructing a subsurface water line (the "Project");

WHEREAS, the interest to be purchased is a Permanent Water Line Easement in and under that portion of a certain property described as Parcel 1 and Parcel 2 of that certain Deed recorded on January 17, 1954 (the "Property") in Book B-1 of Deeds Page 17, Document Number 9350 of the Official Records of Douglas County, Nevada, with such easement consisting of approximately 38,379 square feet, as more fully described in Exhibit A (Permanent Water Line Easement), attached hereto and made a part hereof, but excluding any use of water and mineral rights associated with the Property, and Buyer is willing to compensate the Seller and to construct certain improvements in and under the easement area under the terms and conditions set forth in this Agreement;

WHEREAS, the Seller is also willing to grant a Temporary Construction Easement with such easement consisting of approximately 76,544 square feet, as more fully described in Exhibit B (Temporary Construction Easement) attached hereto and made a part hereof;

WHEREAS, Buyer wishes to abandon an easement previously granted to it by Seller with such easement consisting of approximately 7,573 square feet as more fully described in Exhibit C (Easement Abandonment Agreement), attached hereto and made a part hereof, and Seller is willing to accept Buyer's abandonment of said easement;

WHEREAS, the Seller and Buyer have agreed to the modification of an existing easement previously granted to Buyer as more fully described in Exhibit D (Easement Modification Agreement), attached hereto and made a part thereof; and

WHEREAS, the parties have negotiated mutually agreeable terms and conditions on all issues and desire by this Agreement to set forth their rights and obligations to each other with respect to said grants, abandonment, and modification of easements:

## **AGREEMENT**

In consideration of the mutual promises and covenants set forth in this Agreement, the Seller agrees to grant to Buyer: 1) a Permanent Water Line Easement; and 2) a Temporary Construction Easement of a term of one (1) year, commencing upon the date the Temporary Construction Easement is executed by Grantor and Grantee and ending automatically 365 days thereafter. Buyer agrees to pay the Seller for the easement interest and to construct improvements in and under the easement area only under the terms and conditions set forth in this Agreement and the attachments hereto. Buyer also agrees to abandon that easement previously granted to it by Seller as stated herein and to modify the existing easement previously granted to it by Seller as stated herein.

### **1. SALES PRICE AND CONSIDERATION.**

Seller will grant the Permanent Water Line Easement interest and grant the Temporary Construction Easement for the term of construction of the Project, and Buyer will compensate the Seller and initiate construction of the Project as stated herein.

- (a) Buyer will pay Seller the total sum of Two Hundred Twenty Thousand Dollars (\$220,000.00) for the Permanent Water Line Easement described in Exhibit A and for the Temporary Construction Easement described in Exhibit B.
- (b) Buyer will abandon the easement previously granted to it by Seller as described in Exhibit C.
- (c) Buyer will modify the existing easement as described in Exhibit D.

### **2. PRELIMINARY TITLE REPORT.**

Promptly following the opening of Escrow, the Escrow Agent shall deliver a current commitment for title insurance (the "Report") issued by the Escrow Agent on the Property to Buyer and to Seller. The Report shall show the status of title to the Property as of the date of the Report and shall be accompanied by legible copies of all documents referred to in the Report.



3. REVIEW PERIOD.

Buyer shall have twenty days (the "Review Period") following receipt of the Report to approve or disapprove matters related to title of the Property as shown by the Report. If the Escrow Agent issues a supplemental or amended title report showing additional exceptions to title (an "Amended Report"), the Buyer shall have a period of time equal to ten days (a "Supplemental Review Period") from the date of receipt of the Amended Report and a copy of each document referred to in the Amended Report in which to give notice of dissatisfaction as to any additional exceptions. If Buyer is dissatisfied with any exception to title as shown in the Report or an Amended Report, then, at its sole option, Buyer may cancel this Agreement by giving notice of cancellation to the Seller and the Escrow Agent within the Review Period, or Supplemental Review Period, as appropriate.

4. PERMANENT WATER LINE EASEMENT AND TEMPORARY CONSTRUCTION EASEMENT.

At the close of escrow, Seller shall convey a Permanent Water Line Easement and a Temporary Construction Easement (Exhibits A and B) to Buyer.

5. ESCROW.

- (a) All costs for the granting of the easement will be paid by Buyer.
- (b) This Agreement is contingent upon the approval of the terms of the sale by the Board of Regents of the Nevada System of Higher Education. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of this Agreement made herein, the Agreement shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.
- (c) Escrow shall close within 30 days of the Board of Regents contingent review and approval at the meetings scheduled for March 5 and 6, 2015.

6. ESCROW CANCELLATION CHARGES.

If the escrow fails to close because of Seller's default, Seller shall be liable for all customary escrow cancellation charges. If the escrow fails because of Buyer's default, Buyer shall be liable for all customary escrow cancellation charges. If the escrow fails to close for any other reason, Seller and Buyer shall each be liable for one-half of all customary escrow cancellation charges. If the escrow fails to close, all other obligations under this Agreement shall terminate.



7. CLOSING COSTS.

- (a) Real estate taxes and irrigation assessments, either existing or proposed, shall remain the responsibility of Seller. Improvement liens and other special assessments shall also remain the responsibility of Seller.
- (b) Buyer agrees that all closing costs payable by Buyer and Seller will be paid by Buyer. On or before the close of escrow, Buyer agrees to deposit with Escrow Agent an amount sufficient to pay the purchase price and all closing costs.
- (c) The parties agree that there has not been and shall be no broker or representative acting for either party in this transaction that is entitled to a fee or commission.
- (d) The obligations of this paragraph shall survive close of escrow.

8. TERMS APPLICABLE TO TEMPORARY CONSTRUCTION EASEMENT.

- (a) Buyer will adhere to all OSHA safety requirements.
- (b) Buyer shall place no advertising on the easement area or on any structure on the easement area.
- (c) Buyer shall return the easement area to the condition it was in prior to the commencement of the Project, except as stated in subsection (f) below regarding re-vegetation and screening and in subsection (i) below regarding the iron fencing.
- (d) Any additional costs for servicing or maintaining the easement area that are due to the presence of Buyer's use shall be paid by Buyer within thirty (30) days of written notice thereof.
- (e) At all times, Buyer's use of the easement area shall comply with all TRPA, local, state, and federal ordinances, regulations, and laws.
- (f) Buyer shall provide Seller with a written plan for re-vegetation, screening and the condition of the property, subject to Seller's approval, 60 days prior to completion of the Project. Buyer's accomplishment of the plan shall occur prior to the termination of the Temporary Construction Easement. Buyer warrants all re-vegetation for one (1) year from the termination of the Temporary Construction Easement.
- (g) Buyer shall erect temporary fencing at least 6 feet high on the south boundary of the temporary construction easement.
- (h) All access to the temporary construction easement shall be from the north boundary and there shall be no entry points from the south or from the remainder of the 4-H Camp.
- (i) Upon completion of construction of the Project, Buyer shall install permanent iron fencing at least 6 feet high, acceptable to Seller, along the north property line.

- (j) There shall be no construction in the immediate camping area during peak use camp times, as provided in written instructions by Seller to Buyer prior to any construction activity.
- (k) Buyer shall provide background checks to Seller on all contractors, sub-contractors, and their employees working on the construction site. Seller shall have the right to exclude from the property any person whose background check is unacceptable to Seller in its sole discretion.
- (l) Buyer shall, at Buyer's sole expense, procure, maintain and keep in force for the duration of the Temporary Construction Easement the following insurance conforming to, at minimum, the requirements specified below:
  - 1) Insurance Required.
    - a. Workers' Compensation and Employer's Liability Insurance
      - i. Buyer shall provide proof of workers' compensation insurance as required by NRS 616B.627 or proof that compliance with the provisions of Nevada Revised Statutes, Chapter 616A-D and all other related chapters, is not required.
    - b. Commercial General Liability Insurance
      - i. Limits Required
        - 1. \$2,000,000 General Aggregate
        - 2. \$2,000,000 Each Occurrence
      - ii. Coverage shall be on an occurrence basis and shall be at least as broad as ISO form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, and contractual liability coverage.
    - c. Business Automobile Liability Insurance
      - i. Limit required: \$1,000,000 combined single limit per accident for bodily injury and property damage.
      - ii. Coverage shall include owned, non-owned, and hired vehicles.
      - iii. Coverage shall be written on ISO form CA 00 01 or a substitute providing equal or broader liability coverage.
  - 2) General Requirements
    - a. Additional Insured: On all insurance policies required by this Easement, the Nevada System of Higher Education on behalf of the University of Nevada shall be included as an additional insured as respects to this Temporary Construction Easement.
    - b. Waiver of Subrogation: Each required liability insurance policy shall provide for waiver of subrogation against Nevada System of Higher Education on behalf of the University of Nevada.
    - c. Cross-Liability: All required liability policies shall provide cross-liability coverage.
    - d. Approved Insurer: Each insurance policy shall be issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers rated at least A- by AM Best and having agents in Nevada upon whom service of process may be made.



9. RISK OF LOSS.

Except as otherwise provided, the risk of loss or damage to the Property and all liability to third persons shall continue to be borne by Seller except as limited by the terms of the Permanent Water Line Easement, the Temporary Construction Easement, and this Agreement. This obligation shall survive the close of escrow.

10. SELLER'S REPRESENTATIONS AND WARRANTIES.

The Seller makes the following representations and warranties:

- (a) Title. Fee simple title to the Property is currently vested in the Seller;
- (b) Existing Improvements. The Seller does not warrant the condition of any existing improvements on the Property.

11. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer makes the following representations and warranties:

Authority. Buyer has full power and authority to enter into and to perform its obligations under this Agreement. The persons executing this Agreement on behalf of Buyer have full power and authority to do so and to perform every act and to execute and deliver every document and instrument necessary or appropriate to consummate the transactions contemplated hereby; and

12. INDEMNITY.

Buyer shall indemnify, defend and hold harmless Seller, its officers, employees and agents from and against all liabilities, lawsuits, judgments, claims, losses, damages, costs and expenses, including attorneys' fees, for personal injury or property damage arising directly or indirectly from any act or failure to act by Buyer or any of its officers or employees, which may arise out of the performance of this Agreement.

13. BINDING EFFECT.

The provisions of this Agreement are binding upon, and shall inure to the benefit of, the parties and their respective heirs, personal representatives, executors, administrators, successors and assigns. These obligations shall survive the close of escrow.

14. ATTORNEYS' FEES.

If either party brings any action in respect to its rights under this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and court costs as determined by the court. This obligation shall survive the close of escrow.

15. WAIVERS.

No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver be a continuing waiver. Except as expressly provided in this Agreement, no waiver shall be binding unless executed in writing by the party making this waiver. Either party may waive any provision of this Agreement intended for its benefit; provided, however, such waiver shall in no way excuse the other party from the performance of any of its other obligations under this Agreement. The terms of this paragraph shall survive close of escrow.

16. APPLICABLE LAW.

This Agreement shall be subject to, and construed according to, the laws of the State of Nevada without the application of any principles of conflicts of law that would require or permit the application of the laws of any other jurisdiction. The terms of this paragraph shall survive close of escrow.

17. TIME.

Time is of the essence of this Agreement.

18. NOTICES.

Notices shall be in writing and shall be given by personal delivery, by deposit in the United States mail, certified mail, return receipt requested, postage prepaid, or by express delivery service, freight prepaid, in each case by delivery to the Seller and Buyer at the addresses set forth on the first page of this Agreement or at such other address as a party may designate in writing. The date notice is given shall be the date on which the notice is delivered, if notice is given by personal delivery, or five (5) calendar days after the date of deposit in the mail or with an express delivery service, if the notice is sent through the United States mail. A copy of any notice given to a party shall be given to the Escrow Agent by regular mail. These obligations shall survive close of escrow.

Notices shall be given as follows:

To Buyer: Cameron McKay  
General Manager  
Kingsbury General Improvement District  
P.O. Box 2220  
Stateline, NV 89449

To Seller: Troy Miller  
Director of Real Estate  
University of Nevada, Reno  
895 N. Center Street  
Reno, NV 89501



With copy to:

Mary Dugan  
General Counsel  
University of Nevada, Reno  
1664 N. Virginia St. MS 0550  
Reno, NV 89557

19. FURTHER DOCUMENTATION.

Each party agrees in good faith to execute such further or additional documents as may be necessary or appropriate to fully carry out the intent and purpose of this Agreement. This obligation shall survive the close of escrow.

20. TIME PERIODS.

Except as expressly provided for herein, the time for performance of any obligation or taking any action under this Agreement shall be deemed to expire at 5:00 p.m. (Pacific Time) on the last day of the applicable time period provided herein. If the time for performance of any obligation or taking any action under this Agreement expires on a Saturday, Sunday or legal holiday, the time for performance or taking such action shall be extended to the next succeeding day which is not a Saturday, Sunday or legal holiday.

21. AMENDMENTS.

Any amendments or modifications to this Agreement must be in writing and executed by both parties. This Agreement constitutes the entire agreement of the parties and supersedes any negotiation, discussion, undertakings, correspondence or informal agreements of the parties. The terms of this paragraph shall survive the close of escrow.

22. INTERPRETATION.

Both parties have been or have had the opportunity to be represented by counsel in negotiating and approving this Agreement. This Agreement shall be interpreted, applied and enforced according to the fair meaning of its terms and shall not be construed in favor of, or against, either party, regardless of which party may have drafted or proposed any of its provisions or terms. The terms of this paragraph shall survive the close of escrow.

23. JURISDICTION

The parties agree that all disputes shall be resolved in accordance with the laws of the State of Nevada and that the parties submit to the jurisdiction of the Second Judicial District Court or such other Court in Washoe County, Nevada as is appropriate for the resolution of all matters arising under this Agreement.



**BUYER:**

**KINGSBURY GENERAL IMPROVEMENT DISTRICT**

By: \_\_\_\_\_  
Cameron McKay, General Manager      Date

STATE OF NEVADA    )  
                                  ) ss.  
COUNTY OF DOUGLAS)

The above-instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 2015, by Cameron McKay on behalf of Kingsbury General Improvement District.

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

## Exhibit A

APN: 1318-22-002-106  
& 1318-22-002-105

Recorder, please return to:  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449

### PERMANENT WATER LINE EASEMENT

The **BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION** on behalf of the **University of Nevada, Reno** ("Grantor"), for and in consideration of the sum of Two Hundred and Twenty Thousand Dollars (\$220,000.00), and other good and valuable consideration, receipt of which is hereby acknowledged, hereby grants and conveys to the **Kingsbury General Improvement District**, a Nevada municipal corporation, ("Grantee"), its successors and assigns, a permanent easement ("Easement") in a portion of Grantor's property described in Exhibit A, attached hereto and depicted in Exhibit Map A-1 (the "Easement Area").

**WHEREAS**, Grantor desires to grant to Grantee the Easement located on Grantor's property, and Grantee desires to accept the Easement subject to the terms and conditions herein.

**NOW THEREFORE**, Grantor and Grantee agree to the following:

1. Grantor hereby grants to Grantee a permanent easement over, across, under and through a portion of Grantor's property as described in Exhibits A and A-1, for so long as the Easement Area is used exclusively for the construction, installation, operation, maintenance, repair, replacement, alteration, and use of a water line and appurtenances (the "Easement"), thereto on Grantor's property. Grantor expressly reserves for itself, its successors and its assigns, the right to use the Easement Area or to grant other easements or licenses at the same location so long as such use does not unreasonably interfere with the rights herein granted.
2. Grantee shall maintain the Easement Area together with any improvements constructed or installed thereon by Grantee or associated with Grantee's use of the Easement Area. The operation and maintenance of such improvements and of the Easement Area shall be at Grantee's sole expense.
3. Grantee shall notify Grantor 48 hours in advance of any and all work to be performed within easement area.
4. This Easement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements, and rights of way pertaining to the Grantor's property, whether or not of record. The use of the word "grant"



shall not imply any warranty on the part of the Grantor with respect to the Easement or the Easement Area.

5. Grantee shall comply with all applicable laws, ordinances and regulations, including but not limited to all applicable regulatory, environmental and safety requirements at Grantee's sole cost and expense. Grantee shall not use, deposit or permit the use or deposit of any hazardous material or toxic waste or other harmful substances on the Easement Area or on any other real property of Grantor adjacent to the Easement Area.

6. Grantee shall not, without Grantor's prior written consent (which consent shall not be unreasonably withheld), install or place any improvements or obstruction on the surface area of the Easement not related to the water line construction and associated appurtenances.

7. Grantor shall use the Easement surface area without restriction or limitations on use. Grantor retains, for its benefit, the right to fence, plant, pave, landscape, maintain, alter or otherwise improve and to so use the Easement Area for its own purposes; provided, however, that all such purposes and uses do not interfere with Grantee's rights herein granted.

8. Grantor may relocate the Easement if in the opinion of Grantor it unreasonably interferes with the present or future use by Grantor of Grantor's land. Grantor shall provide to Grantee a substitute Easement Area reasonably suited to Grantee's needs at no cost to Grantee.

9. Grantee shall indemnify Grantor, its officers and employees for any and all damage, including but not limited to damages to the person or personal property of Grantor, its officers and employees, and third parties, arising from the construction, installation, maintenance, repair, replacement, reconstruction, alteration, operation and use of the water line and appurtenances.

10. Grantor may terminate this Easement and all of the rights granted herein any time after six (6) months of continuous non-use of the Easement or the Easement Area by Grantee. In the event of such termination, the Easement shall be quitclaimed from Grantee to Grantor, without expense to Grantor, and any and all interest in Grantor's Land conveyed in this Easement shall automatically revert to Grantor or its assigns and successors, without the necessity of any further action to effect said reversion. On demand by Grantor, Grantee shall promptly remove any and all improvements it installed in, on, under or above the Easement Area. At the option of Grantor, all such improvements shall become the personal property of Grantor at no cost to Grantor.

11. Grantee alone shall pay any and all taxes, charges or use fee(s) levied by any governmental agency against Grantee's interest in the Easement Area, or against any of Grantor's real property as a result of the Easement herein granted. Grantee shall not

cause liens of any kind to be placed against the Easement Area or any of Grantor's real property.

This Grant of Easement and the terms contained herein shall be binding upon the successors, agents and assigns of Grantor. To have and to hold unto said Grantee, its successors and assigns forever.

EXECUTED on this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno

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Daniel J. Klaich, Chancellor  
Reno, NV 89512  
Telephone: (775) 784-4901

STATE OF NEVADA     )  
                                  )ss  
COUNTY OF WASHOE )

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Daniel J. Klaich on behalf of the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno.

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Notary Public



EXHIBIT A

10' WIDE UTILITY EASEMENT - LEGAL DESCRIPTION

A utility easement over and across a portion of that certain real property described as Parcel 1 and Parcel 2 of that certain Deed recorded on January 7, 1954 in Book B-1 of Deeds Page 17, Document Number 9350 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian being more particularly described as follows:

**Beginning** at the Southeast corner of the aforementioned Parcel 1 thence along the Easterly and Northerly lines of Parcel 1 the following four courses and distances:

1. North 00°41'55" East - 299.98 feet;
2. North 31°32'27" West – 362.67 feet;
3. North 59°54'48" West – 2392.95 feet;
4. North 80°25'47" West – 399.21 feet to a point on the Easterly line of said Parcel 2;

Thence along the Northerly line of said Parcel 2 North 88°25'51" West – 393.82 feet; thence departing said Northerly line South 01°34'09" West – 10.00 feet;

Thence along a line lying 10 feet Southerly and measured at right angles to the Northerly line of said Parcel 2 and the Northerly and Easterly lines of said Parcel 1 the following five courses and distances;

1. South 88°25'51" East – 393.12 feet;
2. South 80°25'47" East – 396.70 feet;
3. South 59°54'48" East – 2388.61 feet;
4. South 31°32'27" East – 357.25 feet;
5. South 00°41'55" West – 291.53 feet to a point on the Southerly line of said Parcel 1;

Thence along the Southerly line of said Parcel 1 South 60°14'21" East a distance of 11.44 feet more or less to the **Point of Beginning**.

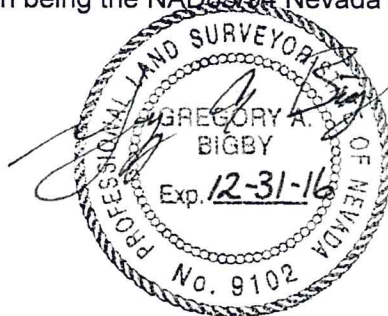
Containing 38,379 square feet (0.88 acres) of land more or less.

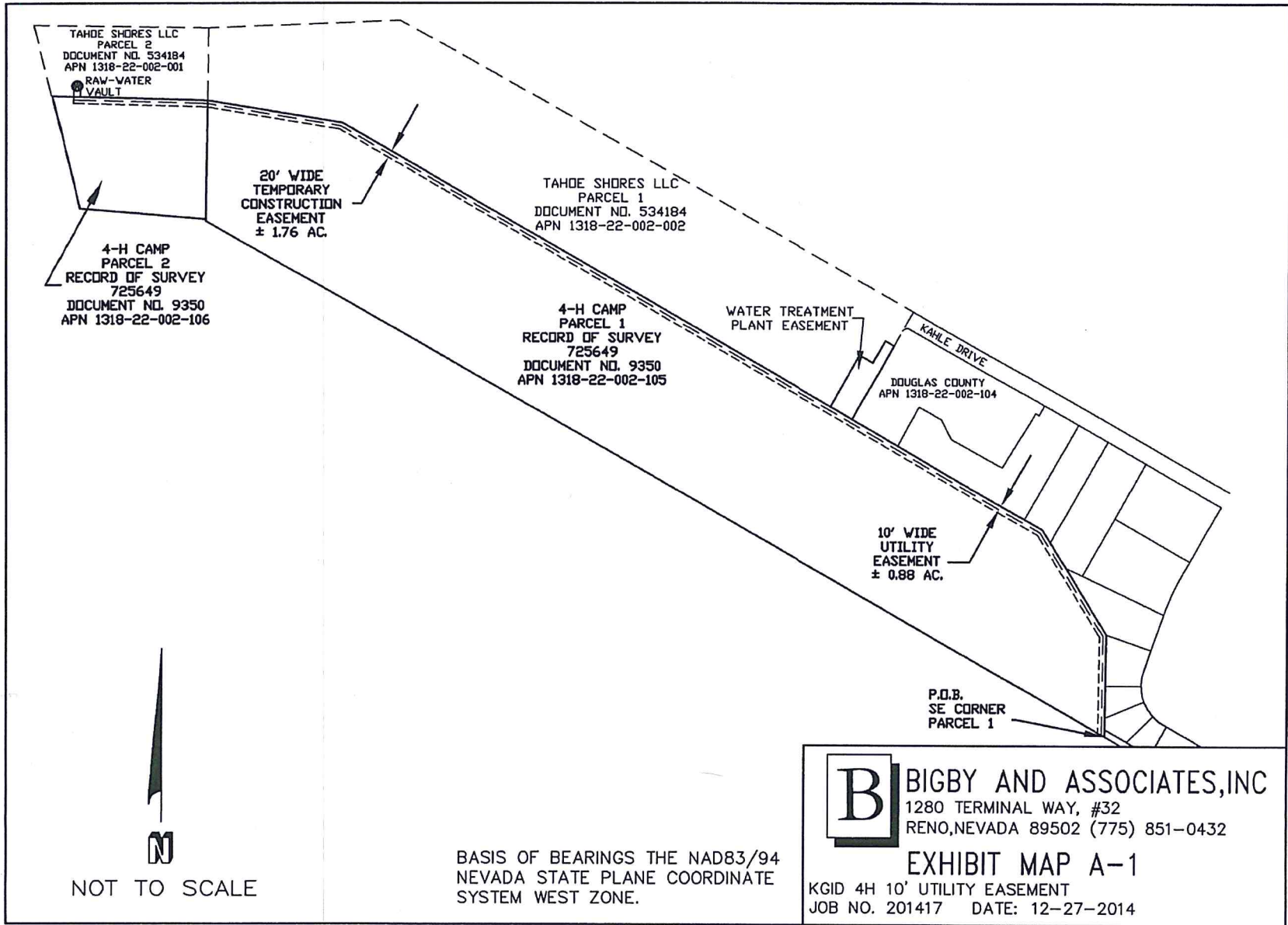
See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description being the NAD83/04 Nevada State Plane Coordinate System West Zone.

Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502





TAHOE SHORES LLC  
PARCEL 2  
DOCUMENT NO. 534184  
APN 1318-22-002-001

RAW-WATER  
VAULT

20' WIDE  
TEMPORARY  
CONSTRUCTION  
EASEMENT  
± 1.76 AC.

4-H CAMP  
PARCEL 2  
RECORD OF SURVEY  
725649  
DOCUMENT NO. 9350  
APN 1318-22-002-106

TAHOE SHORES LLC  
PARCEL 1  
DOCUMENT NO. 534184  
APN 1318-22-002-002

4-H CAMP  
PARCEL 1  
RECORD OF SURVEY  
725649  
DOCUMENT NO. 9350  
APN 1318-22-002-105

WATER TREATMENT  
PLANT EASEMENT

KAHLE DRIVE  
DOUGLAS COUNTY  
APN 1318-22-002-104

10' WIDE  
UTILITY  
EASEMENT  
± 0.88 AC.

P.O.B.  
SE CORNER  
PARCEL 1



NOT TO SCALE

BASIS OF BEARINGS THE NAD83/94  
NEVADA STATE PLANE COORDINATE  
SYSTEM WEST ZONE.

**B** BIGBY AND ASSOCIATES, INC  
1280 TERMINAL WAY, #32  
RENO, NEVADA 89502 (775) 851-0432

EXHIBIT MAP A-1

KGID 4H 10' UTILITY EASEMENT  
JOB NO. 201417 DATE: 12-27-2014



## Exhibit B

APN: 1318-22-002-106  
& 1318-22-002-105

Recorder, please return to:  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449

### TEMPORARY CONSTRUCTION EASEMENT

The **BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION** on behalf of the **University of Nevada, Reno** ("Grantor"), for good and valuable consideration, receipt of which is hereby acknowledged, hereby grants and conveys to the **Kingsbury General Improvement District**, a Nevada municipal corporation, ("Grantee"), its successors and assigns, a temporary construction easement ("Easement") in a portion of Grantor's property described in Exhibit A, attached hereto and depicted in Exhibit Map A-1 (the "Easement Area").

**WHEREAS**, Grantor desires to grant to Grantee a Temporary Construction Easement located on Grantor's property, and Grantee desires to accept the Easement subject to the terms and conditions herein.

**NOW THEREFORE**, Grantor and Grantee agree to the following:

1. Property. Subject to the terms and conditions of this Easement, Grantor grants temporary access and use to Grantee of approximately 76,544 square feet of the property contained in two (2) separate areas of a certain portion of real property owned by Grantor identified as APN 1318-22-002-106 & 1318-22-002-105, which property is located in Douglas County, Nevada, and depicted in Exhibit "A" attached hereto as the easement map (the "Easement Area") which Easement Area is subject to all existing easements, covenants, conditions, and restrictions of record, if any.
2. Term. The Term of this Easement shall be one (1) year, commencing upon the date this document is executed by Grantor and Grantee ("Commencement Date").
3. Use. Grantee may use the Easement Area only for construction, installation, and operation including, construction staging (including but not limited to parking vehicles and storing materials during construction only), and construction activities as shown on Exhibit "B" for the construction of the water line and other improvements related to the water line easement that are located Grantors property ("Use"). Grantee shall use the Easement Area in compliance with all federal, state, local laws and regulations. If for any reason Grantee's use of the Easement Area fails to comply with any federal, state or local law and Grantee fails to bring its use within compliance within thirty days of written notice of such noncompliance, this Easement shall terminate as provided herein, unless sooner authorized by such law. Grantor agrees to reasonably cooperate with Grantee in

obtaining, at Grantee expense, all licenses and permits required for Grantee use of the Easement Area. Grantor expressly reserves for itself, its successors and its assigns, the right to use the Easement Area or to grant other easements or license at the same location so long as such use does not unreasonably interfere with the rights herein granted.

a. Hazardous Materials. Neither Grantee, nor any of Grantee's agents, contractors, employees, or invitees shall at any time, manufacture, store or knowingly dispose of in or about the Easement Area any flammables, explosives, radioactive materials, hazardous wastes or materials, toxic wastes or materials, or other similar substances, petroleum products or derivatives or any substance (collectively "Hazardous Materials") subject to regulation by or under any federal, state and local laws and ordinances relating to the protection of the environment or the keeping, use or disposition of environmentally hazardous materials, substances, or wastes, presently in effect or hereafter adopted, all amendments to any of them, and all rules and regulations issued pursuant to any of such laws or ordinances (collectively "Environmental Laws"), other than storage of construction vehicles with ordinary fuel tanks, and other small amounts of Hazardous Materials consistent with construction staging. Grantee shall not commit or permit waste, including any type of Hazardous Waste, at the Easement Area and shall allow no nuisances to exist or be maintained thereon. Grantee shall keep the Property in safe, neat and clean condition at Grantee's sole expense.

4. Use Restrictions.

a. Grantee shall have the right, at its sole cost and expense, to utilize the Easement Area as an access point to construction work associated with the construction, installation, operation, addition to, and removal of the facilities identified in Section 3, above.

b. Grantee will adhere to all OSHA safety requirements.

c. Grantee shall place no advertising on the Easement Area or on any structure on the Easement Area.

d. Grantee shall return the Easement Area to the condition it was in prior to the commencement of this Easement, except Buyer shall plant re-vegetation and screening and shall install permanent iron fencing at least 6 feet high along the north property line.

e. Any additional costs for servicing or maintaining the Easement Area that are due to the presence of Grantee's Use shall be paid by Grantee within thirty (30) days of written notice thereof.

f. All Use will comply with all TRPA, local, state, and federal ordinances, regulations, and laws.



5. Reasonable Approval. Both parties shall not unreasonably withhold or delay approvals required under this Easement.

6. No Holdover. Grantee shall vacate the Easement Area and complete any obligations required by this Easement no later than the date of the end of the Term of this Easement. There shall be no holdover.

7. Liens.

a. This Easement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements, and rights of way pertaining to Grantor's property, whether or not of record. The use of the word "grant" shall not imply any warranty on the part of Grantor with respect to the Easement or the Easement Area.

Grantee shall not cause liens or encumbrances or any kind to be placed against the Easement Area or any of Grantor's real property.

8. Termination.

a. Either party may terminate this Easement, upon a default of any covenant or term hereof by the other party, which default is not cured within thirty (30) days of receipt of written notice of default to the other party, as follows;

i. By Grantee, if it is unable to obtain or maintain any license, permit, or other governmental approval necessary for the Use of the Easement Area.

ii. By Grantor, if Grantee use of the Easement Area becomes illegal under any federal, state or local law, rule or regulation; or Grantee discontinues use of the Easement Area for a period of 60 days

b. Upon termination of this Easement for any reason other than the end of term, Grantee shall remove all equipment and personal property from the Easement Area within forty five (45) days after the date of termination, and shall restore the Easement Area to the condition it was in prior to the commencement of the Easement.

c. In the event of such termination, the Easement shall be quitclaimed from Grantee to Grantor, without expense to Grantor, and any and all interest in Grantor's Land conveyed in this Easement shall automatically revert to Grantor or its assigns and successors, without the necessity of any further action to effect said reversion.

9. Insurance. Grantee shall, at Grantee sole expense, procure, maintain, and keep in force for the duration of the Easement the following insurance conforming to, at minimum, the requirements specified below.

1) Insurance Required

a. Workers' Compensation and Employer's Liability Insurance

- i. Grantee shall provide proof of workers' compensation insurance as required by NRS 616B.627 or proof that compliance with the provisions of Nevada Revised Statutes, Chapter 616A-D and all other related chapters, is not required.
- b. Commercial General Liability Insurance
  - i. Limits Required
    - 1. \$2,000,000 General Aggregate
    - 2. \$2,000,000 Each Occurrence
  - ii. Coverage shall be on an occurrence basis and shall be at least as broad as ISO form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, completed operations, personal injury, products, and contractual liability coverage.
- c. Business Automobile Liability Insurance
  - i. limit required: \$1,000,000 combined single limit per accident for bodily injury and property damage.
  - ii. Coverage shall include owned, non-owned, and hired vehicles.
  - iii. Coverage shall be written on ISO form CA 00 01 or a substitute providing equal or broader liability coverage.

2) General Requirements

- a. Additional Insured: On all insurance policies required by this Easement, the Nevada System of Higher Education on behalf of the University of Nevada shall be included as an additional insured as respects to this Easement.
- b. Waiver of Subrogation: Each required liability insurance policy shall provide for waiver of subrogation against Nevada System of Higher Education on behalf of the University of Nevada.
- c. Cross-Liability: All required liability policies shall provide cross-liability coverage.
- d. Approved Insurer: Each insurance policy shall be issued by insurance companies authorized to do business in the State of Nevada or eligible surplus lines insurers rated at least A- by AM Best and having agents in Nevada upon whom service of process may be made.

10. Indemnification. Grantee shall indemnify, and hold harmless Grantor, its officers, employees, and agents from and against any and all liabilities, claims, losses, costs or expenses to the person or property of another, lawsuits, judgments, and/or expenses, including reasonable attorney fees, arising directly from any act or failure to act by Grantee or any of its officers or employees, which may occur during or which may arise out of the performance of this Easement.

11. Notices. All notices, requests, demands, and other communications hereunder shall be in writing and shall be deemed given if personally delivered or mailed, certified mail, return receipt requested to the following addresses:

If to Grantor, to:



University of Nevada, Reno  
Real Estate Office  
1664 North Virginia Street  
Mail Stop 243  
Reno, Nevada 89557

If to Grantee, to:

General Manager  
Kingsbury General Improvement District  
P.O. Box 2220  
Stateline, NV 89449

12. Assignment. Grantee may not assign or sublet this Easement without the prior written consent of Grantor, provided however, that Grantee may assign its rights and obligations under this Easement to a city or county government without Grantor's prior written consent.

13. Successors and Assigns. This Easement shall run with the Easement Area described in Exhibit "A." This Easement shall be binding upon and inure to the benefit of the parties, their respective successors, personal representatives, and assigns.

14. Miscellaneous.

a. This Easement constitutes the entire agreement and understanding of the parties, and supersedes all offers, negotiations, and other agreements of any kind. There are no representations or understandings of any kind not set forth herein. Any amendment to this Easement must be in writing and executed by both parties.

b. This Easement shall be construed in accordance with the laws of the State of Nevada.

c. If any term of this Easement is found to be void or invalid, such invalidity shall not affect the remaining terms of this Easement, which shall continue in full force and effect.

d. This Easement is subject to all zoning approvals and building permits.

This Grant of Easement and the terms contained herein shall be binding upon the successors, agents and assigns of Grantor. To have and to hold unto said Grantee, its successors and assigns forever.

EXECUTED on this \_\_\_\_ day of \_\_\_\_\_, 2015.

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf  
of the University of Nevada, Reno

\_\_\_\_\_  
Daniel J. Klaich, Chancellor

STATE OF NEVADA    )  
                          )ss  
COUNTY OF WASHOE )

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_,  
2015 by Daniel J. Klaich on behalf of the Board of Regents of the Nevada System of  
Higher Education on behalf of the University of Nevada, Reno.

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

EXHIBIT A

20' WIDE TEMPORARY CONSTRUCTION EASEMENT - LEGAL DESCRIPTION

A temporary construction easement over and across a portion of that certain real property described as Parcel 1 and Parcel 2 of that certain Deed recorded on January 7, 1954 in Book B-1 of Deeds, Page 17, Document Number 9350 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian being more particularly described as follows:

**Beginning** at the Southeast corner of the aforementioned Parcel 1 thence along the Easterly and Northerly lines of Parcel 1 the following four courses and distances:

1. North 00°41'55" East - 299.98 feet;
2. North 31°32'27" West – 362.67 feet;
3. North 59°54'48" West – 2392.95 feet;
4. North 80°25'47" West – 399.21 feet to a point on the Easterly line of said Parcel 2;

Thence along the Northerly line of said Parcel 2 North 88°25'51" West – 393.82 feet; thence departing said Northerly line South 01°34'09" West – 20.00 feet;

Thence along a line lying 20 feet Southerly and measured at right angles to the Northerly line of said Parcel 2 and the Northerly and Easterly lines of said Parcel 1 the following five courses and distances;

1. South 88°25'51" East – 392.42 feet;
2. South 80°25'47" East – 394.19 feet;
3. South 59°54'48" East – 2384.27 feet;
4. South 31°32'27" East – 351.83 feet;
5. South 00°41'55" West – 283.09 feet to a point on the Southerly line of said Parcel 1;

Thence along the Southerly line of said Parcel 1 South 60°14'21" East a distance of 22.88 feet more or less to the **Point of Beginning**.

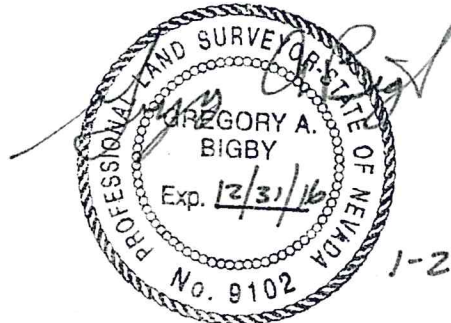
Containing 76,544 square feet (1.76 acres) of land more or less.

See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

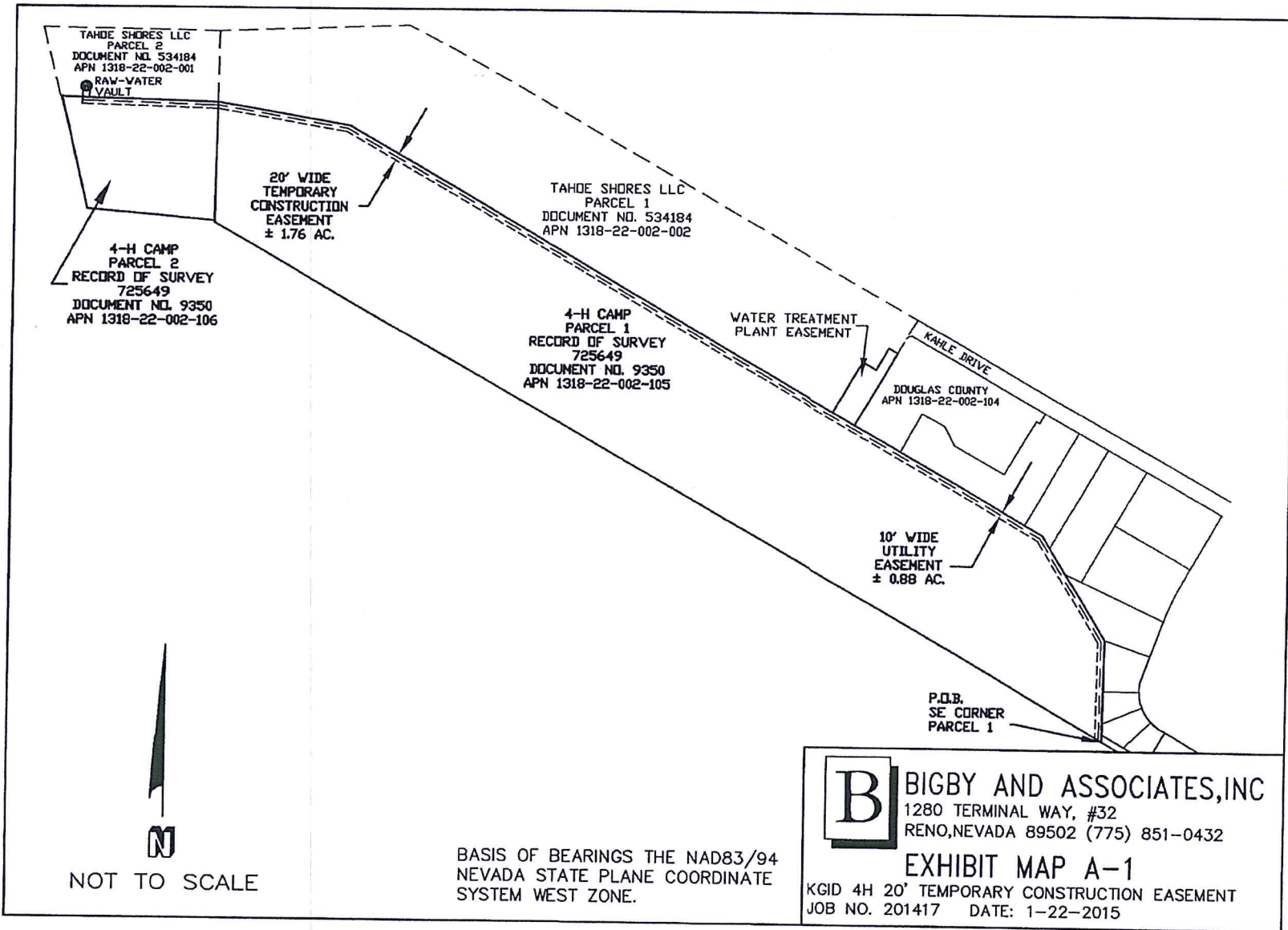
Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502



1-22-2015





## Exhibit C

APN: 1318-22-002-106  
& 1318-22-002-105

Recorder, please return to:  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449

### EASEMENT ABANDONMENT AGREEMENT

**THIS EASEMENT ABAONDONMENT AGREEMENT** (the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015 ("Effective Date") by and between the **BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno ("GRANTOR")**, and **Kingsbury General Improvement District**, a Nevada municipal corporation ("GRANTEE"), who agree as follows:

#### RECITALS

- A. GRANTOR is the owner of property in Douglas County, Nevada, as described in Exhibit A attached hereto and incorporated herein ("Grantor Property"); and
- B. GRANTEE has been previously granted an easement for a water line across such portion ("Easement Area") of the Grantor Property as is described in that certain 20' Water Line Easement recorded on March 31, 1999 in the Douglas County Recorder's Office as Document No. 464592 ("1999 Easement Agreement"); and
- C. GRANTEE desires, and GRANTOR is willing for Grantee, to abandon a portion of the 1999 Easement Agreement by terminating the portion of 1999 Easement described in Exhibit A and attached hereto, reverting any and all interest in Grantor's Land conveyed in this portion of the 1999 Easement back to the Grantor or its assigns and successors, without the necessity of any further action to effect said reversion.

**NOW THEREFORE**, Grantor and Grantee agree to the following:

1. Grantee shall indemnify Grantor, its officers and employees for any and all damage, including but not limited to damages to the person or personal property of Grantor, its officers and employees, and third parties, arising from the construction, installation, maintenance, repair, replacement, reconstruction, alteration, operation and use of the water line and appurtenances.
2. The Easement Area shall be quitclaimed from Grantee to Grantor, without expense to Grantor, and any and all interest in Grantor's Land conveyed in this Easement Area shall automatically revert to Grantor or its assigns and successors, without the necessity of any further action to effect said reversion. A copy of the Quitclaim is attached hereto as Exhibit B and made a part hereof.

This Easement Abandonment Agreement and the terms contained herein shall be binding upon the successors, agents and assigns of Grantor. To have and to hold unto said Grantee, its successors and assigns forever.

EXECUTED on this \_\_\_\_ day of \_\_\_\_\_, 2015.

**GRANTOR:**

BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno

\_\_\_\_\_  
Daniel J. Klaich, Chancellor  
2601 Enterprise Rd  
Reno, NV 89512  
Telephone: (775) 784-4901

\_\_\_\_\_  
Date

**GRANTEE:**

KINGSBURY GENERAL IMPROVEMENT DISTRICT

\_\_\_\_\_  
Cameron McKay, General Manager  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449  
Ph: 775-588-3548  
Page 2 of 3

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF NEVADA    )  
                                  )ss  
COUNTY OF WASHOE )

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Daniel J. Klaich on behalf of the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno.

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

**ACKNOWLEDGEMENT**



STATE OF NEVADA    )  
                                  )ss  
COUNTY OF DOUGLAS)

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Cameron McKay on behalf of the Kingsbury General Improvement District.

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

**EXHIBIT A**  
**ABANDONMENT OF A PORTION OF**  
**20' WATER LINE EASEMENT, DOCUMENT NUMBER 464592**  
**LEGAL DESCRIPTION**

A portion of that certain 20 foot wide Water Line Easement as described in Grant of Easement Document Number 464592, Book 399, Page 7207 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian the side lines of which lying 10 feet each side of and measured at right angles to the following described center line:

Commencing at the Southeast Corner of Parcel 1 of Record of Survey Number 725649 of the Official Records of Douglas County, Nevada; thence North 56°48'26" West a distance of 853.09 feet to the **True Point of Beginning**; thence North 29°02'41" East a distance of 161.50 feet; thence North 37°51'32" East a distance of 213.56 feet to the **Point of Terminus** of this description.

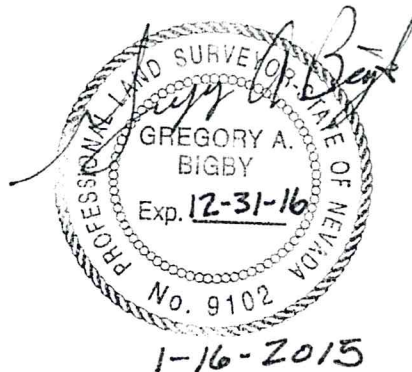
Containing 7573 square feet of land more or less.

See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502



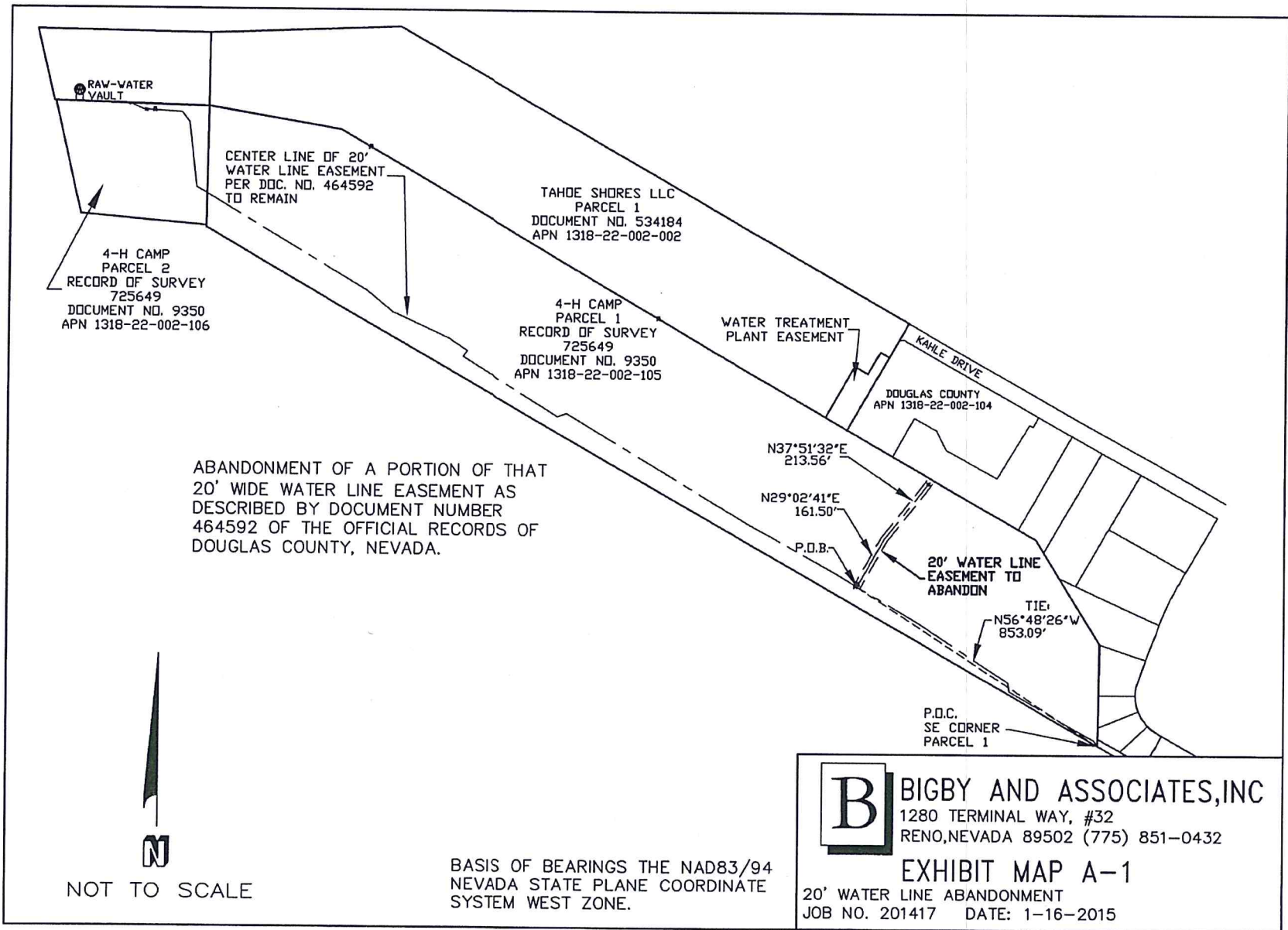




Exhibit B

APN: 1318-22-002-106  
& 1318-22-002-105

Recorder, please return to:  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449

**EASEMENT QUITCLAIM DEED**

**THIS EASEMENT QUITCLAIM DEED** is made and delivered this \_\_\_\_ day of \_\_\_\_\_, 2015 ("Effective Date") by and from **Kingsbury General Improvement District**, a Nevada municipal corporation ("GRANTOR"), to the **BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION** on behalf of the **University of Nevada, Reno** ("GRANTEE"), as follows:

WITNESSETH, That Grantor, for and in consideration of the sum of TEN DOLLARS AND NO CENTS (\$10.00) AND OTHER GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, has remised, released, sold and quitclaimed, and by these presents does hereby remise, release, sell and quitclaim unto Grantee, its successors and assigns, forever, all the right, title, interest, claim and demand, if any, which Grantor has in and to the following described real property, together with improvements, if any, situate, lying and being in the County of Douglas, and State of Nevada to-wit:

A portion of that certain 20 foot wide Water Line Easement as described in Grant of Easement Document Number 464592, Book 399, Page 7207 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian the side lines of which lying 10 feet each side of and measured at right angles to the following described center line:

Commencing at the Southeast Corner of Parcel 1 of Record of Survey Number 725649 of the Official Records of Douglas County, Nevada; thence North 56°48'26" West a distance of 853.09 feet to the True Point of Beginning; thence North 29°02'41" East a distance of 161.50 feet; thence North 37°51'32" East a distance of 213.56 feet to the Point of Terminus of this description.

Containing 7573 square feet of land more or less.

See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis for bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

SEE EXHIBIT "A", ATTACHED HERETO AND INCORPORATED HEREIN BY THIS REFERENCE

To HAVE AND TO HOLD the same, together with all and singular the appurtenances and privileges thereunto belonging or in anywise thereunto appertaining, and all the estate, right, title, interest and claim whatsoever, of Grantor, either in law or equity, to the only proper use, benefit and behalf of Grantee, its successors and assigns forever.

EXECUTED on this \_\_\_\_ day of \_\_\_\_\_, 2015.

**GRANTOR:**

KINGSBURY GENERAL IMPROVEMENT DISTRICT

\_\_\_\_\_  
Cameron McKay, General Manager  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449  
Ph: 775-588-3548

\_\_\_\_\_  
Date

**ACKNOWLEDGEMENT**

STATE OF NEVADA    )  
                                  )ss  
COUNTY OF DOUGLAS)

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Cameron McKay on behalf of the Kingsbury General Improvement District.

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

**EXHIBIT A**  
**ABANDONMENT OF A PORTION OF**  
**20' WATER LINE EASEMENT, DOCUMENT NUMBER 464592**  
**LEGAL DESCRIPTION**

A portion of that certain 20 foot wide Water Line Easement as described in Grant of Easement Document Number 464592, Book 399, Page 7207 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian the side lines of which lying 10 feet each side of and measured at right angles to the following described center line:

Commencing at the Southeast Corner of Parcel 1 of Record of Survey Number 725649 of the Official Records of Douglas County, Nevada; thence North 56°48'26" West a distance of 853.09 feet to the **True Point of Beginning**; thence North 29°02'41" East a distance of 161.50 feet; thence North 37°51'32" East a distance of 213.56 feet to the **Point of Terminus** of this description.

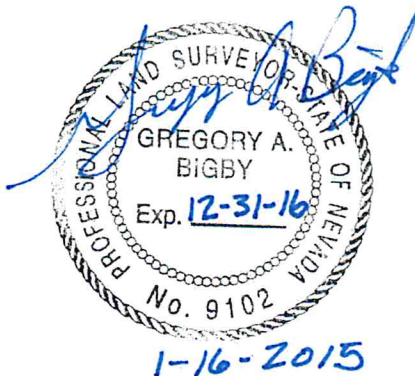
Containing 7573 square feet of land more or less.

See Exhibit Map A-1 attached hereto and made a part of this description by reference.

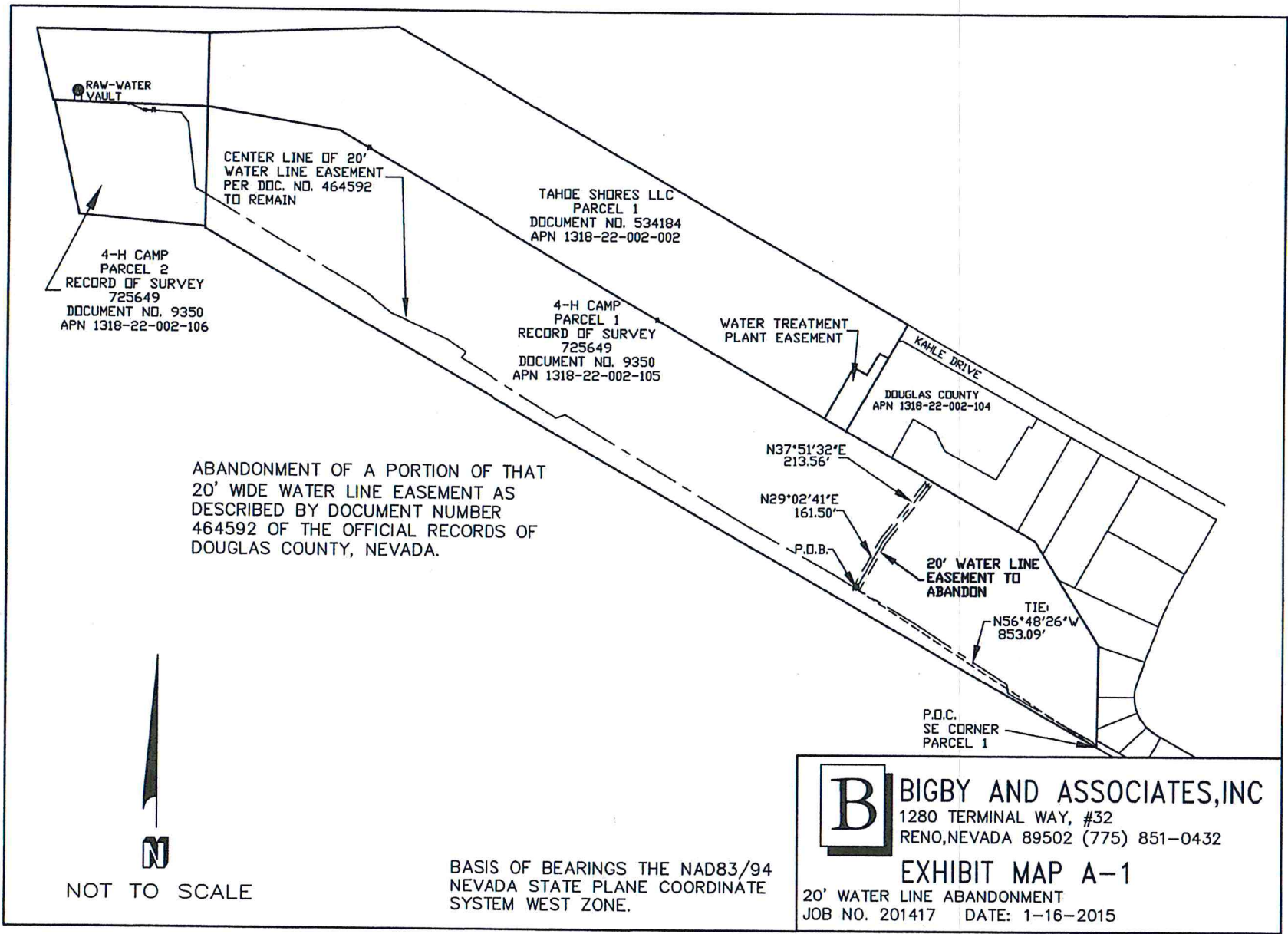
The basis of bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502







ABANDONMENT OF A PORTION OF THAT  
 20' WIDE WATER LINE EASEMENT AS  
 DESCRIBED BY DOCUMENT NUMBER  
 464592 OF THE OFFICIAL RECORDS OF  
 DOUGLAS COUNTY, NEVADA.



NOT TO SCALE

BASIS OF BEARINGS THE NAD83/94  
 NEVADA STATE PLANE COORDINATE  
 SYSTEM WEST ZONE.

**B** BIGBY AND ASSOCIATES, INC  
 1280 TERMINAL WAY, #32  
 RENO, NEVADA 89502 (775) 851-0432

**EXHIBIT MAP A-1**

20' WATER LINE ABANDONMENT  
 JOB NO. 201417 DATE: 1-16-2015

## Exhibit D

APN: 1318-22-002-106  
& 1318-22-002-105

Recorder, please return to:  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449

### EASEMENT MODIFICATION AGREEMENT

**THIS EASEMENT MODIFICATION AGREEMENT** (the "Agreement") is made this \_\_\_\_\_ day of \_\_\_\_\_, 2015 ("Effective Date") by and between the **BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno ("GRANTOR")**, and **Kingsbury General Improvement District**, a Nevada municipal corporation ("GRANTEE"), who agree as follows:

#### RECITALS

- A. GRANTOR is the owner of property in Douglas County, Nevada, as described in Exhibit A attached hereto and incorporated herein ("Grantor Property"); and
- B. GRANTEE has been previously granted an easement for a water line across such portion ("Easement Area") of the Grantor Property as is described in that certain 20' Water Line Easement recorded on March 31, 1999 in the Douglas County Recorder's Office as Document No. 464592 ("1999 Easement Agreement"); and
- C. GRANTEE desires, and GRANTOR is willing, to modify the 1999 Easement Agreement by adding the additional terms set out herein and by decreasing the width of Easement Area reducing the width from 20 feet to 10 feet ("Modified Easement Area"). This Modified Easement Area is described in Exhibit A attached hereto and incorporated herein. Capitalized terms used but not defined herein shall have the meaning set forth in the 1999 Easement Agreement.

**NOW THEREFORE**, Grantor and Grantee agree to the following:

1. **Modification of Easement Area.** The Easement Area is hereby modified to consist of that portion of the Grantor Property described in the 1999 Easement Agreement as the "Easement Area", minus 10 feet in width, by which GRANTEE hereby relinquishes 10 feet of the easement width and reduces the easement. The Modified Easement Area is subject to all licenses, easements, leases, encumbrances and claims of title, whether or not of record, affecting the Grantor, for so long as the Modified Easement Area is used exclusively for the construction, installation, operation, maintenance, repair, replacement, alteration, and use of a water line and appurtenances, thereto on Grantor's property.



Grantor expressly reserves for itself, its successors and its assigns, the right to use the Modified Easement Area or to grant other easements or licenses at the same location so long as such use does not unreasonably interfere with the rights herein granted.

2. Grantee shall maintain the Modified Easement Area together with any improvements constructed or installed thereon by Grantee or associated with Grantee's use of the Modified Easement Area. The operation and maintenance of such improvements and of the Modified Easement Area shall be at Grantee's sole expense.

3. Grantee shall notify Grantor 48 hours in advance of any and all work to be performed within easement area.

4. This Easement is subject to all liens, encumbrances, covenants, conditions, restrictions, reservations, contracts, leases and licenses, easements, and rights of way pertaining to the Grantor's property, whether or not of record. The use of the word "grant" shall not imply any warranty on the part of the Grantor with respect to the Modified Easement Area.

5. Grantee shall comply with all applicable laws, ordinances and regulations, including but not limited to all applicable regulatory, environmental and safety requirements at Grantee's sole cost and expense. Grantee shall not use, deposit or permit the use or deposit of any hazardous material or toxic waste or other harmful substances on the Modified Easement Area or on any other real property of Grantor adjacent to the Modified Easement Area.

6. Grantee shall not, without Grantor's prior written consent (which consent shall not be unreasonably withheld), install or place any improvements or obstruction on the surface area of the Modified Easement not related to the water line construction and associated appurtenances.

7. Grantor shall use the Modified Easement Area surface area without restriction or limitations on use. Grantor retains, for its benefit, the right to fence, plant, pave, landscape, maintain, alter or otherwise improve and to so use the Modified Easement Area for its own purposes; provided, however, that all such purposes and uses do not interfere with Grantee's rights herein granted.

8. Grantor may relocate the Modified Easement Area if in the opinion of Grantor it unreasonably interferes with the present or future use by Grantor of Grantor's land. Grantor shall provide to Grantee a substitute Modified Easement Area reasonably suited to Grantee's needs at no cost to Grantee.

9. Grantee shall indemnify Grantor, its officers and employees for any and all damage, including but not limited to damages to the person or personal property of Grantor, its officers and employees, and third parties, arising from the construction, installation, maintenance, repair, replacement, reconstruction, alteration, operation and use of the water line and appurtenances.



10. Grantor may terminate this Modified Easement Area and all of the rights granted herein any time after six (6) months of continuous non-use of the Modified Easement Area by Grantee. In the event of such termination, the Modified Easement Area shall be quitclaimed from Grantee to Grantor, without expense to Grantor, and any and all interest in Grantor's Land conveyed in this Modified Easement Area shall automatically revert to Grantor or its assigns and successors, without the necessity of any further action to effect said reversion. On demand by Grantor, Grantee shall promptly remove any and all improvements it installed in, on, under or above the Modified Easement Area. At the option of Grantor, all such improvements shall become the personal property of Grantor at no cost to Grantor.

11. Grantee alone shall pay any and all taxes, charges or use fee(s) levied by any governmental agency against Grantee's interest in the Modified Easement Area, or against any of Grantor's real property as a result of the Modified Easement Area herein granted. Grantee shall not cause liens of any kind to be placed against the Modified Easement Area or any of Grantor's real property.

This Modification of Easement Agreement and the terms contained herein shall be binding upon the successors, agents and assigns of Grantor. To have and to hold unto said Grantee, its successors and assigns forever.

**GRANTOR:**  
BOARD OF REGENTS OF THE NEVADA SYSTEM OF HIGHER EDUCATION on behalf of the University of Nevada, Reno

\_\_\_\_\_  
Daniel J. Klaich, Chancellor  
2601 Enterprise Rd  
Reno, NV 89512  
Telephone: (775) 784-4901

\_\_\_\_\_  
Date

**GRANTEE:**  
KINGSBURY GENERAL IMPROVEMENT DISTRICT

\_\_\_\_\_  
Cameron McKay, General Manager  
Kingsbury General Improvement District  
P.O. Box 2220 Stateline, NV 89449  
Ph: 775-588-3548

\_\_\_\_\_  
Date

ACKNOWLEDGEMENT

STATE OF NEVADA    )  
                                  )ss  
COUNTY OF WASHOE )

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Daniel J. Klaich on behalf of the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno.

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

ACKNOWLEDGEMENT

STATE OF NEVADA    )  
                                  )ss  
COUNTY OF DOUGLAS)

The above instrument was acknowledged before me on this \_\_\_\_ day of \_\_\_\_\_, 2015 by Cameron McKay on behalf of the Kingsbury General Improvement District.

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

**EXHIBIT A**  
**CHANGE OF EASEMENT WIDTH FROM 20 FEET TO 10 FEET OF A PORTION OF**  
**THAT CERTAIN 20' WATER LINE EASEMENT, DOCUMENT NUMBER 464592**  
**LEGAL DESCRIPTION**

A portion of that certain 20 foot wide Water Line Easement as described in Grant of Easement Document Number 464592, Book 0399, Page 7207 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian, the width of which shall be reduced to 10 feet in width, the side lines of which lying 5 feet each side of and measured at right angles to the following described center line:

Beginning at a point which bears South 52° 30'13" East 3,371.73 feet from the Northeast corner of the Northwest ¼ of the Southwest ¼ of said Section 22;

thence along the centerline of this easement description North 45° 20'02" West 17.50 feet;

thence North 60°59'34" West 289.33 feet;

thence North 08°59'05" West 26.38 feet;

thence North 57°35'47" West 315.91 feet;

thence North 59°55'34" West 287.68 feet;

thence North 61°40'15" West 298.61 feet;

thence North 59°39'36" West 629.77 feet;

thence South 68°26'12" West 28.86 feet;

thence North 58°57'29" West 336.04 feet;

thence North 33°39'11" East 21.06 feet;

thence North 57°36'11" West 62.24 feet;

thence North 66°04'07" West 185.79 feet;

thence North 50°30'50" West 96.23 feet;

thence North 60°17'09" West 593.78 feet;

thence North 07°37'29" West 192.80 feet;

thence North 37°31'37" West 34.98 feet;

thence North 87°22'52" West 112.17 feet;

thence North 66°26'52" West 40.96 feet;

thence North 88°15'47" West 11.91 feet;



thence North 00°48'30" East 2.76 feet to the terminus of this easement description, said point bears South 48°22'00" West 321.53 feet from the Northeast corner of the Northwest ¼ of the Southwest ¼ of said Section 22.

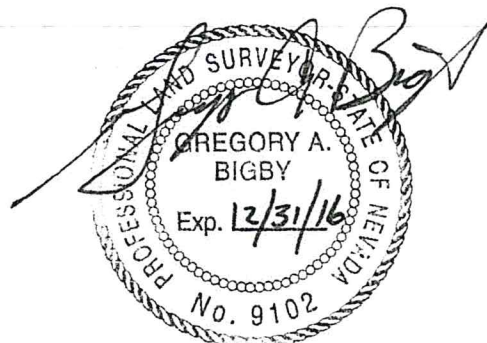
See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description is referenced to that Record of Survey filed as Document No. 65904.

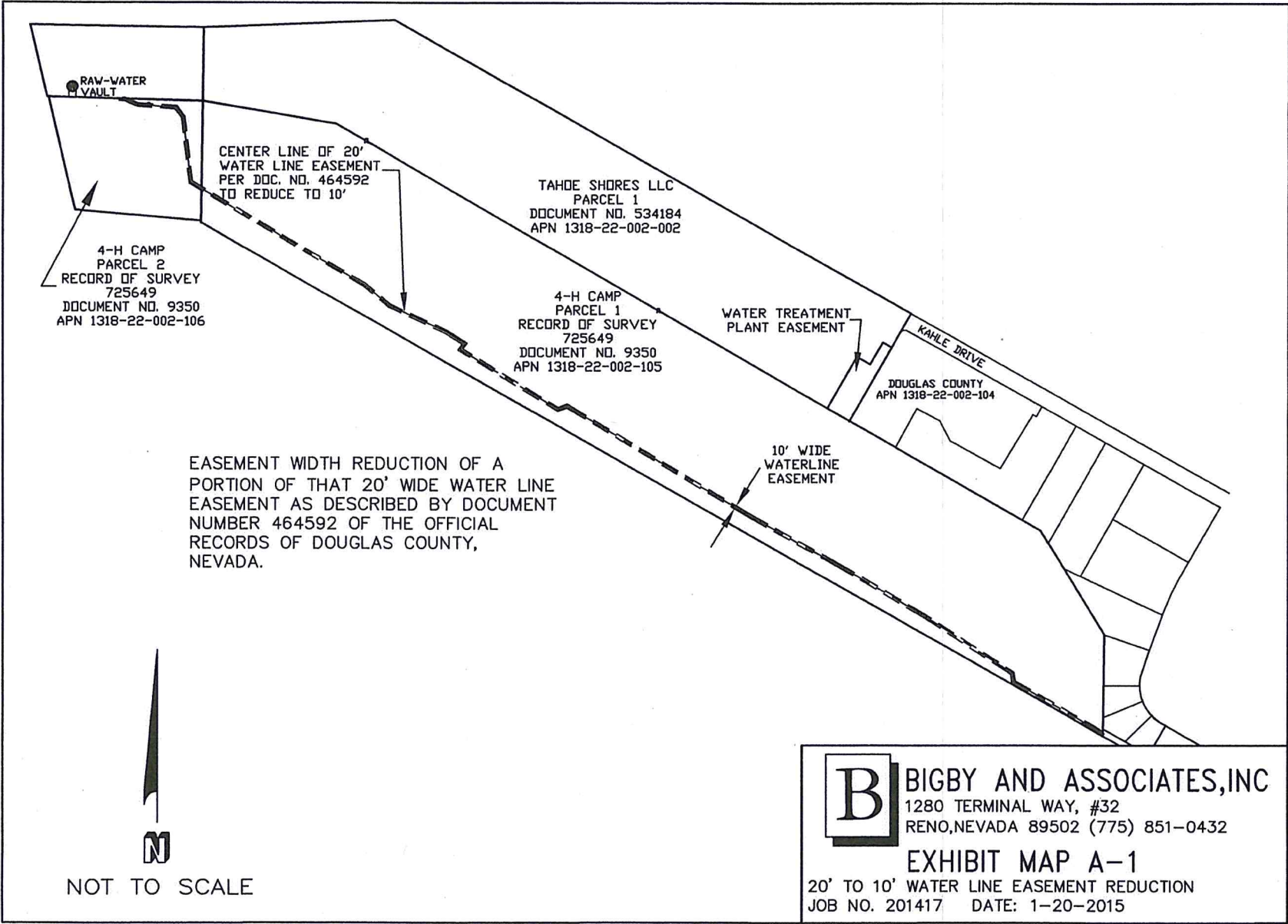
This legal description being the same as that portion of a 20 foot wide waterline easement as described by Ronald Turner Professional Land Surveyor by Easement Recorded on March 31, 1999, Book 0399, Page 7207, Document Number 464592 of the Official Records of Douglas County, Nevada.

Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502



1-20-2015



**Exhibit 5**

AN APPRAISAL

OF THE

**NEVADA STATE 4-H CAMP PROPERTY**

LOCATED AT

140 U.S. HIGHWAY 50,  
STATELINE, DOUGLAS COUNTY, NEVADA

OWNED BY

AND

APPRAISED FOR THE

UNIVERSITY OF NEVADA, RENO



---

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

---



An Appraisal  
Of The

## Nevada State 4-H Camp Property

Located At

140 U.S. Highway 50,  
Stateline, Douglas County, Nevada

Owned By  
And  
Appraised For The

University of Nevada, Reno

For The Purpose Of  
Estimating Market Value and Just Compensation  
Due the Owners as a Result of the Acquisition of a  
Permanent Water Line Easement and a Temporary Construction Easement  
As of  
December 29, 2014

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

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

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

Karen K. Sanders  
Gregory D. Ruzzine  
Chad Gerken

January 9, 2015

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

RE: An Appraisal of the Nevada State 4-H Camp Property Located at 140 U.S. Highway 50,  
Stateline, Douglas County, Nevada

Dear Mr. Miller:

This is in response to your request for an appraisal report of the Nevada State 4-H Camp property located at 140 U.S. Highway 50, in Stateline, Douglas County, Nevada. The property is also shown as having an address of 1 4-H Road in Stateline. The property is identified by Douglas County Assessor's Parcel Numbers 1318-22-002-105/106 and is owned by the University of Nevada, Reno. The subject property will be more completely described in the accompanying appraisal report.

It is these appraisers' understanding that the intended use of this appraisal is for the acquisition of a permanent underground water line easement by the Kingsbury General Improvement District (KGID), in conjunction with the construction of their new water treatment plant on the adjoining parcel to the north. Any other use of this appraisal requires the prior written authorization of this appraisal firm.

Reno ■ Lake Tahoe

KGID desires to acquire a ten foot wide permanent water line easement along the northeasterly boundary of the subject property. The permanent water line easement is planned to encompass a total of 38,379± square feet along the northeasterly boundary of the subject property. There are no building improvements located in the easement area. There are no site improvements in the easement area other than natural vegetation and chain link fencing. There may also be irrigation systems and utilities within the easement area. It is assumed that any site improvements which are disturbed will be restored to a similar or superior condition as existed in the before condition. Accordingly, the permanent easement is not felt to result in any significant change to the subject property. As the permanent easement is not felt to have any impact on the subject improvements, this appraisal only addresses the value of the subject's land. The building improvements associated with the 4-H Camp are not being addressed in this report. KGID also proposes to acquire a temporary construction easement along the southwesterly ten feet of the permanent easement, for the installation of the water line. It is our understanding that this temporary construction easement is to be for a period of one year.

This report sets forth pertinent data, statistics and other information considered necessary to establish the Market Value of the subject property's fee simple estate before the permanent easement acquisition, the value of the acquisition area as part of the whole property before the acquisition, the Market Value of the remainder as part of the whole property, the Market Value of the remainder parcel after the easement acquisition, the value of the temporary construction easement, and a conclusion as to our recommended Just Compensation due the owners of the subject property as a result of the permanent and temporary easement acquisitions.

The Market Value estimates were derived through an analysis and correlation of the data set forth in the following report. The subject property and the comparable properties analyzed were personally inspected by these appraisers. We attest that we have the knowledge and experience necessary to complete this appraisal assignment and have appraised this property type many times before. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in the accompanying 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.

After careful consideration of all data available and upon thorough personal inspection of the subject property and the comparable properties analyzed, we have estimated the Market Value of the subject property, as of December 29, 2014, as set forth below:

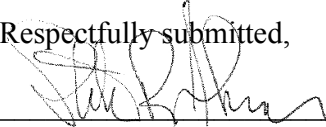
**SUMMARY OF VALUE CONCLUSIONS**  
**Nevada State 4-H Camp**

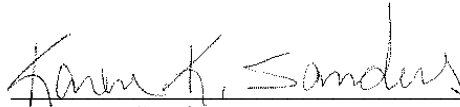
Value of the Whole, Before the Easement Acquisition	\$14,500,000
Value of Permanent Easement Acquisition Area, As Part of the Whole	<u>\$ 190,000</u>
Value of the Remainder, As Part of the Whole	\$14,310,000
Value of the Remainder, After the Acquisition	<u>\$14,310,000</u>
Damages to Remainder	None
Special Benefits to Remainder	None
Value of Permanent Water Line Easement Acquired	\$190,000
Value of Temporary Construction Easement Acquired – One Year	<u>\$ 30,000</u>
Total Just Compensation Recommendation	\$220,000

**FINAL JUST COMPENSATION RECOMMENDATION** **\$220,000**  
**(As a Result of the Permanent and Temporary Water Line Easements)**

It has been a pleasure serving you in this assignment. Please contact us should you have questions or wish to discuss the appraisal.

Respectfully submitted,

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

  
\_\_\_\_\_  
Karen K. Sanders  
Nevada Certified General Appraiser  
License #A.0004704-CG

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**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

<b>Property Name</b>	Nevada State 4-H Camp
<b>Assessor's Parcel Numbers</b>	1318-22-002-105/106
<b>Property Address</b>	140 U.S. Highway 50, (1 4-H Road), Stateline, Douglas County, Nevada
<b>Property Location</b>	Northeastern side of the Edgewood Golf Course, extending from the shores of Lake Tahoe to a quarter of a mile northwest of U.S. Highway 50
<b>Legal Description</b>	A portion of the South Half of Section 22, Township 13 North, Range 18 East, M.D.B.& M., Douglas County, Nevada
<b>Owner of Record</b>	University of Nevada, Reno
<b>Land Areas</b>	
Whole Before Easement Acquisition	33.19± acres
Permanent Easement Area:	38,379± square feet
Temporary Construction Easement:	38,165± square feet
<b>Improvements</b>	Group Camp including 13 cabins, 2 bathroom buildings, dining hall, craft cabin, dining pavilion, amphitheater, campfire pit, lawn areas, and a pier
<b>Existing Land Coverage</b>	139,258± square feet
<b>Allowable Land Coverage</b>	371,380± square feet
<b>Zoning</b>	Recreation
<b>Highest and Best Use</b> As Vacant	Group facility or a single family estate residence
<b>Interest Appraised</b>	Permanent and Temporary Easements
<b>Date of Valuation</b>	December 29, 2014
<b>Date of Completion of Report</b>	January 9, 2015



**SUMMARY OF VALUE CONCLUSIONS**

**Nevada State 4-H Camp**

**As of December 29, 2014**

**Water Line Easement**

Value of the Whole, Before the Easement Acquisition	\$14,500,000
Value of Permanent Easement Acquisition Area, As Part of the Whole	\$ 190,000
Value of the Remainder, As Part of the Whole	\$14,310,000
Value of the Remainder, After the Acquisition	<u>\$14,310,000</u>
Damages to Remainder	None
Special Benefits to Remainder	None
Value of Permanent Water Line Easement Acquired	\$190,000
Value of Temporary Construction Easement Acquired – One Year	<u>\$ 30,000</u>
Total Just Compensation Recommendation	\$220,000

**FINAL JUST COMPENSATION RECOMMENDATION** **\$220,000**  
**(As a Result of the Permanent and Temporary Water Line Easements)**

### **PURPOSE OF APPRAISAL**

This appraisal was prepared for the purpose of estimating the Market Value of the subject property as of a current date. The purpose of this appraisal report is to estimate the following:

- 1) The value of the property appraised before the acquisition (the whole);
- 2) The unencumbered fee simple value of the acquisition area (part taken) as part of the whole parcel before the take;
- 3) The value of the Permanent Easement to be acquired;
- 4) The amount of any damages and special benefits accruing to the remainder parcel as a result of the Permanent Easement acquisition;
- 5) The value of the Temporary Construction Easement to be acquired; and
- 6) The Just Compensation due the property owner.

The appraisal contains a conclusion of “Recommended Just Compensation”; however, as required by 49 CFR Part 24, “Just Compensation” is determined by the public agency (Kingsbury General Improvement District).

### **INTENDED USE OF APPRAISAL**

The intended use of this appraisal report is for potential acquisition of a permanent water line easement by Kingsbury General Improvement District (KGID) in association with the construction of their new water treatment facility on the adjoining parcel to the north. Any other use of this appraisal requires the prior written authorization by this appraisal firm.

### **INTENDED USERS OF APPRAISAL**

The intended users of this report are representatives of the Nevada State 4-H Camp, the University of Nevada, Reno, and the Kingsbury General Improvement District.

### **SCOPE OF APPRAISAL**

This is an appraisal which has been prepared in conformance with the requirements of the *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation.

Preparation of the following report included:

- Identification, inspection and analysis of the subject property;
- Identification and analysis of the subject neighborhood;
- Completion of a Highest and Best Use Analysis for the subject property, assuming it to be vacant;
- Research, inspection and analysis of comparable lakefront land sales;
- Verification of sales data;
- Completion of a Sales Comparison Approach Analysis;
- Estimation of the unencumbered fee simple Market Value of the subject site before the easement acquisitions;
- Analysis of the water line easement area to be acquired;
- Valuation of the easement area to be acquired as a portion of the whole parcel;
- Estimation of the Value of the Permanent Water Line Easement;
- Estimation of any Damages or Special Benefits accruing to the remainder parcel;
- Estimation of the Value of the Temporary Construction Easement;
- Estimation of the Recommended Just Compensation due the owner of the subject property as a result of the easement acquisitions; and
- Preparation of an appraisal report.

### **MARKET VALUE DEFINED**

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



available. In determining value, except as otherwise provided in NRS 37.009(6), the property sought to be condemned must be valued at its highest and best use without considering any future dedication requirements imposed by the entity that is taking the property. If the property is condemned primarily for a profit-making purpose, the property sought to be condemned must be valued at the use to which the entity that is condemning the property intends to put the property, if such use results in a higher value for the property.

(Source: Nevada Revised Statutes, Sec. 37.009)

#### **DATE OF VALUATION**

The date of valuation of this report is December 29, 2014.

#### **PROPERTY RIGHTS APPRAISED**

The value addressed in this report is the fee simple interest of the subject property, the value of the permanent easement to be acquired and the value of the temporary construction easement to be acquired. For the purposes of this appraisal, it is being assumed that the easement area is unencumbered by any other easements.

#### **PROPERTY OWNER CONTACT**

These appraisers spoke to the client, Mr. Troy Miller of the University of Nevada, Reno, who requested that we contact the site caretaker, Mr. Kent Worker. Mr. Kent Worker accompanied these appraisers on our site inspection.

#### **DATES OF INSPECTION**

The subject property and the neighborhood in which it is situated were inspected by Stephen R. Johnson and Karen K. Sanders on December 29, 2014.

#### **DATE OF COMPLETION OF REPORT**

This report was completed on January 9, 2015.

**AREA MAP**  
**Lake Tahoe Basin**



Reno ■ Lake Tahoe

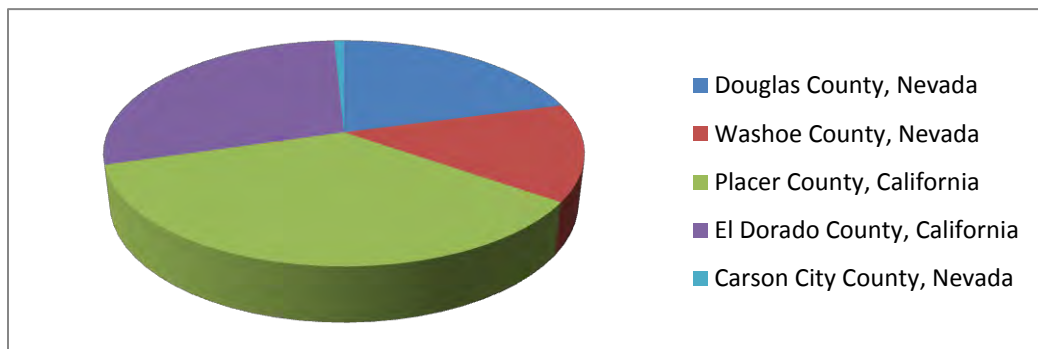
### AREA DESCRIPTION

The Lake Tahoe Basin is situated in the Sierra Nevadas on the Nevada-California border, approximately 200 miles northeast of San Francisco and approximately 40 miles southwest of Reno.

An estimated two-thirds of Lake Tahoe lies within California, and approximately one-third lies within Nevada. The maximum elevation of the lake level is legally regulated at 6,229.10 feet. Many of the surrounding mountain peaks exceed 10,000 feet. Lake Tahoe is 21½ miles long and 12 miles wide. It has a 71± mile shoreline and a maximum depth of 1,645 feet. The surface covers 190 square miles, and the lake contains more than 122 million acre-feet of water. Lake Tahoe is the tenth deepest lake in the world and the second clearest in the United States. The unique recreational amenity provided by the lake itself and the dramatic prospect offered by the surrounding mountains attract hundreds of thousands of tourists each year.

The U. S. Forest Service owns more than 70% of the land area within the Lake Tahoe Basin. Private ownerships are estimated to control less than 20% of the land within the Basin. Most of the remaining land is owned either by state or local governments. Because so much of the land within the Basin is under public ownership, it is available to the general public for a wide variety of recreational utilizations.

There are approximately 1,100 residential lakefront parcels in the Lake Tahoe Basin, which are distributed across the following Nevada and California counties:





### **Climate**

The Lake Tahoe Basin enjoys an average of 244 fair days each year. It has an average annual precipitation of 35.5 inches at lake level and an average annual snowfall of 217 inches. During the winter months, the average temperature is approximately 22 degrees, while the average summer daytime temperature is around 78 degrees. Because of the relatively moderate weather patterns, the Lake Tahoe Basin is a popular year-round destination resort.

### **Access**

Several major highways serve the Lake Tahoe area. U.S. Highway 50 provides direct access to the south shore from Sacramento, entering the Basin at Echo Summit. From the City of South Lake Tahoe, this highway runs north along the east shore of the lake to Spooner Summit, and then descends the eastern slope of the Carson Range of the Sierra Nevada to its intersection with U.S. Highway 395, just south of Carson City, Nevada.

Interstate 80, which connects San Francisco to Reno and other points east, passes approximately 15 miles north of Lake Tahoe. Access to Lake Tahoe from Interstate 80 is by means of two state highways, both heading in a southerly direction from their intersection with Interstate 80 at Truckee, California. California State Route 89 provides direct access to Tahoe City on the west shore of Lake Tahoe. From Tahoe City, State Route 89 continues southerly along the west shore and joins U.S. Highway 50 in South Lake Tahoe. From the South Lake Tahoe/Meyers area, State Route 89 leaves U.S. Highway 50 and crosses Luther Pass to its intersection with California State Route 88 in Hope Valley and its intersection with U. S. Highway 395 near Coleville in Mono County, California. From Interstate 80, California State Route 267 provides direct access to Kings Beach on the north shore of Lake Tahoe near the Nevada state line.

The Mount Rose Highway provides direct access to Incline Village, Nevada and the north shore of Lake Tahoe from U.S. Highway 395, which lies to the east. U.S. Highway 395 runs along the western shelf of the Great Basin directly east of the Sierra Nevada Mountains. This highway connects the southern California area with the City of Reno, northern

California, Oregon, and Washington. From Incline Village, Nevada, State Route 28 runs westerly and then southerly along the shoreline of Lake Tahoe, terminating at Tahoe City, California. Nevada State Route 28 also runs easterly and then southerly along the Eastern Shore of Lake Tahoe, until it connects with U.S. Highway 50 near Spooner Summit.

Finally, access to the south shore area is also available by way of Kingsbury Grade, which is a state-maintained road. It extends westerly from the Carson Valley over Daggett Pass and terminates at its intersection with U.S. Highway 50 in Stateline, Nevada just north of the California state line. In the Carson Valley, Kingsbury Grade is easily accessible from U.S. Highway 395 and from Nevada State Route 88.

All of the highways located within the Basin are two-lane, two-way, asphalt-paved roadways, with the exception of portions of U. S. Highway 50, which expands to a four-lane roadway. The winter maintenance of the roadways in the Lake Tahoe Basin is very good, with most highways remaining open throughout the winter months. The roadways most susceptible to winter closures are State Route 89 through Emerald Bay, the Mount Rose Highway at Mount Rose Summit, and Kingsbury Grade.

In summary, the Lake Tahoe Basin is easily accessible by automobile, particularly from the major metropolitan areas of northern California and northern Nevada.

### **Commercial Transportation**

While transportation into the Lake Tahoe Basin is primarily by private auto, it is also serviced by various bus lines and commercial airlines. The south shore is serviced by the Lake Tahoe Airport, which is located adjacent to U.S. Highway 50 at the south end of the City of South Lake Tahoe. This airport, which is operated by the City, offers an 8,542 foot runway, tie-down facilities, a terminal building and hangar storage. This airport has a modern instrumentation system to better facilitate landing in adverse weather. It does not currently offer commercial air service.

The west and north shores are served by the Truckee-Tahoe Airport. This airport is located adjacent to State Route 267, just southeast of the town of Truckee, California, and approximately 15 miles north of Kings Beach, California. Scheduled commercial air service is not available at this airport.

The entire Lake Tahoe Basin is also serviced by the Reno-Tahoe International Airport. Regularly scheduled bus and limousine service is available from this airport to various portions of the Lake Tahoe Basin.

### **Tahoe Regional Planning Agency (TRPA)<sup>1</sup>**

Lake Tahoe and the surrounding land areas that comprise the lake's watershed are generally referred to as the Lake Tahoe Basin. Land use within the Lake Tahoe Basin is strictly regulated by the Tahoe Regional Planning Agency (TRPA). It is important that the reader have at least a basic understanding of the TRPA.

The popularity of the Lake Tahoe Basin has created an altered watershed. The positive economic effects of popularity are shadowed by conditions that have the potential to harm Lake Tahoe water resources. Planning land use to accommodate economic growth and vitality ensures that protective measures are taken to maintain a healthy watershed.

The TRPA was created initially in 1969 as a bi-state agency via concurrent legislation adopted by California and Nevada and by the Congress and signed by the President. The original legislation was dramatically modified when amended by the states and Congress in 1980. Under the 1980 amended statute, all activities with a potential for an impact on the environment of the Tahoe Region must be reviewed and approved by the TRPA based on a determination that there will be no negative impact or violation of adopted environmental threshold carrying capacities of the Region.

---

<sup>1</sup> [www.trpa.org](http://www.trpa.org)



The *Tahoe Regional Planning Compact* calls for the Regional Plan to establish a balance between the natural environment and the human-made environment. The Plan emphasizes an improvement in the quality of development in the Region and in the quality of the natural environment.

*Environmental Thresholds Carrying Capacities* set environmental goals and standards for the Lake Tahoe Basin and indirectly define the capacity of the Region to accommodate additional land development. Land development may negatively affect attainment of an environmental threshold. Special efforts, such as mitigation measures, must be taken to reduce impacts.

*The Regional Plan Goals and Policies* document presents the overall approach to meeting the thresholds. A key component of the Plan is the land use element. The land use element of the Plan identifies the fundamental philosophies directing land use and development in the Lake Tahoe Basin. It addresses topics like suitable development locations; maintenance of the environmental, social, physical, and economic well being of the Region; and coordination with local, state, and federal requirements.

*The Land Use Element of the Lake Tahoe Regional Plan* includes the following sub-elements: land use, housing, noise, natural hazards, air quality, water quality, and community design. The Land Use sub-elements intend to establish land use goals and policies that will ensure the desired equilibrium and attain and maintain the environmental thresholds within a specific time schedule.

A number of regulations are needed to implement and enforce policies identified in the Plan. The TRPA Regulatory Code compiles all of the laws and ordinances needed to implement the Goals and Policies.

Related to the Code are Plan Area Statements and Community Plans. Plan Area Statements provide a description of land use for particular areas in the Basin. The Lake

Tahoe Region is divided into more than 175 separate Plan Areas. For each Plan Area, a “statement” is made as to how that particular area should be regulated to achieve environmental and land use objectives. Community Plans are similar to Plan Area Statements, but focus on specific areas where humans dwell.

In implementing its Regional Plan and Ordinances which regulate the nature, types, and amount of land uses which may be permitted on lands within the Tahoe Basin, the TRPA limits the amount of Commercial Floor Area, Tourist Accommodation Units and impervious land coverage which may exist within the Lake Tahoe Basin.

Commercial Floor Area (CFA) is gross building area of any commercial building located within the Lake Tahoe Basin. In order to construct a new commercial building, a property owner must have the rights to an amount of CFA equal to the gross building area of the building. Chapter 33, Section 3 of the TRPA Code of Ordinances States, “No person shall construct a project or commence a use, which creates additional commercial floor area, without first receiving an allocation approved by the TRPA.” After this remaining allocation is dispensed, no additional CFA will be allowed under present ordinances.

Much like CFA, the amount of impervious ground coverage, more commonly referred to as land coverage, allowed within the Lake Tahoe Basin is strictly regulated. Land coverage is defined by the TRPA as:

“a man-made structure, improvement or covering, either created before February 10, 1972 or created after February 10, 1972 pursuant to either TRPA Ordinance No. 4, as amended, or other TRPA approval, that prevents normal precipitation from directly reaching the surface of the land underlying the structure, improvement or covering. Such structures, improvements and coverings include but are not limited to roofs, decks, surfaces that are paved with asphalt, concrete or stone, roads, streets, sidewalks, driveways, parking lots, tennis courts, and patios. A structure, improvement or covering shall not be considered as land coverage if it permits at least 75 percent of normal precipitation directly to reach the ground and permits growth of vegetation on the approved species list.”

The maximum amount of land coverage allowed on a parcel is determined by the TRPA. Land coverage is a marketable development right that can be sold within the Lake Tahoe Basin under a complex set of rules and regulations.

Like CFA and land coverage, the number of Tourist Accommodation Units (TAUs) allowed within the Lake Tahoe Basin is strictly regulated. A TAU is defined by Chapter 2 of the TRPA Code of Ordinances as “One bedroom, or a group of two or more rooms with a bedroom, with or without cooking facilities, primarily designed to be rented by the day or week and occupied on a temporary basis.” TAUs are a marketable development right and can be sold within the Lake Tahoe Basin.

It should be noted that the Lake Tahoe Regional Plan Update to the 1987 Regional Plan was approved by the TRPA Board on December 12, 2012. A lawsuit was subsequently filed by environmental groups that are opposed to the Regional Plan Update. The status of this litigation is uncertain at this time, and the new Regional Plan is moving forward. The update retains the regulatory framework from the existing 1987 Regional Plan, while making targeted amendments to accelerate threshold attainment and respond to current conditions. One of the many goals in the Regional Plan Update is to streamline the planning and permitting process by implementation of Area Plans. Through the establishment of Area Plans, local government agencies will be more active in the permitting process on a parcel level basis, while the TRPA will focus their efforts on regional priorities.

Overall, TRPA’s rules and regulations greatly restrict the development potential of properties located within the Lake Tahoe Basin.

### **Tourism**

Tourism is the basic industry of the Lake Tahoe Basin, with most visitors drawn to the area by the numerous outdoor recreational opportunities available, the gaming and the natural scenic beauty.



The outdoor recreational opportunities include fishing, water skiing, bicycling, swimming, horseback riding, golfing, river rafting, hiking and backpacking, hunting, boating, snow skiing, snowboarding, ice skating, and sightseeing. The Lake Tahoe area has the largest concentration of ski resorts in the world, including 14 resorts with more than 175 lift facilities.

The following is a table of the ski resorts in the Lake Tahoe region, including ski runs, lifts, base elevation, etc.

**Lake Tahoe Ski Resorts**

<b>Resort</b>	<b>Location</b>			<b>Longest</b>	<b>Skiable</b>
		<b>Lifts</b>	<b>Ski Runs</b>	<b>Run (mi.)</b>	<b>Area (Ac.)</b>
Alpine Meadows	North Shore, Lake Tahoe	13	100	3.4	2,400
Boreal Ski Resort	Just west of Truckee, California	8	41	1	380
Diamond Peak Ski Resort	Incline Village, Nevada	6	30	2.5	655
Donner Ski Ranch	Just west of Truckee, California	6	52	1.5	505
Heavenly Mountain Resort	South Shore, Lake Tahoe	30	97	5.5	4,800
Homewood Mountain Resort	West Shore, Lake Tahoe	7	60	2.0	1,260
Kirkwood Mountain Resort	35 miles S. of South Lake Tahoe	15	65	2.5	2,300
Mt. Rose Ski Tahoe	30 miles west of Reno, Nevada	8	60	2.5	1,200
Northstar At Tahoe	Between Truckee and North Shore Lake Tahoe	19	93	1.4	2,904
Sierra At Tahoe	12 miles south of South Lake Tahoe	11	46	2.5	2,000
Soda Springs	Just west of Truckee, California	4	12	N/A	200
Squaw Valley Ski Resort	North Shore, Lake Tahoe	33	177	3.2	4,000
Sugar Bowl Ski Resort	10+- miles west of Truckee, California	13	94	3	1,500
Tahoe Donner	Truckee, California	5	14	N/A	120
<b>Totals</b>		<b>178</b>	<b>941</b>		<b>24,224</b>

**Lake Tahoe Ski Resorts  
(Continued)**

<b>Resort</b>	<b>Base Elevation</b>	<b>Top Elevation</b>	<b>Vertical</b>	<b>Average Annual Snowfall (in.)</b>
Alpine Meadows	6,835	8,637	1,802	495
Boreal Ski Resort	7,200	7,700	500	400
Diamond Peak Ski Resort	6,700	8,540	1,840	350
Donner Ski Ranch	7,031	7,781	750	396
Heavenly Mountain Resort	6,255	10,067	3,812	360
Homewood Mountain Resort	6,230	7,880	1,650	400
Kirkwood Mountain Resort	7,800	9,800	2,000	500<
Mt. Rose Ski Tahoe	8,260	9,700	1,440	350
Northstar At Tahoe	6,330	8,610	2,280	350
Sierra At Tahoe	6,640	8,852	2,212	480
Soda Springs	6,700	7,352	652	400
Squaw Valley Ski Resort	6,200	9,050	2,850	450
Sugar Bowl Ski Resort	6,883	8,383	1,500	500
Tahoe Donner	6,750	7,350	600	198

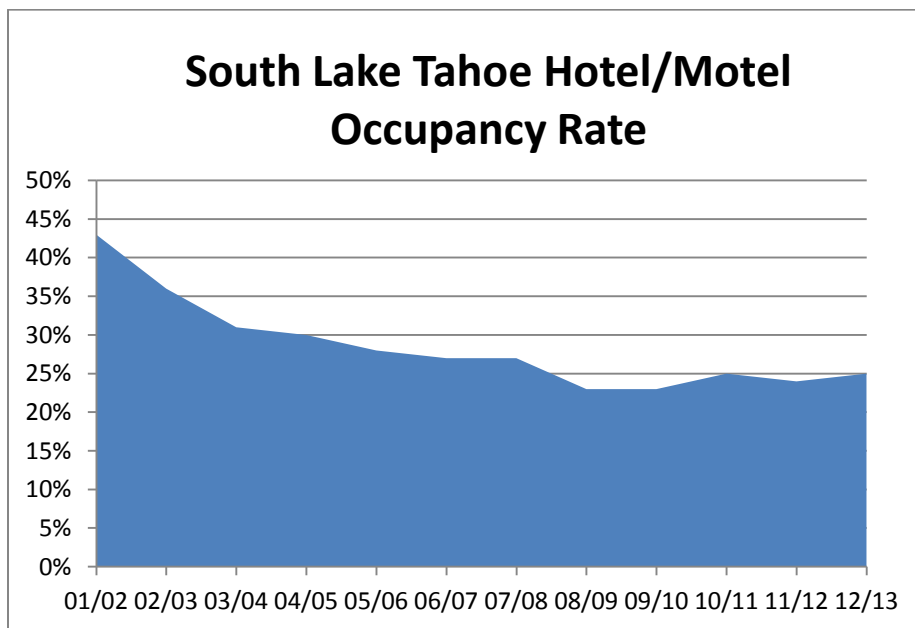
As indicated from the table, the largest ski resorts in the Lake Tahoe region are Heavenly Mountain Resort and Squaw Valley Ski Resort. While Squaw Valley features the largest ski resort in the region in terms of number of runs and lifts, Heavenly Mountain Resort offers the most skiable terrain. Heavenly Mountain Resort, Kirkwood, and Northstar at Tahoe are owned by Vail Resorts. Alpine Meadows, Homewood Ski Resort, and Squaw Valley were recently merged into one ownership. The recent acquisitions of Northstar and Kirkwood by Vail Resorts and the merger of the three resorts on the west and north shores of Lake Tahoe are indicative of the competition to capture the skier demand within the Tahoe region. In addition, all six of these ski resorts have master plans either approved or in the approval process for major enhancements of the existing ski areas, as well as major real estate projects that involve hotels, single family residential, multi-family condominiums, specialty retail, etc.

Winter weather patterns are extremely important to the economy of the Lake Tahoe Basin. The resorts are able to mitigate dry winters to some extent with sophisticated snowmaking equipment. However, the equipment essentially is only a hedge against a slow

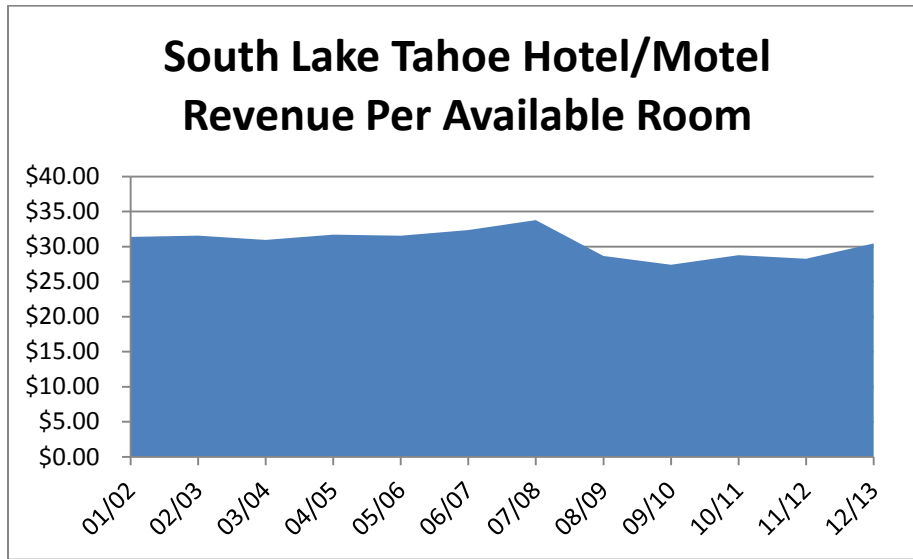
start for the winter season months of November through mid-December. By January, the resorts typically have ample natural snow to open the majority of ski runs.

The lodging market within the Tahoe Basin is very seasonal. The summer season is the busiest time of year due to the cool summer temperatures, numerous outdoor activities, and the casinos. Occupancy levels in the overall market during July and August are approximately 80% to 90%. The winter months are also a busy time of year, with the highest occupancy levels on the weekends and holiday weekends. However, during the shoulder months of October, November, most of December, part of April, May, and the first half of June, occupancy levels typically drop significantly.

In general, older motels in the Basin are most affected by the seasonal demand base. These facilities have been achieving occupancy levels as low as 30% to 35% annually, or less. On the other hand, the higher quality lodging properties that are well managed apparently are somewhat less affected by the seasonal demand base. The following table contains historical utilization levels among seven of the higher quality and/or better performing lodging facilities in South Lake Tahoe.







As indicated from the table, lodging revenues per available room (RevPAR) thus far through September of 2013 is up just slightly over the same period last year.

The demand for lodging is driven almost exclusively from tourism. In addition to ski resorts, there are numerous public beaches, campgrounds, and picnic areas around the perimeter of the lake. These are generally operated by local governments, state governments or the U.S. Forest Service. In several areas of the Lake Tahoe Basin, paved scenic bike paths have been developed, and others are planned for the future. Public golf courses are located at Tahoe City, Kings Beach, Incline Village, and in the South Lake Tahoe area.

There are also numerous marinas along the shores of Lake Tahoe, most of which offer a complete line of power and sailboat rentals, as well as water skis and equipment. Several of these marinas operate regularly scheduled or charter boat cruises around the lake, including dinner, sunset, and cocktail cruises.

Due to strict environmental standards, it is highly unlikely that a new marina would be approved within the Lake Tahoe Basin. Accordingly, the existing marinas operate with low vacancy factors during the summer months. During the winter months, Tahoe marinas either cease or greatly scale back operations.

A list of the Marinas and their services is presented as follows:

**Lake Tahoe Marinas**

Location	Marina	Number of Boat Slips	Buoys	Fuel	Launch Facility(s)	Pump Out Facility	Boat Storage
North Shore							
	North Tahoe Marina	17	Yes	Yes	Yes	Yes	Yes
	Sierra Boat Company	118	Yes	Yes	Yes	Yes	Yes
	Tahoe City Marina	240	Yes	Yes	Yes	Yes	Yes
West Shore							
	Sunnyside Marina	25	Yes	Yes	Yes	Yes	Yes
	Homewood Marina	0	Yes	Yes	Yes	Yes	Yes
	Obexer's Boat Company	40	Yes	Yes	Yes	Yes	Yes
	Meeks Bay Marina	110	No	No	Yes	Yes	No
South Shore							
	Camp Richardson Marina	0	Yes	Yes	Yes	No	No
	Tahoe Keys Marina	239	No	Yes	Yes	Yes	Yes
	Lakeside Marina	60	Yes	Yes	Yes	No	No
	Ski Run Marina	25	Yes	No	No	No	No
East Shore							
	Round Hill Pines	0	Yes	No	No	No	Yes
	Zephyr Cove Resort	0	Yes	Yes	No	No	No
	Total	877					

Adjacent to the western perimeter of the Lake Tahoe Basin is Desolation Wilderness. This pristine backcountry encompasses more than 100 square miles and 80 separate lakes, most of which offer excellent seasonal fishing. Desolation Wilderness is one of the most popular wilderness areas in the United States.

Legalized gaming also attracts thousands of tourists each year. The major concentration of hotel/casinos is located at the southeast end of the lake at Stateline, Nevada. The four major hotel/casinos at this location include Harrah's, Harvey's, Horizon, and MontBleu. The total number of guestrooms in these four facilities is 2,248. A smaller casino also located at Stateline is the Lakeside Inn with 124 guestrooms. Until 2010, Bill's Casino was owned by Harrah's. It recently closed down and Harrah's sold it to an investor that has since remodeled it for CVS Pharmacy and other smaller tenants. The former casino building is adjacent to Harrah's. The Horizon casino has also closed and is currently being renovated into a Hard Rock Casino, which is expected to open soon. Gaming revenue on the south shore of Lake Tahoe was on the decline each year between 2006 and 2011, but a slight increase was finally achieved in 2012. This is evidenced in the following tables.

**Gaming Revenues-South Lake Tahoe (Dollars In Millions)**  
 (Source: Nevada Gaming Control Board)

Year	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC.	TOTALS	% Δ
1996	\$24,089	\$21,053	\$25,585	\$20,885	\$24,001	\$28,125	\$33,437	\$37,215	\$27,057	\$22,301	\$19,995	\$20,751	\$304,494	-7.90%
1997	\$18,780	\$19,102	\$22,953	\$20,948	\$25,792	\$27,336	\$34,588	\$33,441	\$25,949	\$23,624	\$21,399	\$22,003	\$295,915	-2.80%
1998	\$21,830	\$16,398	\$23,363	\$19,302	\$27,403	\$22,828	\$39,683	\$36,814	\$30,618	\$25,659	\$18,861	\$22,130	\$304,889	3.00%
1999	\$24,092	\$21,037	\$25,575	\$19,562	\$24,827	\$29,948	\$39,839	\$34,605	\$28,037	\$27,692	\$20,694	\$25,335	\$321,243	5.40%
2000	\$24,796	\$20,262	\$27,059	\$24,756	\$26,164	\$32,979	\$41,958	\$44,515	\$32,115	\$24,768	\$25,251	\$28,118	\$352,741	9.80%
2001	\$24,454	\$21,538	\$26,205	\$22,496	\$25,782	\$27,827	\$41,769	\$36,047	\$32,042	\$25,464	\$20,132	\$25,319	\$329,075	-6.70%
2002	\$19,614	\$25,334	\$25,012	\$27,840	\$26,706	\$28,662	\$42,136	\$34,011	\$33,474	\$25,790	\$21,664	\$26,159	\$336,402	2.20%
2003	\$24,204	\$26,165	\$25,429	\$22,191	\$24,500	\$27,603	\$39,868	\$37,062	\$32,088	\$26,765	\$20,570	\$29,052	\$335,497	-0.30%
2004	\$25,368	\$25,620	\$26,690	\$24,882	\$28,986	\$25,260	\$31,168	\$40,878	\$36,101	\$22,361	\$21,617	\$29,136	\$338,067	0.80%
2005	\$15,017	\$22,410	\$34,318	\$23,582	\$27,960	\$25,611	\$42,464	\$37,323	\$31,080	\$28,454	\$24,249	\$23,005	\$335,473	-0.80%
2006	\$28,779	\$25,445	\$20,518	\$28,741	\$25,828	\$27,532	\$39,639	\$32,529	\$27,781	\$29,180	\$22,701	\$22,018	\$330,691	-1.40%
2007	\$31,122	\$24,512	\$19,320	\$21,690	\$32,079	\$26,986	\$36,763	\$30,469	\$29,348	\$27,319	\$22,018	\$24,300	\$325,926	-1.40%
2008	\$26,629	\$22,675	\$29,863	\$24,438	\$24,357	\$20,512	\$40,786	\$30,864	\$24,506	\$20,891	\$21,657	\$17,260	\$304,438	-6.60%
2009	\$20,306	\$16,595	\$19,690	\$15,783	\$18,146	\$17,419	\$27,257	\$21,939	\$21,839	\$15,850	\$15,881	\$15,314	\$226,019	-25.80%
2010	\$18,322	\$14,048	\$21,097	\$12,502	\$15,868	\$19,776	\$23,767	\$23,519	\$20,030	\$15,131	\$15,047	\$12,587	\$211,694	-6.30%
2011	\$16,883	\$13,702	\$14,810	\$14,376	\$18,254	\$14,129	\$29,809	\$27,332	\$17,153	\$15,739	\$14,006	\$13,345	\$209,538	-1.00%
2012	\$17,235	\$15,106	\$12,737	\$13,739	\$13,339	\$16,555	\$29,636	\$22,017	\$18,012	\$15,859	\$17,735	\$20,953	\$212,923	1.60%
2013	\$16,784	\$16,290	\$11,343	\$15,729	\$14,633	\$12,522	\$32,372	\$21,425	\$22,188	\$12,292	\$17,381	\$10,719	\$193,668	-3.83%
2014	\$17,248	\$11,878	\$14,344	\$10,058	\$14,882									

**Gaming Win-South Lake Tahoe (Douglas County)**

Fiscal Year			Calendar Year		
Year	Total Win	% Change	Year	Total Win	% Change
2003-2004	\$342,210,579	2.67%	2004	\$338,066,567	0.77%
2004-2005	\$330,132,476	-3.53%	2005	\$335,446,491	-0.78%
2005-2006	\$343,418,228	4.02%	2006	\$333,725,477	-0.51%
2006-2007	\$332,591,774	-3.15%	2007	\$326,821,671	-2.07%
2007-2008	\$319,587,296	-3.91%	2008	\$304,439,167	-6.85%
2008-2009	\$263,902,827	-17.42%	2009	\$226,017,340	-25.76%
2009-2010	\$219,690,853	-16.75%	2010	\$211,692,543	-6.34%
2010-2011	\$202,234,224	-7.95%	2011	\$209,536,110	-1.02%
2011-2012	\$206,093,440	1.91%	2012	\$212,922,977	1.62%
2012-2013	\$211,511,742	2.63%	2013	\$208,740,408	-1.96%
7/2013 to 3/2014	\$165,811,093	-1.67%	1/2014 to 3/2014	\$ 44,370,864	-0.10%

Gaming revenue on the south shore of Lake Tahoe decreased only moderately in 2007 and 2008. From fiscal year-end 2009 through fiscal year-end 2011, gaming revenue declined substantially due to the economy and competition from Indian gaming. However, revenues in fiscal years 2012 had increased slightly at 1.60%. However, Fiscal Year 2013 showed a decrease at -3.83%.

At the north end of the lake, the Hyatt Lake Tahoe Hotel-Casino is located in Incline Village. There are additional casino facilities located in Crystal Bay, including the Cal-Neva Resort, which is the largest in the Crystal Bay area, the Biltmore, the Crystal Bay Club and

Jim Kelly’s Nugget. The Cal-Neva was recently purchased, and is currently closed while undergoing extensive renovations. Additionally at the north state line, there is a proposed development called Boulder Bay. The development would be at the current site of the Tahoe Biltmore, Sierra Park (also known as the former Tahoe Mariner site), and the Crystal Bay Motel. The proposed development is comprised of 50,000 square feet of retail space, 30,000 square feet of gaming area, 225 fractional share and whole ownership condominiums, and an upscale hotel. Though the project has all necessary entitlements, its future is very uncertain at the present time due to current economic conditions and lack of financing.

Gaming revenue since fiscal year July 1, 2003 is presented in the below chart.

**Gaming Revenue - All Nonrestricted Locations**  
 North Shore Portion of Washoe County

Fiscal Year*	Number of Reporting Locations	Total Revenue (000's)	% Change Versus Previous Year
2003	5	\$36,361	-11.32%
2004	5	\$38,902	6.99%
2005	5	\$41,899	7.70%
2006	5	\$42,712	1.94%
2007	5	\$43,460	1.75%
2008	5	\$37,862	-12.88%
2009	5	\$31,503	-16.80%
2010	5	\$27,956	-11.26%
2011	5	\$27,423	-1.91%
2012	5	\$25,862	-5.69%
2013	5	\$26,933	4.14%

Gaming revenue on the north shore of Lake Tahoe has decreased significantly since Fiscal Year 2007. The modest increase in Fiscal Year 2013 was the first since 2007. Nevertheless, gaming revenues are still not close to the levels achieved from 2003-2008.

In summary, gaming revenue in the Tahoe Basin is down considerably over the last few years. This is primarily attributable to three factors: Indian gaming in northern California, the distressed economy, and lack of capital expenditures for remodel or



renovation. In discussions with gaming operators and developers, any redevelopment plans in the future will feature gaming as an amenity, but not the main attraction.

Gaming revenue since July 1, 2003 for all of Nevada is presented in the below chart.

**Gaming Revenue - All Nonrestricted Locations**  
 Statewide

Fiscal Year	Number of Reporting Locations	Total Revenue (000's)	% Change Versus Previous Year
2003	352	\$9,563,761	2.83%
2004	358	\$10,109,954	5.71%
2005	351	\$11,005,538	8.86%
2006	354	\$12,193,540	10.79%
2007	346	\$12,739,131	4.47%
2008	337	\$12,500,948	-1.87%
2009	344	\$10,786,660	-13.71%
2010	343	\$10,327,446	-4.30%
2011	336	\$10,634,699	2.98%
2012	336	\$10,705,829	0.67%
2013	336	\$10,905,399	1.86%

Overall, gaming revenue in Nevada has decreased 14.39% between its peak for the fiscal year 2007 of \$12.74 billion to \$10.91 billion for the fiscal year ending June 30, 2013. However, gaming revenue on a fiscal year basis has increased, albeit only slightly, the last three years in a row.

**Population and Employment**

Lake Tahoe's principal recreation market is comprised of those Counties located within the San Francisco Bay Area and central California. Within these 16 Counties, there are nearly 11.4 million residents. The following table contains the population and median household income of the Bay Area and central California, broken down by County as of the 2010 Census.

**Population and Median Household Income  
 Bay Area and Central California Counties**

<u>Bay Area County</u>	<u>Population</u>	<u>Median Hshld. Income</u>
Alameda	1,510,271	\$ 70,821
Contra Costa	1,049,025	\$ 79,135
Marin	252,409	\$ 89,605
Napa	136,484	\$ 68,641
San Mateo	718,451	\$ 87,633
Santa Clara	1,781,642	\$ 89,064
Santa Cruz	262,382	\$ 66,030
San Francisco	805,235	\$ 72,947
Solano	413,344	\$ 69,914
Sonoma	483,878	\$ 64,343
Bay Area Population	7,413,121	
<u>Central California</u>		
	<u>Population</u>	<u>Median Hshld. Income</u>
Fresno	930,450	\$ 46,903
Sacramento	1,418,788	\$ 56,553
Madera	150,865	\$ 47,724
Merced	255,793	\$ 43,945
San Joaquin	685,306	\$ 53,764
Stanislaus	514,453	\$ 50,671
Central California Population	3,955,655	
Total Population in Proximity to Tahoe Basin	11,368,776	

Source: U.S. Census

As indicated from the table, the Bay Area is a densely populated market. In addition to its population, there is a high degree of affluence, which is the primary reason why the Bay Area is such a major source of demand in the Tahoe Basin for second home ownership. The median household income in the Bay Area Counties ranges from approximately \$65,000 to \$90,000. In comparison, the median household income for the United States is \$52,762, and within the City of South Lake Tahoe, the median household income is only \$41,685.

The population of the Lake Tahoe Basin is greater than 65,000 during the peak summer employment periods, but is lower during the winter season. Year-round residents numbered approximately 500 in 1950. The year-round population of the Tahoe Basin,

according to the 2010 Census, is 52,903. A breakdown of the population by area is set forth in the following table.

**2010 Tahoe Basin Year-Round Population**

North Shore, CA	8,778
West Shore, Placer County, CA	1,670
South Shore and West Shore, El Dorado County, CA	28,024
South and East Shore, NV	5,344
North Shore, NV	9,087
<b>Total</b>	<b><u>52,903</u></b>

Source: U.S. Census

Population growth within the Tahoe Basin has been relatively flat since 1980. This is due in large part to comparatively rigid controls placed on new development within the Lake Tahoe Basin by the Tahoe Regional Planning Agency (TRPA).

The economy of the Lake Tahoe Basin is subject to seasonal fluctuations, with the heaviest tourist trade occurring during the summer and winter months. During the shoulder seasons, in the fall and early spring, there is a substantial decline in the number of visitors entering the Basin.

Historically, the overall employment rate has been approximately 50% to 55% of the resident population during the busier seasons. Tourism has been the chief force in the economy, with the gaming industry providing the greatest direct source of employment at approximately 30% of all jobs. The retail trade industry traditionally has employed approximately 17%. Other major employers in the Basin include governmental agencies and tourism services.

**Employment**

The following table and graphs contain the historical labor market statistics for the City of South Lake Tahoe, which is the only incorporated town in the Tahoe Basin.

**City of South Lake Tahoe Employment Data**

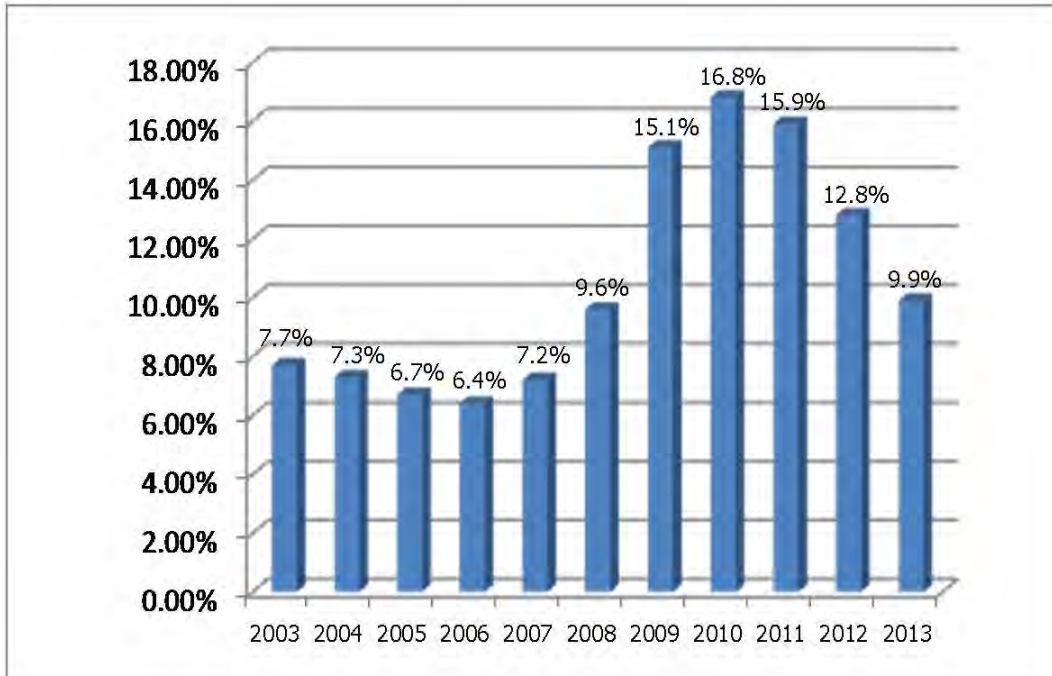
Year	Labor Force	Employed	Unemployed	Unemployment Rate (1)
2003	14,600	13,500	1,100	7.70%
2004	14,700	13,700	1,100	7.30%
2005	15,100	14,100	1,000	6.70%
2006	15,200	14,200	1,000	6.40%
2007	15,000	13,900	1,100	7.20%
2008	15,100	13,700	1,500	9.60%
2009	15,600	13,200	2,300	15.10%
2010	15,700	13,000	2,600	16.80%
2011	15,500	13,000	2,500	15.90%
2012	15,200	13,300	1,900	12.80%
2013	14,900	13,400	1,500	9.90%

(1) Calculated based on non-rounded figures  
 Source: California Employment Development Department

As indicated, the City's unemployment rate at the end of 2013 was down by 6.9% from its highest unemployment rate in 2010.



**South Lake Tahoe Unemployment Rate  
2003-2013**



**Development**

Over the last approximate 20 years, government officials and the general public have recognized a need to rehabilitate many of the older commercial corridors within the Tahoe Basin, particularly in South Lake Tahoe. Since the early 1990s, there have been many new buildings constructed, some of which involved assistance from government Redevelopment Agencies. Some of these projects are set out as follows:

**Embassy Suites Stateline**

Located on the California/Nevada State Line and adjacent to Harrah's Hotel and Casino, this was the first redevelopment project in South Lake Tahoe. This 400 room upscale hotel was constructed in 1991 and has been maintained in excellent condition over the years. In 2013, this property ceased its association with Embassy Suites and presently operates independently.

### **Lake Tahoe Vacation Resort (formerly Embassy Vacation Resort)**

This timeshare resort is located at the intersection of Ski Run Boulevard and U.S. Highway 50. The first two phases were completed in 1997 and 1999, respectively. The last phase was completed in 2007.

### **Ski Run Marina**

Ski Run Marina has been in existence since at least the early 1960s. However, the marina was redeveloped in 1997 with a 30,000± square foot commercial-retail and restaurant building. In recent years, the owner has refurbished the harbor area with new boat slips, lighting, walkways, fuel tanks, and decking on the pier. It is has been maintained in good condition. Long range plans call for the expansion of the marina and extension of the existing pier.

### **Park Avenue Redevelopment Project**

The Park Avenue area is less than one mile from the Stateline casinos. It is generally bounded by Lake Tahoe Boulevard on the east, Heavenly Village Way (formerly Park Avenue) on the south, Embassy Suites to the north, and Lake Parkway to the east. This is the most significant redevelopment project to date that involved the City of South Lake Tahoe Redevelopment Agency. Some of the former improvements in this area consisted of an old motel called Lake Tahoe Inn, the Paul Kennedy Steak House building, a very old and tired retail center, and Cecil's Market (relocated to the Cecil's Plaza within the Park Avenue Redevelopment Project). The improvements were demolished in the late 1990s.

The first structure completed in the Park Avenue Redevelopment Area was the Heavenly Gondola in 2000. The Gondola is the main entrance into Heavenly Mountain Resort and it provides direct skier access from the Stateline casino core to the higher elevations of the ski resort. Heavenly Mountain Resort also received TRPA approval of its 10-year master plan in the summer of 2007. The master plan includes \$50 million in capital improvements over the next ten years to Heavenly Mountain. As part of Phase I of the master plan, Heavenly has installed the Olympic Express high-speed chairlift, and installation of

“easy scan” RF technology that expedites access to the lifts for season pass holders, and re-graded Skyline Trail that leads from the California side at the top of Skychair to Nevada. Other new improvements that are presently being contemplated include 152 acres of new ski trails, a skier bridge that will allow skiers and riders to ski from the Gondola top station to Tamarack Express, a 1,000 seat on-mountain restaurant to be called “Powderbowl Lodge”, and hiking/cross-country ski trails in the area between the Gondola top station and the Observation Deck.

Adjacent to the Heavenly Gondola building is the 261-unit Marriott’s Timber Lodge, a four-star vacation ownership resort hotel, and the 199-unit Marriott Grand Residence Club, a quarter-share resort hotel. The Marriott quarter-share hotel contains 68,000± square feet of specialty retail space. Both Marriott projects were completed in the fall of 2002. Marriott’s Timber Lodge (the timeshare hotel) expanded with an additional 150± units.

The final component of the Park Avenue Redevelopment area was the completion of Cecil’s Plaza in 2004. This specialty retail center is between the Marriott resorts and Embassy Suites. The structure contains 31,132± square feet and is occupied by tenants, such as The North Face, Cecil’s Market, Body Essentials Spa, and the Brewery.

In addition to the Gondola, resort hotel projects, and specialty retail space, other components within the Park Avenue Redevelopment area include a six-screen movie theatre, an ice rink, and a four-level, 420-space parking structure.

### **Crescent V Shopping Center**

The Crescent V shopping center completed a substantial renovation and expansion with 42,800± square feet of new retail space in 2004 and was renamed The Village Center. The center is located adjacent to the Gondola and Marriott resorts. Its anchor tenants are Raley’s and Sports Ltd.

In addition to these redevelopment projects in South Lake Tahoe, there have been a number of smaller redevelopment projects constructed in Kings Beach, Tahoe Vista, and Tahoe City.

### **Proposed Projects**

There are also several proposed redevelopment projects throughout the Basin, particularly in South Lake Tahoe, Kings Beach, and Crystal Bay.

The Chateau at Heavenly Village is an 11.53± acre site located adjacent to Harvey's Resort Hotel and Casino, on the south shore California side of the lake. The plans call for a convention center, two condominium hotels, specialty retail space, subterranean parking, nightclub, and a health spa. The project had been vacant (only the foundation installed) and on hold since late 2007 as the developer been unable to obtain financing and filed for Chapter 11 Bankruptcy in October of 2009. The timing of this project is uncertain at this time until financing becomes available. As a result of the financial difficulties of the original developer, the two major lenders for the project now own (or otherwise control) this site. Owens Realty Mortgage, who owns most of the Phase A site recently obtained approvals to construct 30,000± square feet of specialty retail space, the construction of which was completed this year. The balance of the project remains on hold pending market conditions.

Tahoe Shores Mobile Home Park is located at the terminus of Kahle Drive in Stateline, Nevada. The owners of this property have received entitlements to redevelop the property and construct 143 single family townhome units along the shores of Lake Tahoe. It would also include a luxury clubhouse and fitness center of approximately 50,000 square feet. This project has been unable to obtain suitable financing and there is no anticipated timeframe for development.

Edgewood Tahoe is planning to develop a resort hotel along the ninth hole of the Edgewood Golf Course, which is behind the casinos and extends along the lake shore. This resort would contain 194 luxury lodging units and accessory amenities of a restaurant, lounge,



etc. The project has completed its Environmental Impact Statement and presented it to the TRPA Board of Trustees. One of the last hurdles is the request for a height variance that would enhance the architectural appeal of the project and further enhance the beauty of the surroundings. Assuming final TRPA approvals in 2014 and groundbreaking shortly thereafter, the lodge could be completed by 2015 or 2016.

In Crystal Bay, Nevada, developers were working on a major redevelopment of the Tahoe Biltmore, which would have involved demolition of the casino hotel building and construction of a condominium project with retail and restaurants. The final Environmental Impact Statement (EIS) was completed, and a final approval was granted by the TRPA in the spring of 2011. Since then, however, the project has been on hold due to financing difficulties. As I understand, the primary lender on the project sold the promissory note secured by a first deed of trust on the property to JMA Ventures in early 2013. JMA Ventures is the owner of Homewood Ski Resort, Alpine Meadows/Squaw Valley.

Within Kings Beach, the downtown area has been proposed for redevelopment for many years. The project proposed consists of a mixed use development of office, retail, and residential land uses. Several years ago, Placer County was considered to be a prospective tenant in this project as it had been researching locations on the north shore for a government center. It is no longer considering this project for a government center, nor is it still considering any other location in the Tahoe Basin at the present time. The redevelopment area is between Coon Street and Fox Street and North Lake Boulevard and Salmon Avenue. Due to financing and market conditions, this project is on an indefinite hold.

Homewood Ski Resort on the west shore is another major proposed redevelopment project. The project is owned by JMA Ventures, the developers of Ghirardelli Square in San Francisco. Plans call for resort hotels, residential condominiums, and specialty retail. The project is in the EIS stages, and in several years will likely elapse before construction of Phase I begins. JMA Ventures also has an ownership interest in the Alpine/Squaw Valley Ski Resort partnership.

**Residential Real Estate Market**

From 2002 to mid-2006, the residential real estate market experienced significant appreciation. Between 2006 and 2007, the real estate market began to exhibit signs of softening. In 2008 through 2011, the market experienced a significant downturn, which paralleled trends throughout the country. In 2013, residential prices began to appreciate.

Various Boards of Realtors have compiled annual statistics regarding sales of improved single family residential properties in the Lake Tahoe Basin in recent years.

The South Lake Tahoe Board of Realtors has collected the following data for the south shore area:

**El Dorado County Portion of Lake Tahoe Basin  
 Single Family Residential Sales**

<b>Year</b>	<b>Number of Sales</b>	<b>Median Sale Price</b>	<b>% Increase</b>	<b>Average Sale Price</b>	<b>% Increase</b>	<b>Average Marketing Time</b>
2005	701	\$479,900	<i>N/A</i>	\$573,871	<i>N/A</i>	93 Days
2006	440	\$476,000	-0.8%	\$566,178	-1.3%	147 Days
2007	337	\$450,000	-5.5%	\$584,287	3.2%	179 Days
2008	356	\$405,000	-10.0%	\$492,988	-15.6%	170 Days
2009	444	\$318,500	-21.4%	\$418,109	-15.2%	176 Days
2010	509	\$319,000	0.2%	\$399,944	-4.3%	165 Days
2011	547	\$265,000	-16.9%	\$352,538	-11.9%	175 Days
2012	695	\$231,950	-12.5%	\$335,389	-4.9%	136 Days
2013	647	\$330,000	42.3%	\$398,791	18.9%	119 Days
Q3 2014	429	\$349,000	5.8%	\$458,000	14.8%	115 Days

The median and average single family residential sales price in South Lake Tahoe increased from 2003 through 2005. After 2005, there was a gradual decline through 2007, before a substantial decline each year through 2012.

In 2013, the median sales price was up 42.3% and the average sales price was up 18.9% from 2012. In interviews with a number of local brokers it has been stated that there

has been a shortage of properties on the market, and overall high demand. Prices have continued to appreciate through the third quarter of 2014.

The Tahoe-Sierra Board of Realtors, Inc. has compiled similar statistics for sales of improved residential properties on the west and north shores of Lake Tahoe in the following table:

**Placer County Portion of Lake Tahoe Basin  
 Single Family Residential Sales**

<b>Year</b>	<b>Number of Sales</b>	<b>Median Sale Price</b>	<b>% Increase</b>	<b>Average Sale Price</b>	<b>% Increase</b>	<b>Average Marketing Time</b>
2005	243	\$735,000	<i>N/A</i>	\$1,049,670	<i>N/A</i>	94
2006	262	\$765,000	4.1%	\$1,105,060	5.3%	101
2007	185	\$749,000	-2.1%	\$1,150,232	4.1%	118
2008	152	\$650,000	-13.2%	\$1,098,704	-4.5%	154
2009	211	\$530,000	-18.5%	\$765,912	-30.3%	128
2010	250	\$445,750	-15.9%	\$906,291	18.3%	120
2011	257	\$432,000	-3.1%	\$705,195	-22.2%	116
2012	367	\$430,000	-0.5%	\$878,901	24.6%	127
2013	331	\$510,000	18.6%	\$778,793	-11.4%	94
Q3 2014	217	\$560,000	9.8%	\$1,005,284	29.1%	90

Though the average sales price in Placer County has fluctuated over the last several years, the median sales price has declined each year since 2006. In 2013, there was an increase in median sales price. On the other hand, average sales price was down in 2013. This is primarily due to a number of high dollar sales that took place in 2012. However, third quarter 2014 indicates that the average sales price is going back up. Overall, this market has shown strong recovery in 2013 and the beginning of 2014.

The Incline Village Board of Realtors and the Washoe County Assessor’s office has compiled statistics on improved residential sales in the Washoe County portion of the Lake Tahoe Basin, which are presented on the following table.

**Incline Village / Washoe County Portion of Lake Tahoe Basin  
 Single Family Residential Sales**

<b>Year</b>	<b>Number of Sales</b>	<b>Median Sale Price</b>	<b>% Increase</b>	<b>Average Sale Price</b>	<b>% Increase</b>	<b>Average Marketing Time</b>
2004	224	\$865,375	<i>N/A</i>	\$1,293,254	<i>N/A</i>	134
2005	224	\$1,115,000	28.80%	\$1,524,841	17.90%	139
2006	121	\$1,133,000	1.60%	\$1,777,269	16.60%	163
2007	138	\$1,187,500	4.80%	\$1,847,237	3.90%	183
2008	84	\$1,153,600	-2.90%	\$1,383,060	-25.10%	177
2009	89	\$1,000,000	-13.30%	\$1,495,788	8.20%	210
2010	115	\$839,000	-16.10%	\$1,446,733	-3.30%	249
2011	96	\$771,500	-8.00%	\$1,238,514	-14.40%	234
2012	151	\$744,900	-3.40%	\$1,303,260	5.20%	221
2013	205	\$935,000	25.50%	\$1,636,290	25.60%	179
Q3 2014	103	\$1,075,000	14.9%	\$1,698,993	3.83%	157

Average sale prices in the Incline Village residential market in 2013 are near similar levels as during the peak of the market from 2004-2007. Also in 2012, sales activity was strong with 221 sales, which compares to a total of 177 total sales in 2008. Median and average sale prices were also up substantially in 2013 and have continued to increase through the third quarter of 2014.



Finally, statistics for residential sales in the Douglas County portion of the Lake Tahoe Basin are presented below.

**Douglas County Portion of Lake Tahoe Basin  
 Single Family Residential Sales**

<b>Year</b>	<b>Number of Sales</b>	<b>Median Sale Price</b>	<b>% Increase</b>	<b>Average Sale Price</b>	<b>% Increase</b>	<b>Average Marketing Time</b>
2005	141	\$849,000	<i>N/A</i>	\$1,402,419	<i>N/A</i>	179
2006	89	\$915,000	7.8%	\$1,737,310	23.9%	194
2007	74	\$1,045,000	14.2%	\$2,179,786	25.5%	239
2008	71	\$625,000	-40.2%	\$1,178,702	-45.9%	238
2009	85	\$545,000	-12.8%	\$1,055,804	-10.4%	203
2010	91	\$570,000	4.6%	\$955,781	-9.5%	242
2011	86	\$575,000	0.9%	\$1,275,274	33.4%	228
2012	110	\$482,500	-16.1%	\$850,795	-33.3%	196
2013	134	\$681,250	41.2%	\$1,316,824	54.8%	127
Q3 2014	94	\$647,000	-5.0%	\$1,306,618	-0.8%	164

The median and average sale prices increased substantially during the peak of the market from 2004 to 2007. When the foreclosure crisis hit the market in 2008, prices declined sharply three years in a row, from 2008-2010. In 2013, the market was very strong. There were 134 sales in 2013 which shows a substantial increase from 2012. However, average and median sale prices are showing a slight decline through the third quarter of 2014.

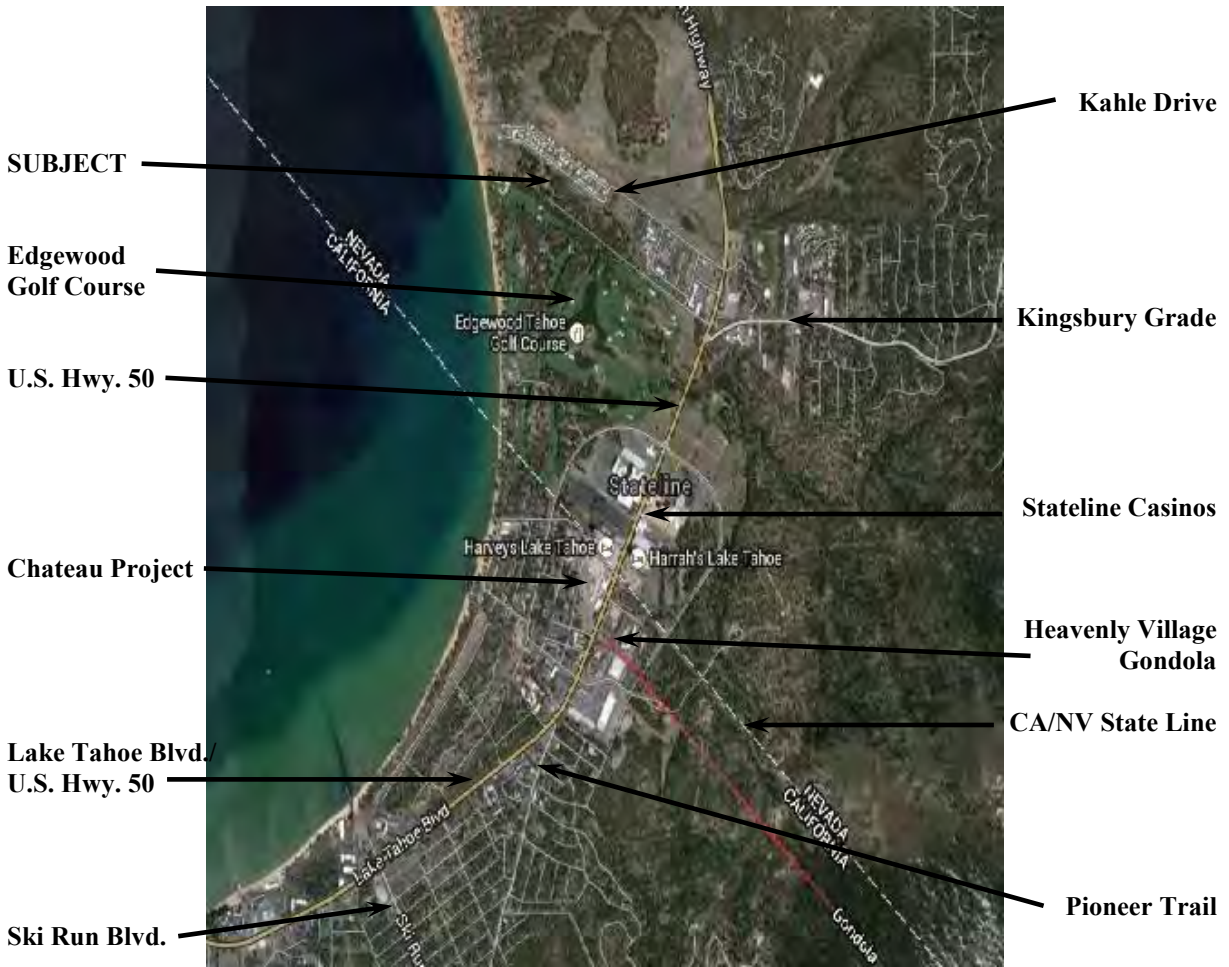
In summary, the residential market in 2013 experienced a significant upturn in sales activity and average and median sales prices. Though three quarters are not enough to draw a long term conclusion, it is evident that residential market conditions are currently strong.

## **Conclusion**

In summary, the Lake Tahoe Basin is considered to be one of the most diversified year-round recreational resort areas in the western United States. Its dramatic setting, the pristine clarity of its waters, its favorable climate, and its many varied recreational attractions endow it with unique characteristics. The local economy should eventually benefit from the substantial efforts underway to upgrade the "Tahoe Experience," particularly for the more affluent destination resort visitor. These efforts include numerous redevelopment projects. The older motels around the Tahoe Basin continue to struggle with very low occupancy levels.

The residential market in 2013 recovered substantially with increases in median sale prices and sales volume. On the other hand, the overall economy in the Tahoe Basin does not appear to be recovering as quickly as the San Francisco Bay Area or the U.S.

**NEIGHBORHOOD MAP**



## **NEIGHBORHOOD DESCRIPTION**

The subject neighborhood is located in the Stateline area of southwestern Douglas County, and includes the adjacent Heavenly Village portion of the City of South Lake Tahoe, California. The neighborhood is bound on the north by Kahle Drive, on the west by Lake Tahoe, on the south by the intersection of Pioneer Trail and U.S. Highway 50, and on the east by Heavenly Mountain Resort. The focal points of the neighborhood are the casino core area located on the Nevada side of the California-Nevada state line and the Heavenly Gondola area located just south of the casinos on the California side of the state line. The neighborhood incorporates two governmental jurisdictions. The northeasterly portion of the neighborhood is governed by the policies of Douglas County and the State of Nevada. The more southwesterly portion of the neighborhood is governed by the policies of the State of California, El Dorado County and the City of South Lake Tahoe. However, because of the close orientation of this area towards the casino core, it is felt that this entire neighborhood forms a homogeneous economic unit which distinguishes it from other adjacent areas.

Four major hotel/casinos are situated at the heart of the neighborhood. These include Harrah's, Harvey's, MontBleu and the former Horizon. All four facilities are high-rise structures containing a total of 2,353 hotel rooms or suites and about 210,000± square feet of casino gaming area operating on a 24-hour basis throughout the year. These four hotel/casinos also offer a wide variety of dining facilities, including gourmet restaurants and musical and variety entertainment ranging from cabaret shows to star headliner attractions. Additionally, the 400-room Lake Tahoe Resort Hotel (formerly Embassy Suites Hotel), located on the California side of the state line adjacent to Harrah's Hotel/Casino, opened in December of 1991 as part of the City of South Lake Tahoe's first redevelopment project.

The remainder of the subject neighborhood outside of the casino core is developed with facilities oriented toward serving the tourist trade generated by the Nevada casinos, Heavenly Mountain Resort, and Lake Tahoe. The U.S. Highway 50 corridor on the California side between Stateline and Ski Run Boulevard is developed almost exclusively with motels and commercial facilities catering to the tourist trade. A portion of this section along the U.S.



Highway 50 corridor on the California side of the state line is a former redevelopment area that was completed between 2000 and 2005. The redevelopment project involved the Marriott timeshare and quarter share hotels, the Shops at Heavenly Village, Heavenly Gondola and Cecil's Fountain Plaza. At maximum capacity, the Gondola can carry 3,000 people an hour up the mountain and an equal number down the mountain. The gondola provides direct access to Heavenly Mountain Resort in the winter and to hiking trails in other seasons. In early 2005, the Heavenly Village Cinema in the same Park Avenue project opened to the public. This is a six screen state-of-the-art cinema building with Dolby Surround Sound. These projects are located at the northeast corner of Lake Tahoe Boulevard and Park Avenue. This area has become one of the focal points of the neighborhood.

Development to the northeast of the casino corridor, at the north end of the subject neighborhood, involves a cluster of commercial development located at the intersection of U.S. Highway 50 and Kingsbury Grade. An older, smaller casino hotel, the Lakeside Inn and Casino is located in this area. The Lakeside Inn and Casino, with 124 rooms and two restaurants, caters primarily to locals and to the more dollar conscious tourists. Dart Liquor, a large beverage retail store which has been remodeled over the years is located nearby, between Lakeside Inn and the Edgewood Golf Course. Extending from the northeast corner of the intersection of U.S. Highway 50 and Kingsbury Grade is medical complex associated with Barton Hospital, housing a clinic, lab and Doctor's offices. Beyond the medical complex is a Douglas County complex housing the Sheriff's department and the local court offices. At the north end of this development is a multi-tenant commercial building occupied by restaurants, offices and a UPS store. Extending easterly along Kingsbury Grade is a variety of additional older commercial/retail development.

Recreational amenities within the subject neighborhood include the Edgewood Golf Course and the Heavenly Mountain Resort, as well as open areas with hiking trails and the amenity of Lake Tahoe. The Edgewood Golf Course is situated on the shores of Lake Tahoe, adjacent to the casino core area. The subject property is located adjacent to the northeast boundary of the golf course. This 18-hole championship golf course is the site of the annual

American Century Celebrity Golf Tournament, featuring well known sports stars and actors. The owners of the golf course are also nearing approvals for a 194-unit resort hotel to be located along one of the fairways. During the summer of 2014 they began preliminary earth work in preparation for construction of the hotel.

Heavenly Mountain Resort, reportedly incorporating the largest total acreage of any ski resort in the Western United States, is located at the southeast end of the subject neighborhood. In addition to the Gondola, access to the California side of Heavenly Ski Resort is via Ski Run Boulevard. The skiable terrain within the resort has a vertical drop of 3,600 feet with its longest run being 5.5 miles. Heavenly Mountain Resort was purchased in 2002 by Vail Resorts, the owner of five major ski resorts in Colorado. Since purchasing Heavenly in 2002, Vail Resorts has invested \$40 million± in capital improvements to Heavenly Mountain Resort. With the TRPA approval of Heavenly's master plan, Vail Resorts intends to incur an additional \$50 million± in capital improvements over the next several years. Some of the capital improvements have already occurred with new restaurants, express chairs, etc. It should also be noted that Vail purchased Northstar Resort in 2010 and Kirkwood Mountain Resort in 2012.

In the subject neighborhood, U.S. Highway 50 (Lake Tahoe Boulevard) is a two-way, four-lane asphalt paved roadway, leading into the South Lake Tahoe area from Sacramento, California and points west. Also, U.S. Highway 50 connects South Lake Tahoe to Carson City, Nevada and other areas to the northeast. Portions of U.S. Highway 50 are improved with sidewalks, curbs and gutters. The highway also incorporates a center turn lane and major intersections incorporate traffic signals. Pioneer Trail is the other major thoroughfare serving the subject neighborhood. This is a two-way, two-lane asphalt-paved roadway running to the east of U.S. Highway 50 and connects the Meyers area with the Stateline area. During the peak tourist season, traffic on U.S. Highway 50 in the subject neighborhood can become heavily congested. The Stateline/Ski Run Redevelopment Project includes plans for an improved traffic circulation system within the subject neighborhood to help alleviate this congestion.

There is a proposal by the Tahoe Transportation District to realign U.S. Highway 50 in front of the casinos. Referred to as The U.S. 50/South Shore Community Revitalization Project, or the Loop Road project; the plans call for U.S. Highway 50 between Nevada State Route 207 (aka Kingsbury Grade) in Stateline, Nevada and Pioneer Trail in South Lake Tahoe California to be realigned such that the highway traffic is diverted from the casinos. The highway realignment would be four lanes and would follow Lake Parkway East from its U.S. Highway 50 intersection and extend along the mountain side of the commercial casino core behind Harrah's and Mont Bleu. The intent of the bypass is to ease traffic flow, reduce emissions, and create a more pedestrian-friendly downtown casino corridor. The proposal is controversial with local business owners in South Lake Tahoe generally opposed to it, while the casinos are generally in support of the project. Timing of the project is very uncertain at this time as it is still in the design stages.

Utilities installed to the subject neighborhood include electricity, water, sewer, natural gas, telephone and cable television. Water and sewer service on the Nevada side of the state line is provided by Kingsbury General Improvement District (KGID). Service on the California side of the state line is provided by the South Tahoe Public Utility District.

Overall, topography within the subject neighborhood is level to gently sloping, with steeper slope up the mountainside to the east of Pioneer Trail. Throughout the neighborhood, there are moderate to heavy stands of coniferous pine forest. The soils in the neighborhood are characteristic of the area and have good carrying capacities for most types of development.

Municipal services available to the subject neighborhood include police and fire protection and year-round street maintenance. Public bus transportation serves the neighborhood. Taxi service is also available. In addition, both the Heavenly Ski Resort and the major casinos offer shuttle bus service.

In the *Lake Tahoe Basin Area Description* section of this report, an overview was presented of the historical performance of the economy in the Lake Tahoe Basin. In general, this overview is applicable to the economy in the subject neighborhood. Accordingly, the reader is referred to the *Lake Tahoe Basin Area Description* section of this report. However, some refinement is necessary with respect to the subject neighborhood, as it is the major tourist commercial center within the Lake Tahoe Basin.

The subject neighborhood has several advantages in terms of economic stability. The four major hotel/casinos in the Lake Tahoe Basin are located on the Nevada side of the state line, immediately adjacent to the northern boundary of the City of South Lake Tahoe. In addition, the recently completed Park Avenue redevelopment project in the neighborhood has had a positive economic effect. Finally, the subject neighborhood and surrounding developed areas have an estimated resident population of approximately 30,000. This is roughly 60% of the estimated total resident population for the entire Lake Tahoe Basin. All of these factors result in a far broader economic base and superior economic stability for the neighborhood.

There are a total of 2,229 hotel rooms within the hotel/casinos on the Nevada side of the South Shore market area. According to records from the Nevada Gaming Control Board, there are a total of 4,053 slot machines and 270 table games. All of the casinos are older. Harrah's and Harvey's originally opened as very small casinos in the 1950s, but added the hotel towers in the late 1960s or early 1970s. The former Horizon was originally the Sahara Hotel and Casino in the 1960s. During the summer of 2014, it was announced that the former Horizon casino property, which shut its doors in the spring of 2014, will be renovated and rebranded as Hard Rock Hotel & Casino Lake Tahoe. The resort will include a 25,000± square foot casino with over 500 slot machines and table games. There are also to be 539 hotel rooms, restaurants, bars and live entertainment venues. Currently estimated completion of the major renovation is to be early 2015. MontBleu was constructed in approximately 1976 and 1977 as Park Tahoe Hotel and Casino. Shortly thereafter, the property became Caesars Tahoe. In 2006, after the operation was acquired by Columbia Entertainment, it was renovated and renamed to MontBleu. Despite all of the renovations to these casinos over the



last 50 years, all are now somewhat tired and in need of either redevelopment or extensive renovation. However, TRPA rules and regulations, the extensive capital expenditures necessary to modernize these casinos, and current distressed market conditions inhibit management's ability to conduct the necessary changes.

Although MontBleu's lease has a longer term remaining, the lease will not likely be renewed upon termination. Harrah's also sold their adjacent Bill's Casino several years ago, and the buyer recently renovated and converted it into a multi-tenant facility with CVS as an anchor tenant. Other tenants include a sports bar, slot casino, and clothing store.

There is also another redevelopment project that had been planned on the west side of U.S. Highway 50, across from the Marriott resorts and Shops at Heavenly Village. This proposed development is referred to as Chateau at Heavenly Village. It was improved with a concrete foundation for Phase "A" of the project in the summer and fall months of 2007. The site has sat idle for several years. The developer filed for bankruptcy in the fall of 2009. The development plans called for a convention center, two condominium hotel projects, and specialty retail space composed of two phases, Phase "A" and Phase "B". Owens Realty Mortgage, which owns the greatest portion of the Chateau Site, has recently constructed specialty retail space along the highway. Though this is a minor project relative to the original convention center and condominium hotel plans, it should at least eliminate much of the visual blight that currently exists from the highway and create some positive momentum for the site.

With respect to motel/hotel occupancy, the total number of room nights sold on an annual basis has reflected a downward trend since the 1990s. A main reason for this is due to the decaying condition of the aging motels that are predominant in South Lake Tahoe. According to the City of South Lake Tahoe's Division of Revenue, recent annual lodging occupancies of the older motels are in the low 30% range, while the better quality facilities are in the 40% to 50% range. As provided in the *Area Description*, occupancy levels and revenue per available room in the better quality lodging facilities through the third quarter of

2012 are down just slightly from the same period in 2011. The poor winter ski season in 2012 was partially offset by a more successful summer season in comparison to the summer of 2011.

The strongest sub-market on the south shore is near the Stateline area. The Shops at Heavenly Village, with over 90,000 square feet of specialty retail space, was completed in 2002. The Shops at Heavenly Village in South Lake Tahoe, California is a retail center that contains 90,605± square feet gross leasable area of which about 32,000± square feet front along U.S. Highway 50 and the Heavenly Gondola. The specialty retail complex is comprised of eight commercial condominium units located on the first floor of the Marriott Grand Residence Inn quarter share hotel, as well as the two parcels with the cinema and ice rink/miniature golf course. Each of the condominium units, or parcels, contains multiple suites. The center includes a wide variety of retail, food, and entertainment tenants. It is part of the completed Park Avenue redevelopment project that includes the Heavenly Gondola and the Marriott Grand Residence Inn. Substantial pedestrian traffic is generated from the Gondola and the many hotel rooms in Marriott's quarter share and time share properties, Embassy Suites, and the four Stateline casinos. This center enjoys excellent exposure along Lake Tahoe Boulevard and Heavenly Village Way. The adjacent Cecil's Plaza specialty retail center was completed in 2004. Cecil's includes retail, day spa, and restaurant tenants. Though rents have declined and commercial market conditions have been soft in recent years, vacancy levels are relatively low in these centers due to their premium locations.

The Raley's Village Center, on the southwest side of Heavenly Village Parkway and across from Shops at Heavenly Village, is nearly fully occupied. This retail center was completely redeveloped in 2004. Recent rents within this center are also down significantly. In order to lease space, the landlord has reportedly rented suites without any base rent, but merely charging the tenants only on a percentage of their sales.

The commercial market in the remainder of South Lake Tahoe has softened even more as evidenced by several vacant buildings. The area that appears to be suffering with the

highest vacancy levels is the southwestern portion of the City, near the commercial intersection of U.S. Highway 50 and State Highway 89 (the Y intersection) in South Tahoe. This area is located furthest from the Stateline casino corridor.

In summary, some of the major improvements within the subject neighborhood include the four major hotel/casinos, the Heavenly Gondola, Marriott's Grand Residence Inn and Timber Lodge, The Shops at Heavenly Village, Cecil's Plaza, and the 18-hole championship Edgewood Golf Course. The subject neighborhood has been revitalized over the last ten years due to redevelopment near the Stateline casinos. Access into the neighborhood is good, by means of Lake Tahoe Boulevard (U.S. Highway 50) or Pioneer Trail. All utilities and municipal services are available. The subject neighborhood is considered to be one of the most, if not the most, commercially desirable neighborhood in the Lake Tahoe Basin.

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING NORTHWESTERLY ALONG THE SUBJECT'S ACCESS ROAD,  
4-H ROAD, FROM ITS INTERSECTION WITH LAURA DRIVE**



**VIEW OF SUBJECT'S ENTRY GATE, LOOKING NORTHWESTERLY**



**SUBJECT PHOTOGRAPHS**



**VIEW OF THE SOUTHEASTERLY PORTION OF THE SUBJECT PROPERTY, LOOKING NORTHERLY FROM NEAR THE ENTRY GATE, AND SHOWING THE SUBJECT'S MONUMENT SIGN**



**VIEW LOOKING NORTHWESTERLY ALONG THE SUBJECT'S ROADWAY, IN THE SOUTHEASTERLY PORTION OF THE PROPERTY, AND SHOWING ANOTHER SUBJECT SIGN**

**SUBJECT PHOTOGRAPHS**



**ADDITIONAL VIEW OF THE SUBJECT'S ROADWAY, LOOKING NORTHWESTERLY, FROM THE MAIN PORTION OF THE CAMP FACILITIES. IN THE CENTRAL PORTION OF THE PROPERTY**



**VIEW LOOKING SOUTHEASTERLY ALONG THE SUBJECT'S ROADWAY, FROM THE MAIN PORTION OF THE CAMP FACILITIES**



**SUBJECT PHOTOGRAPHS**



**VIEW OF A PORTION OF THE CAMP FACILITIES, LOOKING NORTHERLY  
FROM THE SAME AREA**



**VIEW LOOKING NORTHWESTERLY TOWARD THE LAKE FRONTAGE FROM  
NEAR THE NORTHWESTERN END OF THE IMPROVED PORTION OF THE  
CAMP FACILITIES**

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING WESTERLY TOWARD THE SOUTHWESTERN CORNER OF THE SUBJECT PROPERTY, AND SHOWING THE MOUNTAIN VIEW**



**VIEW OF THE SUBJECT'S LAKE FRONTAGE AND PIER, LOOKING WESTERLY**



**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING SOUTHERLY ALONG THE SUBJECT'S LAKE FRONTAGE,  
FROM NEAR THE SUBJECT'S NORTHWEST CORNER**



**VIEW LOOKING NORTHERLY ALONG THE SUBJECT'S LAKE FRONTAGE,  
FROM NEAR THE SUBJECT'S SOUTHWEST CORNER**

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING WESTERLY ALONG THE SUBJECT'S SOUTHERLY PROPERTY LINE, AND SHOWING THE SUBJECT'S PIER**



**VIEW LOOKING EASTERLY ALONG THE SUBJECT'S SOUTHERLY PROPERTY LINE, FROM NEAR THE SUBJECT'S SOUTHWESTERN CORNER**



**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING EASTERLY ALONG THE NORTHERLY PORTION OF THE PROPERTY, FROM NEAR THE SUBJECT'S NORTHWESTERN CORNER**



**VIEW LOOKING EASTERLY ACROSS THE PROPERTY FROM NEAR THE SUBJECT'S LAKE FRONTAGE**

**SUBJECT PHOTOGRAPHS**



**VIEW LOOKING WESTERLY ACROSS A FIELD IN THE WESTERLY PORTION OF THE SUBJECT PROPERTY**



**VIEW LOOKING SOUTHERLY TOWARD SOME OF THE CAMP FACILITIES, FROM THE NORTHEASTERN PORTION OF THE PROPERTY**



**SUBJECT PHOTOGRAPHS**


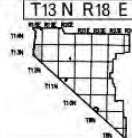



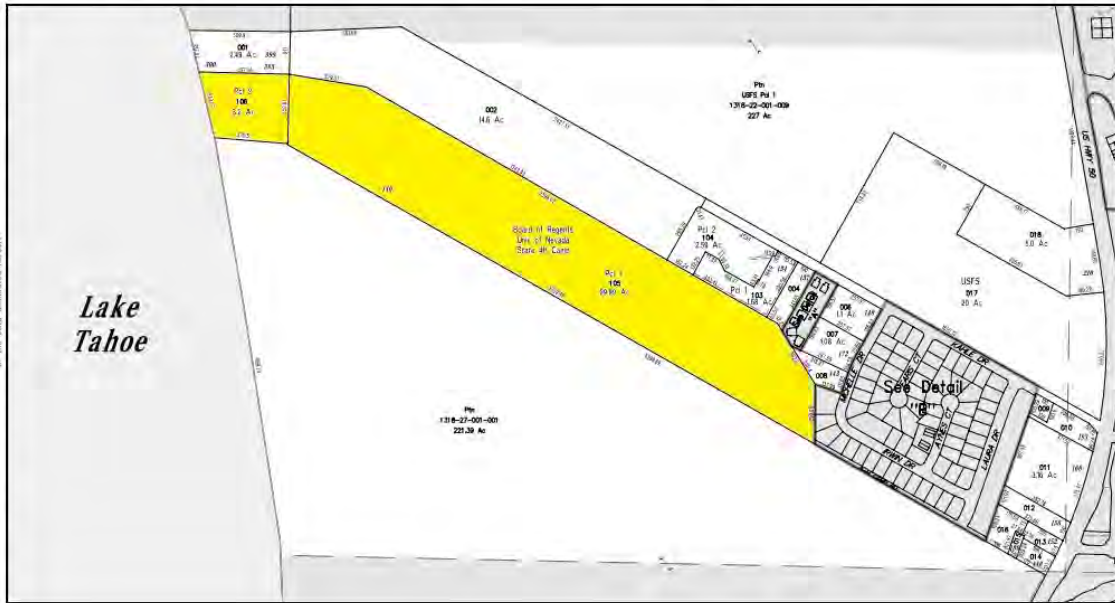
**VIEW LOOKING SOUTHERLY TOWARD THE DINING HALL, DINING PAVILION AND THE FIREPIT**



**VIEW LOOKING SOUTHERLY ACROSS THE EASTERLY PORTION OF THE SUBJECT PROPERTY**

**ASSESSOR'S PARCEL MAP**  
**Douglas County A.P.N. 1318-22-002-105/106**

 <p>Douglas County, Nevada                  Assessor's Office                  Douglas County Assessor</p>	<p><b>Map Legend</b></p> <ul style="list-style-type: none"> <li>Parcel Boundary</li> <li>Subd. Boundary</li> <li>Easements - See Recorded Documents</li> <li>Town Boundary</li> <li>Township/Range/Section</li> <li>Open Space/Conserv. Easement</li> <li>Receiving Area</li> </ul>	<p><b>110</b></p> <ul style="list-style-type: none"> <li>Parcel Number</li> <li>Parcel Sub/Seq. Number</li> <li>Parcel Acreage</li> <li>Parcel Block Number</li> <li>Parcel Lot Number</li> <li>Parcel Address</li> </ul>	<p><b>T13 N R18 E</b></p> 	<p><b>SEC. 22</b></p> <table border="1"> <tr><td>6</td><td>5</td><td>4</td><td>3</td><td>2</td><td>1</td></tr> <tr><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td><td>12</td></tr> <tr><td>18</td><td>17</td><td>16</td><td>15</td><td>14</td><td>13</td></tr> <tr><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td></tr> <tr><td>30</td><td>29</td><td>28</td><td>27</td><td>26</td><td>25</td></tr> <tr><td>31</td><td>32</td><td>33</td><td>34</td><td>35</td><td>36</td></tr> </table>	6	5	4	3	2	1	7	8	9	10	11	12	18	17	16	15	14	13	19	20	21	22	23	24	30	29	28	27	26	25	31	32	33	34	35	36	<p><b>S 2 SEC</b></p> <table border="1"> <tr><td>1</td><td>5</td></tr> <tr><td>2</td><td>6</td></tr> <tr><td>3</td><td>7</td></tr> <tr><td>4</td><td>8</td></tr> </table>	1	5	2	6	3	7	4	8	<p><b>1318-22-002</b></p>  <p>SCALE: 1" = 400'                  REVSD: 09/24/2015</p>
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<p><b>NOTE:</b> This map is prepared for the use of Douglas County Assessor for assessment and marketing purposes only. It does not represent a survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data administered herein.</p>																																																		

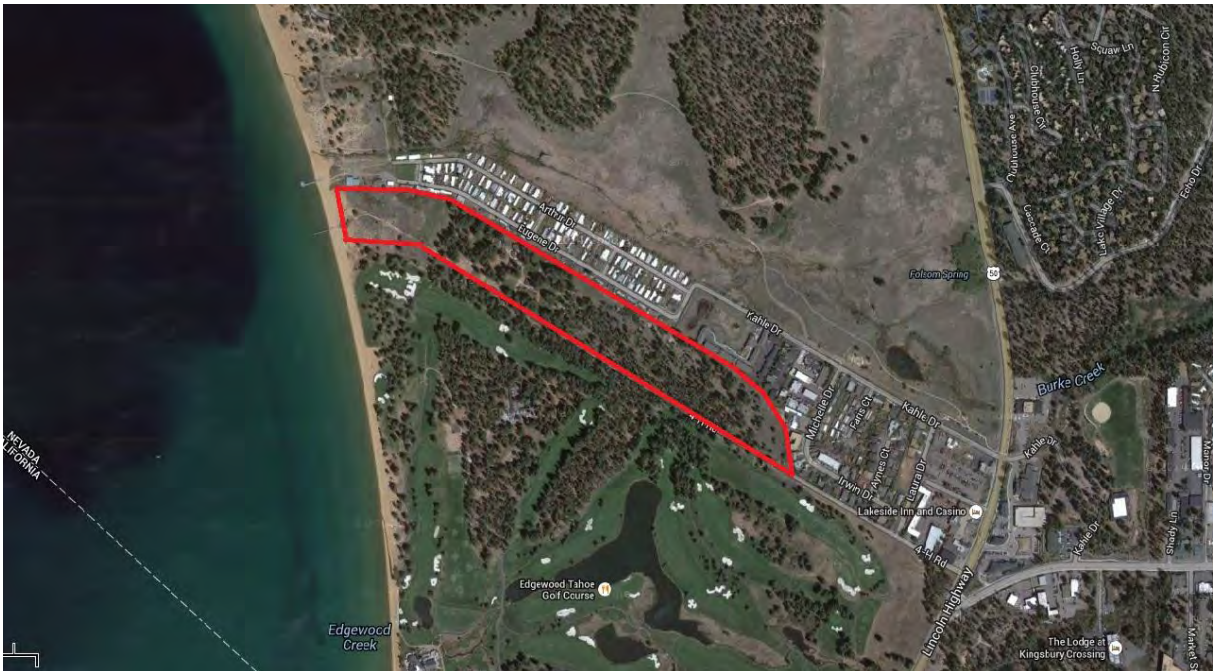




**DOUGLAS COUNTY GIS MAP**



**AERIAL MAP**



Reno ■ Lake Tahoe

**SUBJECT PROPERTY IDENTIFICATION AND DESCRIPTION**

<b>Property Name</b>	Nevada State 4-H Camp
<b>Assessor's Parcel Numbers</b>	1318-22-002-105/106
<b>Property Address</b>	140 U.S. Highway 50, (1 4-H Road), Stateline, Douglas County, Nevada
<b>Property Location</b>	Northeastern side of the Edgewood Golf Course, extending from the shores of Lake Tahoe to a quarter of a mile northwest of U.S. Highway 50
<b>Legal Description</b>	A portion of the South Half of Section 22, Township 13 North, Range 18 East, M.D.B. & M., Douglas County, Nevada
<b>Owner of Record</b>	University of Nevada, Reno
<b>Property Shape</b>	Irregular
<b>Property Dimensions</b>	
Lake Frontage	340.97± feet
Northeasterly Property Line	3,907.28± feet
Southwesterly Property Line	3,430.00± feet

The above dimensions were taken from the maps and legal descriptions of the proposed easements provided by KGID, prepared by Bigby and Associates, Inc., and also from the Douglas County Assessor's parcel map. These dimensions are assumed to be correct. The reader is referred to the Assessor's Parcel Map and aerial maps set forth previously for a visual depiction of the property.

**Total Land Areas**

Whole Before Easement Acquisition	33.19± acres
Permanent Easement Area:	38,379± square feet
Temporary Construction Easement:	38,165± square feet



The above total land area was taken from the Douglas County Assessor's parcel map. The easement areas were taken from the legal descriptions of the proposed easements, as prepared by Bigby and Associates, Inc. These land areas are assumed to be correct.

**Soils and Environmental Data**

Soil Types	EfB, Elmira-Gefo loamy coarse sand, 0 to 5% slope EbE, Elmira gravelly loamy coarse sand, 9 to 30% slope Ev, Elmira loamy coarse sand, wet variant
Soil Capability Levels	7, 4, 1b
Stream Environment Zone	Encumbers primarily the northwestern portion of the property, with some area along the northeastern boundary

**Land Coverage**

The above land classifications are based upon a Land Capability Verification performed on the subject property by TRPA. For improved or commercially zoned parcels, the base land coverage allowance under the Tahoe Regional Planning Agency Ordinances is based upon the Bailey Classification System. Under the Bailey System, a soil capability level 7 is allowed 30% land coverage, a soil capability level 4 is allowed 20% land coverage, and a parcel reflecting a soil capability level of 1b (SEZ) has a base land coverage allowance of only 1% of its land area. However, land encumbered by a Stream Environment Zone (SEZ) is not allowed to be developed with new improvements. However, the property was improved prior to the implementation of the TRPA ordinances. Accordingly, the existing land coverage is allowed to remain on the property. According to a Verification of Existing Land Coverage also performed on the subject property by TRPA, the subject property is considered to have 139,258± square feet of verified existing land coverage, which equates to 9.63% of the total land area. However, according to information in the TRPA files, the subject property has 371,380± square feet of allowable land coverage, equating to 25.69% of the total land area. Therefore, the subject property has allowable land coverage in excess of the current existing land coverage.

**Zoning**

TRPA

Plan Area Statement

070A – Edgewood

Land Use Classification

Recreation

Land use in the Lake Tahoe Basin is regulated by both the Tahoe Regional Planning Agency and local city and county zoning ordinances. Douglas County has adopted TRPA zoning ordinances. The subject property is located in TRPA's Plan Area Statement 070A, designated Edgewood. The planning statement for this Plan Area indicates that this area should provide a range of visitor and local serving outdoor-oriented recreation opportunities, integrated with the existing and planned improvements within the casino core. The allowed uses include beach recreation, day use areas, outdoor recreation concessions, golf courses and various resource management uses. Under the provisions for a special use permit, single family dwellings, eating and drinking places, marinas, cross country skiing courses, participant sports facilities, group facilities, snowmobile courses, kindergarten through secondary schools, transmission and receiving facilities, transportation routes, transit stations and terminals, pipelines and power transmission, public utility centers, and local public health and safety facilities may also be allowed.

The effect of zoning on the subject property will be discussed in the *Highest and Best Use Analysis* section of this report.

**Topography**

The topography is basically level and at street grade.

**Lake Frontage and Shoreline Improvements**

The property enjoys approximately 341 lineal feet of sandy lake frontage. Depending upon the level of the lake, the property enjoys a large sandy beach. The property includes a single wood pier extending into the lake.

### **Vegetation**

The majority of the site has natural vegetation including a moderate stand of conifers and a light to moderate amount of under growth. There are several areas of heavy willow growth along the north boundary. There are lawn areas around the camp buildings.

### **Flood Zone**

According to the Federal Emergency Management Agency's Flood Insurance Map Number 32005C0205G, with an effective date of January 20, 2010, the subject property is located within Flood Zone X. Flood Zone X refers to areas outside the one percent annual chance floodplain. No base flood elevations are shown. Mandatory flood insurance purchase requirements do not apply.

### **Earthquake Zone**

According to the most recent Uniform Building Code, the subject property is located in Seismic Risk Zone 3. This zone encompasses areas which have a number of local faults and where there is a relatively strong probability of moderate to strong seismic activity. Seismic Risk Zone 3 is characteristic of the entire Lake Tahoe Basin. As far as these appraisers were able to determine, there is no special risk associated with the subject property that does not impact other properties in the area.

### **Hazardous Substances**

During our on-site inspection of the property, we did not see any indication of the presence of hazardous wastes or toxic materials. The reader should note that these appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment made by these appraisers that might suggest the possibility of the presence or absence of such substances should not be taken as confirmation of the presence or absence of hazardous waste and/or toxic materials. Such determination would require an investigation by qualified experts in the field of environmental assessment. No responsibility is assumed by these appraisers for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The value estimates set forth in this report are based upon the

assumption that there is no soil or water contamination on the subject property and that there is no contamination in the improvements located on the property.

**Elevation** 6,250± feet above sea level

### **Access and Exposure**

Access to the subject property is from 4-H Road, a narrow asphalt paved roadway extending northwesterly from U.S. Highway 50. The road extends approximately a quarter of a mile before reaching the entrance to the subject property, at which point the road is gated. The first 356± feet of the 4-H Road, extending from the highway, is an easement along the southwesterly approximately 20 feet of the improved commercial properties in this location. Accordingly, access along this narrow portion of the road can be difficult. 4-H Road can also be accessed from Kahle Drive via Laura Drive, which terminates at 4-H Road. Kahle Drive has a signaled intersection at U.S. Highway 50. Kahle Drive and Laura Drive are asphalt paved residential roadways. In the vicinity of the subject, U.S. Highway 50 is a four-lane highway with a center turn lane, and is the main thoroughfare through town.

Overall, the property is considered to have reasonably good access, although the road is somewhat narrow. The exposure is limited to the immediately surrounding development.

### **Surrounding Development**

The subject property is located between the Edgewood Golf Course to the southwest and the Tahoe Shores Mobile Home Park to the northeast. The Edgewood Golf Course is an 18-hole championship golf course with a clubhouse including a bar and grill and an upscale dining restaurant. A new luxury resort hotel is being planned to be constructed on this property. The Tahoe Shores Mobile Home Park is an older mobile home park which is planned to be redeveloped into a luxury quality lakefront condominium project, the Tahoe Beach Club. The Tahoe Beach Club is planned to involve 143 single family townhome units along with a luxury clubhouse and fitness center of approximately 50,000 square feet. As the mobile home park is planned to be redeveloped at some point in the future when the owners



are able to obtain suitable financing, the mobile home park has not been well maintained.

Development to the southeast of the mobile home park includes older multiple family residences and a few older single family residences. Overall, the quality of the surrounding residential development is fair, with much of the development being an eyesore.

Development along the highway includes the Lakeside Inn and Casino, and a few other commercial businesses, including the Dart Liquor store. Lakeside Inn and Casino is an older casino and motel which caters primarily to locals and to the lower income tourists. The land extending to the north, beyond Kahle Drive and the mobile home park, is undeveloped Forest Service land and Nevada State Beach, providing a large open space amenity with several hiking trails. Nevada State Beach includes day use areas and a campground. Kingsbury Grade extends easterly from U.S. Highway 50 from near Lakeside Inn and Casino, providing access to additional commercial and residential development. Near the summit, Kingsbury Grade provides access to the Nevada side lodges of the Heavenly Ski Resort. Kingsbury Grade then continues over the summit, providing access to the Carson Valley below. Located approximately a third of a mile to the south is the casino core. Beyond the casino core is the California state line and the Heavenly Village and gondola.

Overall, the subject neighborhood is considered to be very desirable due to its lakefront Nevada location, adjacent to the Edgewood Golf Course and in close proximity to the casino corridor and the Heavenly Village and gondola. Even though much of the immediately surrounding development is older and of fair to average quality, there are redevelopment plans which should improve the area, particularly the adjacent Tahoe Beach Club project.

#### **Easements, Encumbrances and Restrictions**

These appraisers were not provided with a Preliminary Title Report for the subject property. These appraisers are aware of some typical public utility easements along the southwestern and northeastern boundaries of the property.



**Subject Sales History**

The property has been under the ownership of the University of Nevada, Reno for several decades. To the best of these appraisers' knowledge, the subject property has not been listed for sale within the past twelve months.

**Tax Data**

As the subject property is under the ownership of a public entity, it is currently exempt from property taxes. However, according to the Douglas County Assessor's website, the two subject parcels have the following assessed values:

Assessor's Parcel Number	1318-22-002-105	1318-22-002-106
2014/2015 Assessed Values		
Land	\$472,500	\$2,380,000
Improvements	<u>\$173,279</u>	<u>\$ 3,658</u>
Total Assessed Value	\$645,779	\$2,383,658

Under Nevada State Law, the Douglas County Assessor's Office estimates the taxable value of the subject site through direct comparison with recent land sales in the area. Then, the replacement cost new of the improvements is estimated and straight-line depreciation at 1.5% per year is deducted to arrive at an estimate of the taxable value of the improvements. A 35% assessment ratio is then applied to the taxable value to arrive at the assessed value of the property. Utilizing the formula set out above, the Assessor's estimate of the taxable value of the subject ownership is indicated to be \$8,655,534.

In the 2005 Legislative session, a new law regulating increases in real property taxes was signed into law. The Governor signed AB 489 into law on April 6, 2005. This bill provides for a partial abatement of property taxes. The level of abatement is based on the type and use of the property.

For primary residences, the abatement equals the amount of taxes that exceed last year's tax bill plus 3%. If the property contains rental units and the rent on all units within the

property are at or below the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development (HUD), the abatement equals the amount of taxes which exceed last year's tax bill plus 3%.

Most other properties (rental units where the rent exceeds the HUD guidelines, commercial, industrial, vacant land, mixed use, etc.) are subject to abatement at a higher level, which is calculated by comparing the lesser of;

1. The average percentage of change in the assessed valuation of all taxable property in the county as determined by the Department of Taxation, over the fiscal year in which the levy is made and the nine immediately preceding fiscal years; or
2. Eight percent; or
3. Twice the percentage of increase in the Consumer Price Index (All Items) for the immediately preceding calendar year, whichever is greater.

### **Summary**

The subject property involves the Nevada State 4-H Camp located on the northeast side of the Edgewood Golf Course, extending from the shores of Lake Tahoe to within a quarter of a mile of U.S. Highway 50, in Stateline, Douglas County, Nevada. The property has a long, irregular rectangular shape with 340.97± lineal feet of sandy lake frontage. Access is via 4-H Road, a narrow asphalt paved roadway, either via U.S. Highway 50 and a narrow easement alongside the commercial buildings fronting the highway, or via Laura Drive and Kahle Drive, residential roadways in the subject neighborhood. Kahle Drive has a signaled intersection with U.S. Highway 50. The parcel is considered to have reasonably good access; however, its exposure is limited to the immediately surrounding development. The total land area is 33.19± acres. The topography is basically level and at street grade. The property has a variety of soil capability levels. The westernmost portion of the property is encumbered by a Stream Environment Zone. TRPA has determined the property to have 371,380± square feet of allowable land coverage and has verified 139,258± square feet of



existing land coverage on the subject property. Accordingly, the subject has allowable land coverage in excess of the currently existing land coverage.

The subject is located within the Edgewood Plan Area Statement and has a land use classification of Recreation. The surrounding development involves the adjacent golf course and country club, an old mobile home park which is planned to be redeveloped into a high end condominium project with a clubhouse, additional older multiple family residential housing, and older commercial development along the highway, including the Lakeside Inn and Casino. To the north, beyond the mobile home park, is a large tract of undeveloped forest land and Nevada State Beach. The property is a short distance north of the casino corridor and Heavenly Village. All utilities have been installed to the improvements on the subject property.

The property was improved in the 1930s with a group camp facility for the Nevada State 4-H Club. The improvements include 13 cabins, 2 bathroom buildings, a dining hall, a craft cabin, a small office building, and a dining pavilion. Site improvements include an amphitheater, a campfire pit, lawn and field areas, and a pier. However, as the easement acquisition is not felt to impact the subject's improvements, the improvements are not being addressed in this appraisal.

Overall, the subject is considered to be desirable due to its sandy lakefront location, in a commercial and recreational neighborhood on the Nevada side of the state line, adjacent to the Edgewood Golf Course and in close proximity to the casino corridor and Heavenly Village.

The reader is referred to the photographs and map set forth previously for a visual depiction of the property.

## HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as the most reasonable and probable use that supports the highest present value of the vacant land and/or improved property, as defined, as of the effective date of valuation. Implicit in this definition is that highest and best use must be physically possible, legally permissible, economically feasible and maximally productive. Typically, for an improved property, both the highest and best use as vacant and as improved is analyzed. As the proposed easement acquisition is not felt to have any impact on the subject's existing improvements, the improvements are not being addressed in this appraisal report. Accordingly, only the highest and best use as vacant will be analyzed in this section.

### *Physically Possible*

The subject property enjoys a lakefront location in a commercial and recreational neighborhood on the Nevada side of the state line, in close proximity to the casino corridor and Heavenly Village. The property has 340.97± lineal feet of sandy lake frontage. The topography is basically level and at street grade. Access is via 4-H Road, a narrow asphalt paved roadway, either via U.S. Highway 50 and a narrow easement alongside the commercial buildings fronting the highway, or via Laura Drive and Kahle Drive, residential roadways in the subject neighborhood. Kahle Drive has a signaled intersection with U.S. Highway 50. The parcel is considered to have reasonably good access; however, the access road is somewhat inferior and narrow. The property's exposure is limited to the immediately surrounding development. The total land area is 33.19± acres. According to a Land Capability Verification, TRPA has determined the property to have 371,380± square feet of allowable land coverage, equating to 25.69% of the total land area. According to a Land Coverage Verification, TRPA has verified 139,258± square feet of existing land coverage on the subject property. Accordingly, it would appear that the subject property has an additional 232,122± square feet of allowable land coverage, in addition to the existing coverage. All necessary utilities have been installed to the property. The surrounding development involves the adjacent golf course and country club, an old mobile home park which is planned to be redeveloped into a high end lakefront condominium project with a clubhouse, additional older

multiple family residential housing, and older commercial development along the highway, including the Lakeside Inn and Casino. To the north, beyond the mobile home park, is a large tract of undeveloped forest land and Nevada State Beach. The property is a short distance north of the casino corridor and Heavenly Village.

Given the subject's sandy lake frontage, size, level topography, reasonably good access, favorable location, and all utilities installed, the property is considered to be physically adaptable to a wide variety of uses.

***Legally Permissible***

With respect to legally permissible uses, the subject property is located in TRPA's Plan Area Statement 070A, designated Edgewood. The planning statement for this Plan Area indicates that this area should provide a range of visitor and local serving outdoor-oriented recreation opportunities, integrated with the existing and planned improvements within the casino core.

Allowed uses include beach recreation, day use areas, outdoor recreation concessions, golf courses and various resource management uses. Under the provisions for a special use permit, single family dwellings, eating and drinking places, marinas, cross country skiing courses, participant sports facilities, group facilities, snowmobile courses, kindergarten through secondary schools, and various public service facilities may also be allowed.

One single family dwelling may be allowed per parcel. As the subject property involves two parcels, it may be possible to develop the site with two single family dwellings. As both subject parcels are over one acre in size, it may also be possible to construct a secondary residence for each parcel. The most likely the development would include a main residence and a guest residence and/or caretaker residence.

Overall, if the subject property were vacant, based upon the current zoning, it would appear that the property could be developed with a single family dwelling, an eating and drinking place, a group facility or other recreational utilization.

***Economically Feasible and Maximally Productive***

The subject's zoning is rather restrictive, allowing for only limited recreational uses, including a group facility, a single family dwelling, or a restaurant. Considering the subject's lack of exposure, it is not felt to be an ideal location for a restaurant. Additionally, there are several existing nearby restaurants. Accordingly, the most intensive uses which are allowed are one or two single family residences and secondary residences, or a group facility. Given the large size of the subject property, and its relatively good privacy and seclusion, particularly with an upscale golf course along one side, it is felt that it could provide a very desirable estate type lakefront homesite. Although the older mobile home park on the other side of the property is currently somewhat of an eyesore, it is planned to be redeveloped with a luxury quality condominium project with an exclusive large clubhouse. In the meantime, the existing improvements can be screened with fencing and vegetation. The surrounding development along the eastern portion of the property is also less desirable; however, this development is removed from the most desirable homesite area, nearer the lake shore. Alternatively, the property could also be utilized for a group facility, as it has been for over 80 years.

In analyzing the highest and best use for the subject property assuming it to be vacant, particular consideration is given to its lakefront location involving 340.97± lineal feet of sandy lake frontage. Property with frontage on Lake Tahoe is very desirable and has become very valuable. Particular consideration is also given to the property's inherent development rights including 139,258± square feet of verified existing land coverage and total of 371,380± square feet of allowable land coverage. Given the nature of the existing group camp facilities, there are little other development rights available other than perhaps a residential unit of use for the manager's residence. Consideration is also given to its location, to its size, to its zoning and to the character of the surrounding development.



Overall, it is our opinion that the highest and best use for the subject property assuming it to be vacant, is for development with a large lakefront estate improved with one or two main residences located close to the lake frontage and offering lake views, along with one or two secondary residences, or possibly a group facility.

## **INTRODUCTION TO VALUATION ANALYSIS**

The subject property will be encumbered by a permanent water line easement. The first step in estimating the Just Compensation due the subject property owner as a result of the proposed permanent easement is to estimate the Market Value of the unencumbered fee simple interest for the subject's larger parcel in its current condition, as of the effective date of valuation. The proposed permanent water line easement will involve a ten foot wide strip along the subject's northeasterly property line. The only existing improvements within this easement area are native vegetation and chain link fencing along the property line. It is assumed that any site improvements disturbed by the installation of the water line will be restored to a similar or superior condition as existed in the before condition. The permanent easement is not felt to impact the subject's existing building improvements which are located in the more central portion of the parcel. As the underground water line is not felt to impact the subject's existing improvements, the value of the subject's improvements are not being addressed in this valuation analysis.

In the preceding section of this report, it was concluded that the highest and best use of the subject property, assuming it to be unimproved, is for a large residential lakefront estate or for a group facility. In the following valuation analysis, the subject property will be valued as a vacant lakefront residential parcel.

The next step is to value the permanent easement area to be acquired as part of the whole parcel before the taking. Typically, the value of the remainder as a part of the whole is then determined and the value of the remainder after the acquisition is determined. The difference between the value of the remainder before and the value of the remainder after, if any, will result in an indication of any severance damages accruing to the subject ownership as a result of the easement acquisition. Any special benefits to the remainder parcel as a result of the taking will then be analyzed and deducted from any severance damages. The value of the easement area to be acquired, as part of the entire ownership before the easement acquisition is then added to any net damages. This equation results in an indication of the Just

Compensation due the subject property owner as a result of the permanent easement acquisition. The final step in determining the Just Compensation due the property owner is to derive the value of the temporary easement being acquired.

In conducting the valuation analysis before the permanent easement acquisition, there are three approaches to value which an appraiser must consider in estimating the value of a property. These approaches include the Cost Approach, the Sales Comparison Approach and the Income Approach to Value.

As the subject property is assumed to be a vacant parcel, the Cost Approach and Income Approach to Value were not considered applicable and were not utilized in this appraisal assignment.

In this appraisal, the Sales Comparison Approach will be utilized to derive an estimate of the fee simple Market Value of the whole subject property, assuming it to be a vacant lakefront residential parcel with 371,380± square feet of allowable land coverage. Under the Sales Comparison Approach, sales of comparable residential lakefront parcels will be analyzed and compared to the subject on a price per lineal foot of lake frontage basis.

### **SALES COMPARISON APPROACH TO VALUE**

In order to develop an estimate of the Market Value of the subject's vacant land by the Sales Comparison Approach, sales of comparable lakefront properties will be analyzed and compared to the subject property on a price per lineal foot of lake frontage basis. The Official Records of Douglas County, Nevada, along with the other counties surrounding Lake Tahoe including Washoe County, Nevada and El Dorado County and Placer County, California, as well as the local multiple listing services were searched for sales of lakefront land with development potential similar to the subject. Three of the comparables are located in South Lake Tahoe; one is located in North Lake Tahoe. Three of the comparables involve primarily residential parcels, although they do have zoning allowing for single and multi-family development and tourist accommodation uses. These comparables are improved with old structures which were given little value. The other comparable involves a former lakefront restaurant on the North Shore of the lake. The comparables set forth on the following chart are considered to represent the best data available in order to derive an appropriate value for the subject property, assuming it to be vacant, by the Sales Comparison Approach.

Following the sale profile sheets, each of the sales will be analyzed and compared with the subject property based upon the sale price per lineal foot of lake frontage and a land value conclusion for the subject's vacant land will be derived. In comparing the sales to the subject property, consideration will be given to the subject's 340.97± lineal feet of sandy lake frontage, to its location, size, zoning, and its 371,380± square feet of allowable land coverage. Eight sales were utilized in this appraisal assignment. There have been few lakefront estate sized homesite sales around the entire Lake Tahoe Basin over the past several years. Most of the lakefront parcels are already improved, leaving very few lakefront homesites.



## COMPARABLE LAKEFRONT HOMESITE SALES CHART

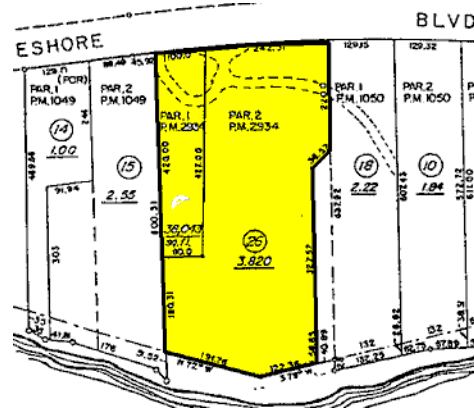
Sale No.	A.P.N. Address	Sale Date	Total Land Area/ Land Coverage/ %	Lake Frontage Length/ Quality	Shoreline Improvements	Improvements	Land Area to Lake Frontage Ratio	Sale/List Price Price/LF Price/Ac
LHS-1	122-100-25/26 573/575 Lakeshore Blvd Incline Village Washoe County, NV	4-15-10	4.69± ac 15,805± sf remaining + existing NA	314.12± lf Rocky	Shared Pier Shared 2 Lifts	3,000± sf Caretaker's SFR	650	\$11,800,000 \$37,565
LHS-2	16-300-38 7701 West Lake Blvd, Meeks Bay, El Dorado County, CA	6-04-10	4.97± ac 48,405± sf 22.36%	495.61± lf Gravel/Rocks	Pier Marine Raif	4 old Cabins Boathouse	437	\$12,400,000 \$25,020
LHS-3	017-041-25 9041 Lupine Lane, Rubicon El Dorado County, CA	11-30-10	9.98± ac 98,000± sf 22.54%	175.00± lf Wide Sand	Pier	Old Cabin 2-car Garage Sm. Guest unit	2,484	\$7,870,000 \$44,971
LHS-4	1318-15-201-002 540 Sierra Sunset Lane, Marla Bay Douglas County, NV	3-29-12	6.19± ac 72,397± sf 26.85%	209.06± lf Wide Sand	Buoy	No improvements	1,290	\$9,650,000 \$46,159
LHS-5	084-171-002 084-172-002 2220/2225 Sunnyside Lane Sunnyside, Placer County, CA	5-31-12	4.40± ac 45,000± sf 23.48%	210.00± lf Rocky	Pier Boathouse Lift	3 old Cabins	913	\$11,000,000 \$52,381
LHS-6	017-021-01/09 256 Four Ring Road Rubicon, El Dorado County, CA	11-29-12	20.32± ac 100,000± sf 11.30%	200.00± lf Sandy	Shared Pier	Older SFR & cabin, tennis court	4,426	\$11,000,000 \$55,000
LHS-7	017-041-19/20 291/301 Paradise Flat Road Rubicon, El Dorado County, CA	12-28-12	7.34± ac 63,000± sf 19.70%	400.00± lf Sandy	Pier	Old Tahoe Cabin	799	\$14,500,000 \$36,250
LHS-8	017-021-008 281 Paradise Flat Road Rubicon, El Dorado County, CA	03-10-14	7.34± ac NA NA	400.00± lf Sand	Buoy	Old SFR Julia Morgan – Bow Bay 4,038± sf	799	\$14,000,000 \$35,000
Subject	1318-22-002-105/106 140 U.S. Highway 50 4-H Camp Site Stateline, Douglas County, NV	12-29-14	33.19± ac 371,380± sf 25.69%	340.97± lf Sand	Pier	None	4,240	— —

**COMPARABLE LAKEFRONT LAND SALES MAP**



Reno ■ Lake Tahoe

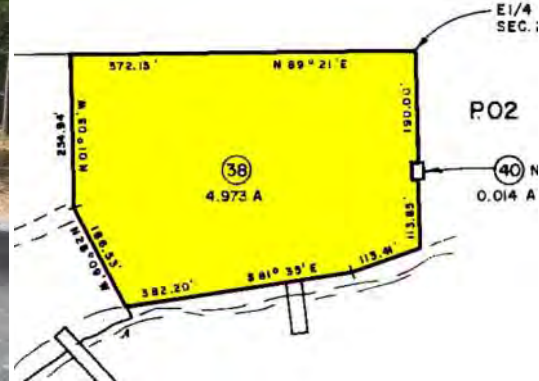
**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET  
 SALE LHS-1**



<b>Address:</b>	573 & 575 Lakeshore Boulevard	<b>Community:</b>	Incline Village, Nevada
<b>APN:</b>	122-100-25 & 26	<b>Lot Size:</b>	4.69± acres
<b>Length of Lake Frontage:</b>	314.12± lineal feet	<b>Legal Description:</b>	A portion of the Southwest ¼ of Section 16 and the Southeast ¼ of Section 17, Township 16 North, Range 18 East, MDB&M, Washoe County, Nevada
<b>Beach Improvements:</b>	Shared good quality pier with two shared boat lifts	<b>Quality of Lake Frontage:</b>	Rocky
<b>Sale Date:</b>	April 15, 2010	<b>Sale Price:</b>	\$11,800,000
<b>Document Number:</b>	3871523	<b>Terms:</b>	Cash
<b>Grantor:</b>	Flintlock Trust	<b>Grantee:</b>	O'Neal Family Trust
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$37,565	<b>Land Coverage:</b>	15,805± square feet (remaining)
<b>Land Area to Lake Frontage Ratio:</b>	650	<b>Land Area to Land Coverage Ratio:</b>	N/A
<b>Improvement Data:</b>	Caretakers Structure	<b>Highest &amp; Best Use:</b>	Development
<b>Year Built:</b>	1998	<b>Living Area:</b>	3,000± square feet
<b>Bed/Bathrooms:</b>	3/2.5	<b>Garage:</b>	2-car, built-in
<b>Guest Units</b>	None	<b>Verification:</b>	Chris Plastiras, Lakeshore Realty, listing agent, cjj

**Comments:** This sale parcel is two legal parcels with a total land area of 4.69± acres. The sale has 314.12± lineal feet of rocky lake frontage. This parcel shares a good quality pier and two boat lifts with two other parcels in this 4 parcel compound. The parcel has 15,805± square feet of allocated land coverage for the vacant lakefront parcel. This 4 parcel compound is fenced on 3 sides and includes two electric entrance gates. The non-lakefront parcel is improved with an average to good quality caretaker's structure containing 3,000± square feet, according to the listing agent. The structure has three bedrooms and 2.5 bathrooms. Also, this structure has a 2-car built-in garage. There are access easements along the lake frontage to the pier by the two adjacent property owners.

**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET**  
**SALE LHS-2**



<b>Address:</b>	7701 West Lake Boulevard, (State Route 89)	<b>Community:</b>	Meeks Bay, California
<b>APN:</b>	16-300-38	<b>Lot Size:</b>	4.97± acres, per assessor
<b>Length of Lake Frontage:</b>	495.61± lineal feet	<b>Legal Description:</b>	Portion of The Southeast ¼ of Section 20, Township 14 North, Range 17 East, M.D.B., El Dorado County, California
<b>Beach Improvements:</b>	Pier, Boathouse with rail system into lake and 2 buoys	<b>Quality of Lake Frontage:</b>	Rocky and gravel
<b>Sale Date:</b>	June 4, 2010	<b>Sale Price:</b>	\$12,400,000
<b>Document Number:</b>	24554	<b>Terms:</b>	Private loan for \$6,200,000, terms not disclosed
<b>Grantor:</b>	Jonsson Family Trust	<b>Grantee:</b>	Daniel T. Raney
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$25,020	<b>Highest &amp; Best Use:</b>	Redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	437	<b>Land Area to Land Coverage Ratio:</b>	22.36%
<b>Improvement Data:</b>	4 Old Cabins	<b>Land Coverage:</b>	48,405± square feet
<b>Year Built:</b>	1930s to 1950s	<b>Living Area:</b>	Unknown at date of sale
<b>Bed/Bathrooms</b>	Unknown	<b>Garage:</b>	None
<b>Guest Units</b>	4 small, older cabins	<b>Verification:</b>	Michael Oliver, Oliver Luxury Real Estate, listing agent, cjj

**Comments:** This sale is located at the south boundary of Sugar Pine State Park. Access at the date of sale was via a dirt road from State Route 89, also known as West Lake Boulevard. The sale parcel contains 4.97± acres with a moderate to steep downslope from the street to a relatively level along the lake frontage. This property was originally a portion of an estate which included an historic Old Tahoe Lodge constructed in the 1930s. This sale property includes the caretaker's residence, two small summer cabins along the shoreline, and an historic very large, 2-story boathouse with a rail system into Lake Tahoe. Also, this property included a pier and two buoys. At the date of transfer, this property included a conditional permit from TRPA to divide the parcel into four parcels due to the existing structures on the property. The highest and best use of this property is for redevelopment at a future date when the economic conditions improve and financing is available for construction. This property had been listed for over 2 years. The private financing was reportedly a benefit to the buyer as high dollar loans have been very difficult to obtain.



**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET  
 SALE LHS-3**



<b>Address:</b>	9041 Lupine Lane	<b>Community:</b>	Rubicon, California
<b>APN:</b>	017-041-25	<b>Lot Size:</b>	9.98± acres
<b>Length of Lake Frontage:</b>	175.0± lineal feet	<b>Legal Description:</b>	A ptn. of Sec. 4, Township 13 North, Range 17 East, M.D.B. & M., El Dorado County, California
<b>Beach Improvements:</b>	Good quality pier	<b>Quality of Lake Frontage:</b>	Wide Sandy
<b>Sale Date:</b>	November 30, 2010	<b>Sale Price:</b>	\$7,870,000
<b>Document Number:</b>	58258	<b>Terms:</b>	Cash
<b>Grantor:</b>	Susan K. Lennance	<b>Grantee:</b>	Boutros Family Trust
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$44,971	<b>Highest &amp; Best Use:</b>	Redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	2,484	<b>Land Area to Land Coverage Ratio:</b>	22.54%
<b>Improvement Data:</b>		<b>Land Coverage:</b>	98,000± sf (estimated)
<b>Year Built:</b>	1943	<b>Living Area:</b>	2,583± square feet
<b>Bed/Bathrooms</b>	5/3	<b>Garage:</b>	2-car, detached
<b>Guest Units</b>	461± square feet, 0/1	<b>Verification:</b>	Craig Miller at Craig Miller Realty, listing agent, cjj

**Comments:** The sale property is a long thin parcel running from S.R. 89 to the shoreline. Access is on a dirt road, 2 Ring Road to Lupine Lane (also a dirt road). This parcel is relatively level. The sale has 175.0± lineal feet of a wide sandy beach. There is a good quality pier with a cat walk extending into Lake Tahoe. The main house sits close to the lake frontage. This house was built in 1943 and is an average to good quality cabin containing 2,583± square feet of living area which includes five bedrooms and three bathrooms. Additional amenities include electric heat, predominately dual pane windows, one rock fireplace, one wood stove, a front entrance patio and a rear patio which is partially covered. The residence has had some updating over the years. Also, there is a detached 2-car garage with a second level guest unit. The garage contains a bathroom with a shower. The guest unit is one large room with a kitchenette and one bathroom. According to a site map there is over 98,000± square feet of allowable land coverage on this site. This sale was part of a divorce settlement. The seller was very anxious to sell the property and be done with it. The property had been on the market for over three years. The property sold for well below the appraised value. This sale is perceived by the local brokers knowledgeable in the West Shore market as being “the steal of the century”.

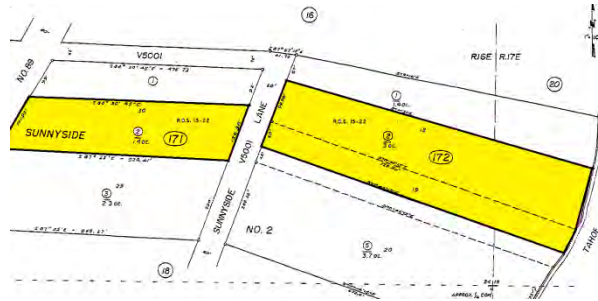
**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET  
 SALE LHS-4**



<b>Address:</b>	540 Sierra Sunset Lane	<b>Community:</b>	Marla Bay, Nevada
<b>APN:</b>	1318-15-201-002	<b>Lot Size:</b>	6.19± acres
<b>Length of Lake Frontage:</b>	209.06± lineal feet	<b>Legal Description:</b>	A portion of Section 15, Township 13 North, Range 18 East, MDB&M, Douglas County, Nevada
<b>Beach Improvements:</b>	None	<b>Quality of Lake Frontage:</b>	Sandy beach
<b>Sale Date:</b>	March 29, 2012	<b>Sale Price:</b>	\$9,650,000
<b>Document Number:</b>	799816	<b>Terms:</b>	Cash
<b>Grantor:</b>	Sierra Sunset LLC	<b>Grantee:</b>	Tahizzle LLC
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$46,159	<b>Highest and Best Use:</b>	Development
<b>Land Area to Lake Frontage Ratio:</b>	1,290	<b>Land Area to Land Coverage Ratio:</b>	26.85%
<b>Improvement Data:</b>	None	<b>Land Coverage:</b>	72,397± square feet
<b>Year Built:</b>	NA	<b>Living Area:</b>	None
<b>Bedrooms/Bathrooms:</b>	NA	<b>Garage:</b>	NA
<b>Guest Units:</b>	NA	<b>Verification:</b>	Sue Lowe, Chase International, listing agent, CJJ, and Ron Alling, Attorney by SRJ

**Comments:** This property is located off US Hwy 50 close to Bourne Meadow along the east shore of Lake Tahoe. Access is through a gated entrance shared with 2 other improved parcels. The sale parcel contains 6.19± acres with relatively level topography. The sale has 205.0 ± lineal feet of sandy lake frontage. According to a site map, this parcel has 72,397± square feet of allowable land coverage. The parcel is odd shaped, boom-a-rang. The building envelope is located back from the water in the tree area, therefore, the view amenity is filtered lake views. This sale did not have any beach improvements, however, it did include a buoy. The property was exposed to the market for 93 days and the list price was \$10,900,000.

**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET  
 SALE LHS-5**

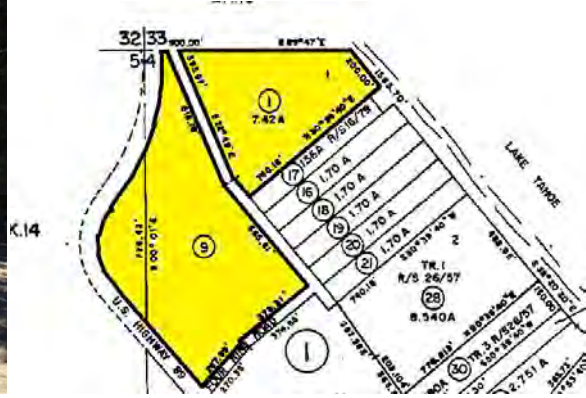


<b>Address:</b>	2220-25 Sunnyside Lane	<b>Community:</b>	Sunnyside, California
<b>APN:</b>	084-171-002 & 084-172-002	<b>Lot Size:</b>	4.40± acres
<b>Length of Lake Frontage:</b>	210.0± lineal feet	<b>Legal Description:</b>	Ptn. of Lots 18 & 19 and Lot 30, Sunnyside Map No.2, Placer County, California
<b>Beach Improvements:</b>	Pier with boathouse and boat lift	<b>Quality of Lake Frontage:</b>	Rocky
<b>Sale Date:</b>	May 31, 2012	<b>Sale Price:</b>	\$11,000,000
<b>Document Number:</b>	48596	<b>Terms:</b>	Cash
<b>Grantor:</b>	R.L. Coleman 1990 Trust	<b>Grantee:</b>	C. & R. Von Metzsch Family Trust
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$52,381	<b>Highest &amp; Best Use:</b>	Redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	913	<b>Land Area to Land Coverage Ratio:</b>	23.48%
<b>Improvement Data:</b>		<b>Land Coverage:</b>	45,000± sf (estimated)
<b>Year Built:</b>	1965	<b>Total Living Area:</b>	6,351± square feet
<b>Bed/Bathrooms</b>	4/3	<b>Garage:</b>	2-car, detached
<b>Guest Units</b>	Caretakers SFR Cottage	<b>Verification:</b>	Alan Heoney, Better Homes & Gardens, listing agent, cjj

**Comments:** This sale property is 2 assessor parcel numbers. One of the parcels is a lakefront parcel containing 3.0± acres with 210.0± lineal feet of rocky lake frontage. The 2<sup>nd</sup> parcel is located between Sunnyside Lane and West Lake Boulevard and contains 1.40± acres. This parcel is relatively level and is vacant. The lakefront parcel includes an older cabin constructed in 1965, is of average quality and contains 2,313± square feet of living area. The main residence included 1 fireplace, 2 decks, and an older kitchen. Additional structures include a caretaker's residence with 1 bedroom and 1 bathroom, kitchen and living room. This residence also has a fireplace. Also, there is a small cottage with one bedroom and 1 bathroom. There is a detached 2-car garage and a shed. There is a long steel piling pier with a boathouse and 2 boat lifts. Also, this property included 2 buoys. The residences were dated. The motivation of the sale to the buyers is for future redevelopment. This property is classified as Class 5 land and the estimated land coverage would be approximately 45,000± square feet. There would be some backshore or Class 1 land on this sale parcel.



**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET**  
**SALE LHS-6**

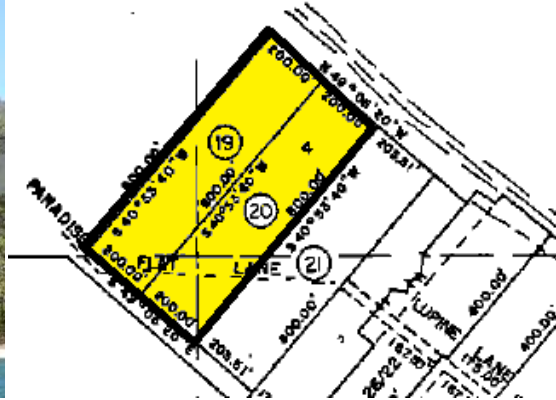


<b>Address:</b>	256 Four Ring Road	<b>Community:</b>	Rubicon, California
<b>APN:</b>	017-021-01 & 09	<b>Lot Size:</b>	20.32± acres
<b>Length of Lake Frontage:</b>	200.0± lineal feet	<b>Legal Description:</b>	A portion of the North ½ of Section 4, Township 13 North, Range 17 East, MDB&M, El Dorado County, California
<b>Beach Improvements:</b>	Shared good quality pier	<b>Quality of Lake Frontage:</b>	Sandy beach
<b>Sale Date:</b>	November 29, 2012	<b>Sale Price:</b>	\$11,000,000
<b>Document Number:</b>	62741 & 62745	<b>Terms:</b>	Cash
<b>Grantor:</b>	David C. Bradford	<b>Grantee:</b>	RCD Tahoe LP
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$55,000	<b>Highest and Best Use:</b>	Redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	4,426	<b>Land Area to Land Coverage Ratio:</b>	11.30%
<b>Improvement Data:</b>	None	<b>Land Coverage:</b>	100,000+ sf
<b>Year Built:</b>	1955, remodeled 1970s	<b>Living Area:</b>	3,050± square feet
<b>Bedrooms/Bathrooms:</b>	4/4	<b>Garage:</b>	3-car, attached
<b>Guest Unit:</b>	Guest Cabin 1/1, 295± square feet	<b>Verification:</b>	Michael Oliver, Oliver Luxury Real Estate, listing agent, CJJ

**Comments:** This property is located just south of the Rubicon Properties subdivision along the southwest shoreline of Lake Tahoe. The sale property includes two assessor parcel numbers, one is a lakefront parcel containing 7.42± acres with a gentle downslope from the west to the east. The second parcel is a non-lakefront parcel containing 12.9± acres with a gentle downslope from the highway to the east boundary. The second parcel is vacant; however, it did not have an IPES score. However, the listing agent stated the parcel was buildable, with no verified land coverage. The lakefront parcel has 200.0± lineal feet of sandy lake frontage. There is a shared pier with an adjacent property. Access is via a paved and dirt road. The lakefront parcel was improved with an older residence which was remodeled in the 1980s. The residence is of average-good quality containing 3,050± square feet of living area which included 4 bedrooms and 4 bathrooms. The interior was reported as dated. Also, there is a detached cabin with 1 bedroom & 1 bathroom. An additional amenity included a tennis court. According to El Dorado County records, the lakefront property transferred for \$10,000,000 and the non-lakefront parcel transferred for \$1,000,000. There is no known Site Map with land classification. Bailey Classification Maps with TRPA indicates most of the sale parcel has high capability land and the estimated land coverage would be over 100,000± square feet.



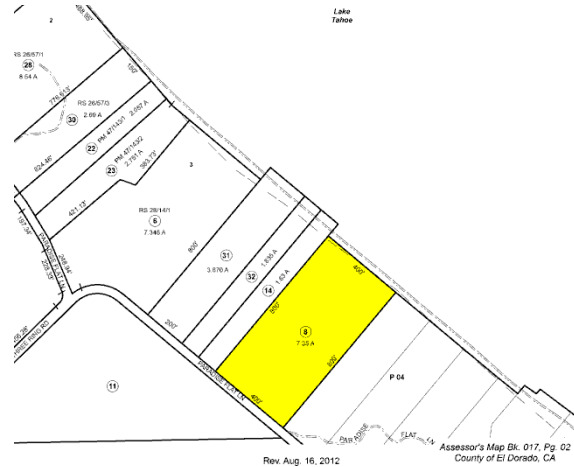
**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET  
 SALE LHS-7**



<b>Address:</b>	291/301 Paradise Flat Lane	<b>Community:</b>	Rubicon, California
<b>APN:</b>	017-041-19 & 20	<b>Lot Size:</b>	7.34± acres
<b>Length of Lake Frontage:</b>	400.0± lineal feet	<b>Legal Description:</b>	A portion of Section 4, Township 13 North, Range 17 East, MDB&M, El Dorado County, California
<b>Beach Improvements:</b>	Good quality pier	<b>Quality of Lake Frontage:</b>	Sandy beach
<b>Sale Date:</b>	December 28, 2012	<b>Sale Price:</b>	\$14,500,000
<b>Document Number:</b>	68513	<b>Terms:</b>	Cash
<b>Grantor:</b>	Paradise Flat LP	<b>Grantee:</b>	Dreamy LLC
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$36,250	<b>Highest and Best Use:</b>	Redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	799	<b>Land Area to Land Coverage Ratio:</b>	19.70% (Estimated)
<b>Improvement Data:</b>	None	<b>Land Coverage:</b>	63,000± sf
<b>Year Built:</b>	1936	<b>Living Area:</b>	4,980± square feet
<b>Bedrooms/Bathrooms:</b>	7/7	<b>Garage:</b>	None
<b>Guest Unit:</b>	None	<b>Verification:</b>	Michael Oliver, Oliver Luxury Real Estate, listing agent, CJJ

**Comments:** This property is located just south of the Rubicon Properties subdivision along the southwest shoreline of Lake Tahoe. The sale property includes two assessor parcel numbers, each containing 3.67± acres for a total of 7.34± acres. The sale has relatively level topography and 400.0± lineal feet of wide sandy beach. There is an older, good quality deep water pier. Also, the property has 2 permitted buoys. One of the parcels was improved in 1936 with a good quality Old Tahoe residence. The interior has not been updated, however, it was reported to be in good condition. The kitchen and bathrooms are original. Also, this structure does not have central heat. The residence contains 4,980± square feet of living area which included 7 bedrooms and 7 bathrooms. This property did not include a garage or any other outbuildings. According to Plan Area Statement 147, Paradise Flat; the vacant parcel is located in a low hazard or SEZ area. Therefore, it appears the vacant parcel could not be developed in the future. This area has a small private water company. Many of the roads in the Paradise Flat area are dirt, which would restrict winter access due to TRPA ordinances. No Site Map was available with allowable or existing land coverage. The land is classified as high capability land according to older TRPA maps. Therefore, the estimated allowable land coverage would be approximately 63,000± square feet.

**COMPARABLE LAKEFRONT HOMESITE SALE PROFILE SHEET**  
**Sale LHS-8**



<b>Address:</b>	281 Paradise Flat Road	<b>Community:</b>	Rubicon, California
<b>APN:</b>	017-021-08	<b>Lot Size:</b>	7.34 ± acres
<b>Length of Lake Frontage:</b>	400± lineal feet	<b>Legal Description:</b>	A portion of Section 4, Township 13 North, Range 17 East, MDB&M, El Dorado County, California
<b>Beach Improvements:</b>	None	<b>Quality of Lake Frontage:</b>	Wide, Sand
<b>Sale Date:</b>	March 10, 2014	<b>Sale Price</b>	\$14,000,000
<b>MLS Number:</b>	20121154	<b>Terms:</b>	Cash
<b>Grantor:</b>	Johnson Mary Louise Surv Tr	<b>Grantee:</b>	Bow Bay LLC
<b>Sale Price per Lineal Foot of Lake Frontage:</b>	\$35,000	<b>Highest and Best Use:</b>	Eventual redevelopment
<b>Land Area to Lake Frontage Ratio:</b>	799	<b>Land Area to Land Coverage Ratio:</b>	NA
<b>Improvement Data:</b>		<b>Land Coverage:</b>	NA
<b>Year Built:</b>	1944	<b>Living Area:</b>	4,038± square feet
<b>Bed/Bathrooms</b>	8/5	<b>Garage:</b>	1
<b>Guest Units</b>	Workshop and In-Law Quarters	<b>Verification:</b>	Christie Curtis, Coldwell-Banker, No. California, listing agent cjj

**Comments:** This sale property is known as “Bow Bay” and was designed in 1939 by Julia Morgan, renowned architect of the Hearst Castle. The lakefront estate with 400’ of lake frontage, located in the famous Gold Coast of Lake Tahoe in Rubicon Bay. This rectangular parcel contains 7.35± acres with 400± lineal feet of lake frontage. The parcel is considered level and is on a cul-de-sac with private road access. The sale property was completed in 1944 and is of good quality workmanship containing 4,038± square feet of living area and includes a workshop, an in-law quarters and a tennis court. The sale property has 1 fireplace and two decks. This property is one of nine owners in immediate area with ownership of 350± acres of meadow and forest land with 400 shares in Tamarack Mutual Water Company with water rights, dam, water system and caretaker house. Original list price \$20,000,000 with a list date of April of 2012. The property had been reduced to \$17,000,000 at the time of the sale. The property was exposed to the market for 592 days.

## **COMPARABLE LAKEFRONT HOMESITE SALES ANALYSIS AND DISCUSSION**

Eight sales were charted and profiled on the previous pages. The sale dates range from April of 2010 to March of 2014. One of the sales is located nearby, also in Douglas County, Nevada. One sale is located on the north shore, in Incline Village, Nevada. The remaining six sales are located along the west shore of Lake Tahoe, in El Dorado and Placer Counties. The total land areas associated with the comparable properties ranges from 4.40± acres to 20.32± acres, in comparison to the subject with 33.19± acres. There are very few privately owned, large acreage lakefront properties remaining in the Lake Tahoe Basin. There are even fewer sales of such properties. Additionally, the vast majority of the lakefront properties have been improved, although many were improved in the mid part of the last century. Accordingly, these improvements are older and are no longer considered to represent the highest and best use of these parcels. Buyers in this high end segment of the market typically desire to construct their own luxury quality homes according to their tastes. Accordingly, although all but one of the comparable sale properties have older residential improvements, these improvements are given little weight in this analysis. The length of lake frontage associated with the comparables ranges from 175.00± lineal feet to 495.61± lineal feet, in comparison to the subject at 340.97± lineal feet. The overall sale prices for the comparables range from \$7,870,000 to \$14,500,000, with the price per lineal foot of lake frontage ranging from \$25,020 to \$55,000. These sales will be analyzed and compared to the subject property on a price per lineal foot of lake frontage basis.

As noted, the comparables sales are all smaller than the subject property. In this Sales Comparison analysis addressing lake frontage properties, instead of simply comparing total land area, we will compare the Land Area to Lake Frontage Ratio. This ratio takes into account the amount of land area per lineal foot of lake frontage. The higher this ratio, the more land area the property has for each foot of lake frontage. Accordingly, a higher ratio is more desirable. Properties with a lower ratio will be adjusted upward and properties with a higher ratio will be adjusted downward. As this ratio takes into account total land area, it is

not appropriate to also adjust for the total land area of each parcel as this would result in adjusting for land area twice.

***Date of Sale/Market Conditions***

Due to the limited number of lakefront sales, we have had to extend our comparable sales search back four years. Accordingly, two sales are from the first half of 2010, one sale is from the third quarter of 2010, two sales occurred in the first half of 2012, two sales occurred in the third quarter of 2012, and the most recent sale occurred during the first quarter of 2014. Generally speaking, the real estate market peaked around 2006/2007. Prices then began a steep decline that lasted through 2011 into mid 2012. The market appeared to make a rebound in the third quarter of 2012 and into 2013.

Interviews with several real estate agents active in the lakefront market around the Tahoe Basin indicate that there are signs that the real estate market is improving with more potential buyers in the marketplace. Furthermore, it was indicated that the best time to market a residential property in the Tahoe Basin is during the summer (July 1<sup>st</sup> and after) through the mid fall months.

As another indication of the increase in prices over the past couple of years, we were able to locate two sales and re-sales of smaller lakefront properties. The first involves a property located at 4830 West Lake Blvd., on the west shore of Lake Tahoe. The property sold in August of 2011 for \$4,400,000. The property then sold again on September 11, 2013 for \$5,000,000, thereby indicating an increase of 13.64% between the two dates of sale.

The second sale and re-sale involves a property located at 587 Lakeshore Boulevard, in Incline Village, Nevada. The property sold in September of 2010 for \$7,700,000. The property then sold again in April of 2013 for \$9,250,000. The increase in value between the two sale dates was 20.13% over three seasons.



While there are these two indications of specific percentage increases, the reader is cautioned that there are many variables and differences between the various submarkets of the lakefront market around Lake Tahoe. However, it is felt that these two comparisons do at least show that there has been an increase in price levels over the past few years.

Accordingly, upward adjustments will be made to the three sales which occurred in 2010. Softer upward adjustments will be made to the two sales which occurred in early 2012. No adjustments are felt to be necessary for the sales which occurred in late 2012 and early 2014 as it is felt that the market was stabilizing during this time frame.

**Sale LHS-1** involves the lakefront property located at 573 and 575 Lakeshore Boulevard, in Incline Village, Washoe County, Nevada. This property contains a total land area of 4.69± acres and has 314.12± lineal feet of rocky lake frontage. This property has a land area to lake frontage ratio of 650. The sale property includes a vacant lakefront parcel and a smaller non-lakefront parcel which is improved with a good quality caretaker's residence. The ownership includes a good quality shared pier with two boat lifts. This property sold in April of 2010 for \$11,800,000, or \$37,565 per lineal foot of lake frontage.

In comparing this sale with the subject property, an upward adjustment is made for the older date of sale. A large upward adjustment is made for the sale's much lower land area to lake frontage ratio. A further upward adjustment is made for the sale's inferior rocky lake frontage. Finally, some upward adjustment is made as the sale property must share its pier with two other adjacent properties. On the other hand, a moderately large downward adjustment is made for the sale's superior Incline Village location. Incline Village has typically experienced the highest land values around the Lake Tahoe Basin. A further downward adjustment is made for the superior quality of the development surrounding the sale property. Another moderately large downward adjustment is made for the caretaker's residence on the sale property.

Overall, the \$37,565 per lineal foot of lake frontage sale price for this comparable is considered to be a slightly low indication of value for the subject property.

**Sale LHS-2** involves the lakefront property located at 7701 West Lake Boulevard, in the Meeks Bay area of El Dorado County, California. This property contains a total land area of 4.97± acres and has 495.61± lineal feet of gravel and rocky lake frontage. This property has a land area to lake frontage ratio of 437. This property has older improvements, including an historic boathouse with a rail system into the lake. The property includes a pier and two buoys. At the time of sale, the property included a conditional permit to divide the parcel into four parcels. This property sold in June of 2010 for \$12,400,000, or \$25,020 per lineal foot of lake frontage.

In comparing this sale with the subject property, an upward adjustment is made for the older date of sale. A large upward adjustment is made for the sale's much lower land area to lake frontage ratio. A moderately large upward adjustment is made to the unit price indicator for the sale's longer length of lake frontage. All else being equal, a longer length of frontage will tend to sell for a lower price per lineal foot. A further upward adjustment is made for the sale's inferior gravel and rocky lake frontage. A large upward adjustment is made for the sale's inferior Meeks Bay, west shore location. Nevada properties tend to sell for more than their California counterpoints due to the favorable tax climate in Nevada. Additionally, the sale property is some distance removed from a commercial core, while the subject property is located in close proximity to the Stateline casino corridor and Heavenly Village. Finally, a moderately large upward adjustment is made for the sale's inferior steep dirt road access. On the other hand, a downward adjustment is made for the superior quality of the development surrounding the sale property. A moderately large downward adjustment is made for the conditional permit to subdivide the sale property into four parcels. A downward adjustment is also made for the sale's superior shoreline improvements and buoys. Some downward adjustment is made for the older cabins located on the sale property.

Overall, the \$25,020 per lineal foot of lake frontage sale price for this comparable is considered to be a very low indication of value for the subject property.

**Sale LHS-3** involves the lakefront property located at 9041 Lupine Lane in the Rubicon Bay area of El Dorado County, California. This property contains a total land area of 9.98± acres and has 175.00± lineal feet of sandy lake frontage. This property has a land area to lake frontage ratio of 2,484. This property involves a long thin parcel running from State Route 89 to the lake shore. The property has older improvements and a good quality pier. This property sold in November of 2010 for \$7,870,000, or \$44,971 per lineal foot of lake frontage.

In comparing this sale with the subject property, an upward adjustment is made for the older date of sale. A moderately large upward adjustment is made for the distressed nature of the sale transaction. The sale was part of a divorce settlement and the seller was very anxious to sell the property. The property reportedly sold for well below the appraised value and was perceived by the local brokers as “the steal of the century”. An upward adjustment is made for the sale's lower land area to lake frontage ratio. A large upward adjustment is made for the sale's inferior Rubicon Bay, west shore location. Nevada properties tend to sell for more than their California counterparts due to the favorable tax climate in Nevada. Additionally, the sale property is some distance removed from a commercial core, while the subject property is located in close proximity to the Stateline casino corridor and Heavenly Village. Finally, an upward adjustment is made for the sale's inferior dirt road access. On the other hand, a large downward adjustment is made to the unit price indicator for the sale's shorter length of lake frontage. All else being equal, a shorter length of lake frontage will tend to sell for a higher price per lineal foot. A downward adjustment is made for the superior quality of the development surrounding the sale property. A further moderately large downward adjustment is made for the sale's improvements.

Overall, the \$44,971 per lineal foot of lake frontage sale price for this comparable is considered to be a reasonably good indication of value for the subject property.

**Sale LHS-4** involves the lakefront property located at 540 Sierra Sunset Lane, adjacent to Bourne Meadow, in the Marla Bay area of Douglas County, Nevada. This

property is located a couple of miles north of the subject property. This sale property contains a total land area of 6.19± acres and has 209.06± lineal feet of sandy lake frontage. This irregular shaped property has a land area to lake frontage ratio of 1,290. This property is unimproved and does not include a pier, although it does include a buoy. This property sold in March of 2012 for \$6,650,000, or \$46,159 per lineal foot of lake frontage.

In comparing this sale with the subject property, some upward adjustment is made for the early 2012 date of sale. A moderately large upward adjustment is made for the sale's lower land area to lake frontage ratio. A further upward adjustment is made for the sale's lack of a pier. On the other hand, a moderately large downward adjustment is made to the unit price indicator for the sale's shorter length of lake frontage. A further moderately large downward adjustment is made for the sale's superior setting with a superior quality of surrounding development.

Overall, the \$46,159 per lineal foot of lake frontage sale price for this comparable is considered to be a slightly high indication of value for the subject property.

**Sale LHS-5** involves the lakefront property located at 2220-2225 Sunnyside Lane, in the Sunnyside area of Placer County, California. This property contains a total land area of 4.40± acres and has 210.00± lineal feet of rocky lake frontage. This property has a land area to lake frontage ratio of 913. This property consists of two parcels, one on either side of Sunnyside Lane. Accordingly, only one of the parcels has lake frontage. The property has older improvements. The property includes a long steel piling pier with a boathouse and two boat lifts, along with two buoys. This property sold in May of 2012 for \$11,000,000, or \$52,381 per lineal foot of lake frontage.

In comparing this sale with the subject property, some upward adjustment is made for the older date of sale. A moderately large upward adjustment is made for the sale's lower land area to lake frontage ratio. A further upward adjustment is made for the sale's inferior rocky lake frontage. A moderately large upward adjustment is made for the sale's inferior



Sunnyside, west shore location. On the other hand, a moderately large downward adjustment is made to the unit price indicator for the sale's shorter length of lake frontage. A downward adjustment is made for the superior quality of the development surrounding the sale property. A moderately large downward adjustment is made for the sale's existing improvements. A further downward adjustment is made for the sale's superior shoreline improvements.

Overall, the \$52,381 per lineal foot of lake frontage sale price for this comparable is considered to be a high indication of value for the subject property.

**Sale LHS-6** involves the lakefront property located at 256 Four Ring Road in the Rubicon Bay area of El Dorado County, California. This property contains a total land area of 20.32± acres and has 200.00± lineal feet of sandy lake frontage. This property has a land area to lake frontage ratio of 4,426. The property includes two parcels, only one of which is lakefront. The property has older improvements and a shared pier. This property sold in November of 2012 for \$11,000,000, or \$55,000 per lineal foot of lake frontage.

In comparing this sale with the subject property, a large upward adjustment is made for the sale's inferior Rubicon Bay, west shore location. Some additional upward adjustment is made for the sale's shared pier. On the other hand, a moderately large downward adjustment is made to the unit price indicator for the sale's shorter length of lake frontage. A downward adjustment is made for the superior quality of the development surrounding the sale property. A further moderately large downward adjustment is made for the sale's improvements.

Overall, the \$55,000 per lineal foot of lake frontage sale price for this comparable is considered to be a high indication of value for the subject property.

**Sale LHS-7** involves the lakefront property located at 291-301 Paradise Flat Lane in the Rubicon Bay area of El Dorado County, California. This property contains a total land area of 7.34± acres and has 400.00± lineal feet of sandy lake frontage. This property has a

land area to lake frontage ratio of 799. This property involves two adjacent lakefront parcels, one of which has older improvements. Shoreline improvements include a deep water pier and two buoys. This property sold in December of 2012 for \$14,500,000, or \$36,250 per lineal foot of lake frontage.

In comparing this sale with the subject property, an upward adjustment is made to the unit price indicator for the sale's longer length of lake frontage. A large upward adjustment is made for the sale's much lower land area to lake frontage ratio. A further large upward adjustment is made for the sale's inferior Rubicon Bay, west shore location. Finally, an upward adjustment is made for the sale's inferior dirt road access. On the other hand, a downward adjustment is made for the superior quality of the development surrounding the sale property. Further downward adjustments are made for the sale's improvements and for its superior quality shoreline improvements.

Overall, the \$36,250 per lineal foot of lake frontage sale price for this comparable is considered to be a low indication of value for the subject property.

**Sale LHS-8** involves the lakefront property located at 281 Paradise Flat Lane in the Rubicon Bay area of El Dorado County, California, adjacent to the property described above. This property contains a total land area of 7.34± acres and has 400.00± lineal feet of sandy lake frontage. This property has a land area to lake frontage ratio of 799. This property was improved in 1944 with a Julia Morgan designed Old Tahoe residence known as Bow Bay. The property does not have pier. This property sold in March of 2014 for \$14,000,000, or \$35,000 per lineal foot of lake frontage.

In comparing this sale with the subject property, an upward adjustment is made to the unit price indicator for the sale's longer length of lake frontage. A large upward adjustment is made for the sale's much lower land area to lake frontage ratio. A further large upward adjustment is made for the sale's inferior Rubicon Bay, west shore location. An upward adjustment is made for the sale's lack of a pier. Finally, an upward adjustment is made for the

sale's inferior dirt road access. On the other hand, a moderately large downward adjustment is made for the sale's historical improvements. A downward adjustment is made for the superior quality of the development surrounding the sale property.

Overall, the \$35,000 per lineal foot of lake frontage sale price for this comparable is considered to be a low indication of value for the subject property.

***Reconciliation and Land Value Conclusion***

In summary, eight sales were analyzed and compared with the subject property on a price per lineal foot of lake frontage basis. One of the comparables is located nearby the subject, a couple of miles to the north. One sale is located on the north shore of the lake, in Incline Village, Nevada. The remaining sales are located along the west shore of the lake, in El Dorado and Placer Counties, California. All but one of the comparables have some type of older residential improvements. All of the sales are smaller than the subject property, with all but one of the sales having a much smaller land area to lake frontage ratio.

Sale LHS-2, at \$25,020 per lineal foot of lake frontage, was felt to be a very low indication of value for the subject, due primarily to its inferior location, longer length of lake frontage, and much smaller land area to lake frontage ratio.

Sales LHS-1, LHS-7 and LHS-8, ranging from \$35,000 to \$37,565 per lineal foot, were considered to be low to slightly low indications of value for the subject property. Sale LHS-1 involves a superior location in Incline Village, Nevada; however, it reflects an older date of sale, a much smaller land area to lake frontage ratio, and an inferior rocky beach. Sales LHS-7 and LHS-8 are located adjacent to each other in the Rubicon Bay area along the west shore of the lake. These sales are considered to have a much inferior location, have a much smaller land area to lake frontage ratio and have a slightly longer length of lake frontage. On the other hand, these properties do have older residential improvements.

Sales LHS-3 and LHS-4, at \$44,971 and \$46,159 per lineal foot of lake frontage, respectively, were considered to be reasonably good to slightly high indications of value for the subject property. Sale LHS-3 is located in the Rubicon Bay area, near Sales LHS-7 and LHS-8, and is therefore considered to have an inferior location; however, it has a much shorter length of lake frontage and residential improvements. Sale LHS-4 involves a vacant lakefront homesite located a couple of miles to the north of the subject property, also in Douglas County, Nevada. The quality of development surrounding this property is superior to the subject and the sale has shorter length of lake frontage. On the other hand, this sale has a lower land area to lake frontage ratio and does not include a pier.

Sales LHS-5 and LHS-6, at \$52,381 and \$55,000 per lineal foot of lake frontage, respectively, were considered to be high indications of value for the subject property. Sale LHS-5 is located in Sunnyside, along the west shore of the lake, just south of Tahoe City. Accordingly, it is considered to have an inferior location; however, it has a shorter length of lake frontage, older residential improvements, and superior shoreline improvements, as well as a superior quality of surrounding development. Sale LHS-6 is located in the Rubicon Bay area, near Sales LHS-3, LHS-7 and LHS-8. This sale is considered to have an inferior location; however, it has superior improvements, a shorter length of lake frontage and a superior quality of surrounding development.

In determining an appropriate per unit value for the subject property, particular consideration is given to the subject's 340.97± lineal feet of sandy lake frontage and to its existing pier. Particular consideration is also given to the subject's favorable location in Stateline, Douglas County, Nevada. The property is in close proximity to the tourist draws of the casino corridor and Heavenly Village. The property is also bordered on one side by the upscale Edgewood Golf Course. On the other hand, the remainder of the surrounding development is much inferior and consists of older fair quality single and multi-family housing, with older commercial development located along the highway. An older mobile home park is located on the northeast side of the subject property; however, this mobile home park is planned to be redeveloped at some future point with a luxury quality lakefront



condominium project. Consideration is also given to the subject's large size and large amount of allowable land coverage. Further consideration is given to the subject's long narrow shape and to its high land area to lake frontage ratio.

Based upon a careful review of all available information, it is these appraisers' opinion that an appropriate per lineal foot of lake frontage value for the subject's vacant land is from \$40,000 to \$45,000. Applying the \$40,000 figure to the subject's 340.97± lineal feet of lake frontage results in a value indication of \$13,638,800. Applying the \$45,000 figure results in a value indication of \$15,343,650.

Overall, it is these appraisers' opinion that the Market Value of the subject's vacant land, before the permanent easement acquisition, as of December 29, 2014, is \$14,500,000.

**FINAL LAND VALUE CONCLUSION**  
**(Whole Property, Before Easement Acquisition)**

**\$14,500,000**

**PERMANENT EASEMENT ACQUISITION PHOTOGRAPHS**



**VIEW OF THE CENTRAL PORTION OF THE EASEMENT AREA, LOOKING NORTHWESTERLY**



**VIEW OF THE CENTRAL PORTION OF THE EASEMENT AREA, LOOKING SOUTHEASTERLY**



**PERMANENT EASEMENT ACQUISITION PHOTOGRAPHS**



**VIEW OF THE EASEMENT AREA LOOKING NORTHWESTERLY FROM  
ADJACENT TO THE NEW WATER TREATMENT FACILITY**



**VIEW OF THE EASEMENT AREA LOOKING SOUTHEASTERLY, LOOKING  
TOWARD THE NEW WATER TREATMENT FACILITY**

**PERMANENT EASEMENT ACQUISITION PHOTOGRAPHS**



**VIEW OF THE EASEMENT AREA IN THE WESTERLY PORTION OF THE PROPERTY, LOOKING EASTERLY**



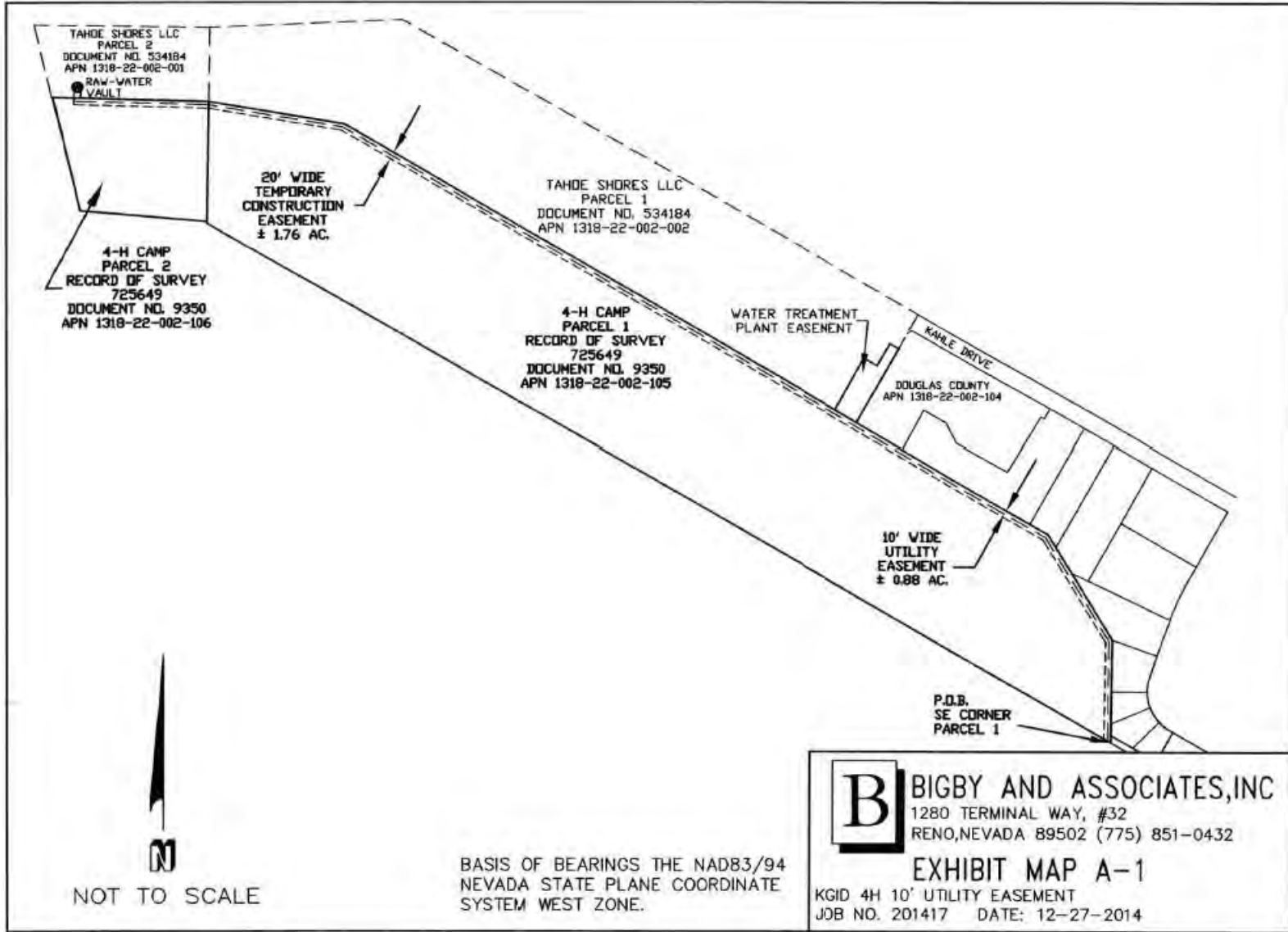
**VIEW OF THE EASEMENT AREA IN THE EASTERLY PORTION OF THE PROPERTY, LOOKING EASTERLY**



**PERMANENT WATER LINE EASEMENT ACQUISITION MAPS**



Reno ■ Lake Tahoe



**DESCRIPTION OF RIGHT-OF-WAY AREA  
WATER LINE EASEMENT**

The Kingsbury General Improvement District (KGID) proposes to acquire a permanent underground water line easement along the northeast boundary of the subject property. The easement is planned to be ten feet in width and will extend from the subject's southeast corner, along the northeasterly property line, to a point 58.65± feet east of the property's west boundary. The easement is for the installation of new water lines in conjunction with their construction of a new water treatment facility on the adjacent property to the northeast.

The proposed easement is depicted on a map prepared by Bigby and Associates, Inc., as set forth on the previous page. There are no building improvements located in this area. The only site improvements located in the easement area are natural vegetation and chain link fencing along the property line. There may also be irrigation systems and utilities in portions of the easement area. It is assumed that any site improvements which are disturbed will be restored to a similar or superior condition as existed in the before condition. This includes replacing any damaged or removed vegetation which provides screening from the adjacent properties to the northeast. For the purposes of this analysis, it is assumed that the proposed easement area is unencumbered with any other easements.

It is our understanding that no structures will be allowed to be placed on this ten foot wide easement area; however, the area may continue to be utilized for landscaping. It is our further understanding that the easement will not have any impact on the amount of the subject's existing or allowable land coverage.

**INDICATED VALUE OF PERMANENT WATER LINE EASEMENT  
(As Part of Whole Property Before Easement Acquisition)**

According to the legal description provided to these appraisers, a copy of which is included in the addenda to this report, the proposed permanent water line easement will encumber a ten foot wide strip along the subject's northeastern property line, encumbering a total of 38,379± square feet.

Generally, the proposed permanent easement acquisition area as part of the larger parcel before the acquisition is felt to have the same per unit value as that established for the property in the "before" condition. As set out earlier in this report, the Market Value of the subject's fee simple land was estimated to be \$14,500,000. Dividing this figure by the subject's 33.19± acres of land area results in a value of \$10.03 per square foot of land area.

Applying this per square foot land value to the 38,379± square feet of land area being encumbered by the water line easement results in an indicated fee simple value for the permanent water line easement of \$384,941.

However, KGID is acquiring a permanent easement, not fee title. Accordingly, a factor will be determined to apply to the fee simple value to arrive at an estimate of the value of the permanent easement. To arrive at an estimate of the appropriate easement factor applicable to the subject property, these appraisers have analyzed a number of easement acquisitions.

The best evidence of the value of an easement is felt to be demonstrated by the actions of utility companies and other governmental agencies who commonly acquire easements. In an interview with representatives of the former Sierra Pacific Power Company, it was indicated to these appraisers that they typically paid 30% to 50% of the unencumbered fee simple value for the acquisition of an overhead power line distribution easement. It was further indicated to these appraisers that on some occasions they will pay between 75% and



90% of the unencumbered fee simple value for the acquisition of a high voltage transmission line easement. The officials of the former Sierra Pacific Power Company, however, did point out that typically when acquiring a high voltage transmission line easement they severely limit and restrict the surface utilizations of the encumbered property.

AT&T acquired a number of underground fiber optic cable easements through the Reno and Truckee areas approximately 15 years ago. These easements were purchased based upon 50% of the unencumbered fee simple value of the property.

In the late 1990s, Williams Communication Company acquired underground fiber optic cable easements through the Truckee, California area. In many cases, the property owners were compensated 100% of the fee value due to the small size of the required easement and the small dollars involved. Williams Communications Company was also willing to pay 100% of fee value to avoid incurring appraisal, legal and other costs associated with condemning an easement. In instances where Williams Communications was required to obtain appraisal and legal services, the compensations were based upon 50% to 75% of the unencumbered fee simple value.

These appraisers have also spoken with a representative of the Washoe County Department of Public Works in Reno, Nevada, who indicated that Washoe County has acquired storm drain easements based upon 50% of the unencumbered fee simple value of the property. This representative also noted that in the vast majority of the instances, the County acquires the necessary utility, drainage and roadway easements by simply requiring the developers to dedicate the easements as part of the approval process.

These appraisers also interviewed Mr. Ray Beard, Land Manager, and Mr. Terry Wolverton, Project Permit Coordinator, for the Tuscarora Gas Transmission Company. These gentlemen indicated that during the late 1990's their company acquired underground natural gas pipeline easements from Oregon to Sparks, Nevada with most of the easements being acquired at a rate of between 95% and 100% of the fee simple value. The gentlemen

indicated that they were offering full fee value due to the extremely low land values and total dollars involved in the acquisitions. In instances where it was necessary to retain appraisal and legal services, the compensations were typically based upon 50% to 75% of the unencumbered fee simple value.

Finally, these appraisers also interviewed Mr. J. Stewart White, Esquire who represents the Sun Valley General Improvement District. Mr. White indicated that the Sun Valley GID recently purchased a public utility and access easement to a proposed water tank site at 100% of the fee value of the property.

In analyzing the appropriate percentage factor applicable to the subject's easement area, consideration is given to the proposed easement.

The water line easement will encumber a ten foot wide strip along the subject's northeastern property line. The easement will involve an underground water pipeline. No improvements will be allowed to be constructed in this ten foot wide area other than items such as landscaping and fencing. It is likely that KGID representatives will need to have access to the water line improvements for occasional maintenance and repair, with reasonable notice given to the property owners. It is assumed that any damage to the property will be repaired or replaced by KGID.

Accordingly, the proposed water line easement is not felt to adversely impact the existing property utilization. If the property were to be redeveloped, the presence of the underground water line easement along the northeastern property line is not felt to impede redevelopment. Furthermore, there are other underground utilities existing in this area. Overall, the proposed easement is not felt to have any significant adverse impact on the overall utility of the property.

Based upon a careful review of all information available, it is our opinion that an appropriate factor applicable to the proposed water line easement is 50% of the unencumbered fee simple value.

Applying the 50% factor to the fee simple value of the Easement Area of \$384,941, as derived previously, results in a value indication of \$192,471 for the new permanent underground water line easement. This value will be rounded to \$190,000.

Overall, it is these appraisers' opinion that the indicated value of the new underground water line easement acquisition, as of December 29, 2014, is \$190,000.

<b><u>INDICATED VALUE OF PERMANENT EASEMENT ACQUISITION</u></b>	<b><u>\$190,000</u></b>
<b>Water Line Easement</b>	

**DESCRIPTION OF REMAINDER PROPERTY AFTER  
WATER LINE EASEMENT ACQUISITION**

KGID is constructing a new water treatment facility in the subject's neighborhood and will therefore need to construct new underground water lines. The new water treatment facility is planned to be a benefit to the entire neighborhood. Furthermore, the easement acquisition will not result in any change to the subject's existing or allowable land coverage. As mentioned previously, any site improvements in the easement area which are disturbed by the installation of the underground improvements will be restored to a similar or superior condition as existed in the before condition. The remainder parcel is considered to have the same utility in the after condition as it had in the before condition.

The physical features of the subject site in the after condition will be very similar to its features in the before condition. In addition, as the legally permissible, financially feasible and maximally productive uses of the subject site will remain the same, it is our opinion that the highest and best use of the subject site will remain the same in the after condition.



**INDICATED VALUE OF REMAINDER PROPERTY  
(As Part of Whole Property Before Water Line Easement Acquisition)**

In this section of the appraisal, the value of the subject's remainder property as part of the whole ownership, before the permanent water line easement acquisition, is being addressed. In this portion of the report, no consideration is being given to any damages or special benefits that may accrue to the subject remainder as a result of the permanent easement acquisition.

In the "before" condition, the Market Value of the subject property's vacant land, before the easement acquisition, was estimated to be \$14,500,000. In the previous section of this report, the Market Value of the permanent water line easement area was estimated to be \$190,000. Subtracting this easement area value from the value of the whole property in the before condition results in an estimate of the remainder value of the subject property as part of the larger parcel before the water line easement acquisition, of \$14,310,000.

Based upon a careful review of all data available, it is these appraisers' opinion that the Market Value of the subject's remainder property, as part of the whole property before the water line easement acquisition, as of December 29, 2014, is \$14,310,000.

**INDICATED VALUE OF REMAINDER PROPERTY**  
**(As Part of Whole Property Before Water Line Easement Acquisition)**

**\$14,310,000**

**INDICATED VALUE OF REMAINDER PROPERTY  
(After Water Line Easement Acquisition)**

The subject's remainder parcel is felt to have similar physical characteristics, similar utility, and the same highest and best use as the entire subject property before the water line easement acquisition. Therefore, it is our opinion that the value of the remainder after the water line easement acquisition has the same value as the remainder area before the easement acquisition. Previously, the value of the remainder area, as part of the whole subject property before the water line easement acquisition, was indicated to be \$14,310,000. Accordingly, it is our opinion that the value of the remainder area, after the water line easement acquisition, as of December 29, 2014, is \$14,310,000.

**INDICATED VALUE OF REMAINDER PROPERTY**  
**(After Water Line Easement Acquisition)**

**\$14,310,000**

**SEVERANCE DAMAGE ANALYSIS**

Severance damages are the loss in value to the remainder parcel as a result of a permanent easement acquisition. The severance damages are measured by deducting the value of the remainder parcel after the easement acquisition from the indicated value of the remainder parcel before the easement acquisition. As was set out previously in this report, the value of the remainder parcel as part of the larger parcel before the water line easement acquisition was felt to be the same as the value of the remainder property after the water line easement acquisition. Accordingly, there are no severance damages associated with this permanent water line easement acquisition.

**INDICATED SEVERANCE DAMAGES**

**NONE**

**Water Line Easement**

**SPECIAL BENEFITS**

Special benefits are defined as those benefits which accrue directly to a particular remainder parcel as a result of the easement acquisition. Special benefits can only be offset against damages.

In assessing whether the subject enjoys any special benefits after the easement acquisition, consideration was given to the subject's size, shape, accessibility and desirability. The subject is considered to have essentially the same physical features and development potential in the before and after conditions.

The permanent water line easement acquisition is in conjunction with the construction of a new water treatment facility nearby which is planned to improve KGID water services. Accordingly, this is felt to be a general benefit and is not felt to be a special benefit to the subject property.

Based upon a careful review of all information available, it is our opinion that the subject's remainder parcel will not receive any special benefits as a result of the proposed permanent water line easement acquisition.

**INDICATED SPECIAL BENEFITS**  
**Water Line Easement**

**NONE**



**DESCRIPTION OF TEMPORARY CONSTRUCTION EASEMENT AREA**

KGID also proposes to acquire a temporary easement on the subject property for construction of the underground water line. It is our understanding that KGID plans to acquire this easement for a period of one year. It is assumed that KGID is to essentially have total control of the easement area during the term of the easement.

The temporary construction easement area will involve a width of ten feet along the southwest side of the permanent easement. Accordingly, the temporary construction easement will involve a ten foot wide strip along the southwest boundary of the permanent easement which will extend along the subject's northeastern boundary. The total land area of the temporary construction easement is reported to be 38,165± square feet. There are no improvements located in this area other than native vegetation and perhaps some irrigation systems and utilities. It is assumed that any site improvements which are disturbed will be repaired or replaced by KGID. The reader is referred to the right-of-way map displayed previously for a visual depiction.

The easement is temporary and it is assumed that the property will be returned to the owner upon conclusion of the easement term in the same or better condition than it is presently. Therefore, it is assumed that the property will not be damaged as a result of the temporary easement.

Additionally, it is felt that the subject property will not experience any special benefits as a result of the acquisition of this temporary easement. The acquisition of this easement is to facilitate the construction of the underground water line.

### **VALUATION OF TEMPORARY CONSTRUCTION EASEMENT**

KGID will also need to acquire a temporary construction easement in order to install the underground water pipe line. It is our understanding that the temporary construction easement will involve a width of ten feet along the southwest side of the permanent easement. Accordingly, the temporary construction easement will involve a ten foot wide strip along the southwest boundary of the permanent easement which will extend along the subject's northeastern boundary. The total land area of the temporary construction easement is reported to be 38,165± square feet. It is our understanding that the term of the temporary construction easement will be one year. To arrive at an estimate of the compensation due the subject owners as a result of the acquisition of a temporary construction easement for a period of one year, these appraisers will estimate the appropriate rate of return which an investor could reasonably expect if the land were leased to a private party.

The first step in the valuation of the temporary construction easement is to arrive at an estimate of the unencumbered fee simple value of the temporary easement area. As was previously established in this report, the unencumbered fee simple value for the whole subject property was estimated to be \$14,500,000, or \$10.03 per square foot of total land area. Applying the \$10.03 per square foot value to the temporary construction easement area of 38,165± square feet results in an estimate of the unencumbered fee simple land value for the temporary construction easement area of \$382,795.

In order to establish an estimate of the appropriate rate of return applicable to land, these appraisers interviewed a number of individuals active in commercial and real estate sales and leasing. As the airport authority frequently negotiates land leases, we also interviewed a representative of RTAA (Reno-Tahoe Airport Authority). In addition, we have analyzed a number of alternative financial investments and reviewed the rates of return being required by the general real estate market.

In discussions with officials of the Reno-Tahoe Airport Authority, it was indicated that the Airport Authority has leased several acres on the east side of the airport which is referred

to as the Airport East Property. Federal Express Ground and R Supply currently occupy two sites in the Airport East Property. It was indicated that both of these sites have each been leased for a 50 year period based upon NNN terms. The rental rates are adjusted every five years based on the Consumer Price Index (CPI). It was further indicated that these properties were leased at an 8% rate of return applied to the value of the land.

The Reno-Tahoe Airport Authority also negotiated a long-term land lease in 2005 for the new Hyatt Place hotel located on the west side of the airport. This lease involves a favorable commercial location near the freeway, and at the entrance to the airport. The appraised value in 2005 was \$18.00 per square foot of land area. It is our understanding that the site area is 2.60± acres. The initial lease rate for the first two years was at a reduced rate of \$125,000 per year, while the project was under construction, equating to a rate of return of 6.13%. The current rental rate is \$176,462.28 per year, which based upon the 2005 value, equates to a rate of return of 8.66%.

In an interview with officials of the Reno-Tahoe Airport Authority, they also reported that they are currently negotiating several potential leases of land located to the south of the airport on McCarran Boulevard. They explained that the negotiations have involved an 8% rate of return on the land.

These appraisers also spoke with Mr. Drew Mickel of Reynolds & Brown, a commercial real estate development and management company with offices in Concord and San Leandro, California. Reynolds & Brown owns an approximately seven acre parcel on the northwest corner of Brockway Road and Palisades Drive in Truckee. They are currently in the process of negotiating a long term land lease for a portion of their parcel to Grocery Outlet. Mr. Mickel stated that he could not divulge the terms of the lease, but did state that an appropriate rate of return in the current market is 8%. Reynolds & Brown does a number of ground leases, primarily in the East Bay area.

In discussions with Mr. Don Welsh of Trammel Crow Company, it was indicated that his company typically bases land leases on a rate of return from 8% to 9% on a NNN basis.

Mr. Frank Gallagher of Commercial Partners of Nevada has indicated that the land leases with which he has been involved have been based upon a rate of return in the range of 10%. He also pointed out that these leases generally involve retail-commercial properties and typically have a CPI adjustment every one to three years for long-term leases.

This firm interviewed Bruce D. Storey, Director, Investment Committee & CFO Emeritus of Dermody Properties of Reno, Nevada. Mr. Storey indicated that Dermody Properties entered into a long term land lease, as the Lessee, for a site in Allentown, Pennsylvania during the first week of 2006. The rate of return which Dermody Properties was willing to pay for the long term land lease was based upon 7.50% of the current market value of the property. Mr. Storey indicated that the land rent will be adjusted every 5 years during the 50 year term of the lease.

Mr. Storey also stated that Dermody Properties negotiated potential land leases in 2013 on two different properties for two different clients. One property involved a potential land lease in North Las Vegas. A prospective tenant of a Dermody warehouse building needed additional parking. They approached the adjacent land owner and negotiated a long term land lease based upon a rate of return of 8%. The prospective tenant subsequently decided that the warehouse space did not suit their needs and therefore the ground lease was never executed.

The second potential land lease involved a prospective tenant who wanted Dermody Properties to build them a building in the Harry Reid Research Park, which is operated by the University of Nevada Las Vegas. Dermody Properties entered into negotiations with UNLV to lease the land. Both parties then agreed to a rate of return of 8% for the long term ground lease. The prospective tenant subsequently determined that the cost to construct their desired improvements was too high and they therefore abandoned the project.



Mr. John Pinjuv, SIOR of Avison Young, indicated that the land leases which he has negotiated have been based on a rate of return of approximately 9% to 10%. Mr. Pinjuv did note that the properties he has been involved with are commercial sites and the lease terms are typically 30 years with options to extend the term. He further noted that rates of return may soften due to the weakening economy and lower interest rates.

Mr. Bruce Robertson with Sperry Van Ness in Carson City stated that he was involved with a ground lease in Carson City. This ground lease was for an Auto Zone store on S. Carson Street. The ground lease was executed in November of 2011 with an initial term of 15 years, with four five-year options to renew. The lease stipulates that the rate for the first three years is \$37,200 per year. The rate increases to \$42,000 per year for years 4 and 5. In years 6 through 10, the lease rate will be \$46,200 per year. The lease rate for the remaining five years of the initial lease term will be \$50,820 per year. The total land area of the site is 36,155± square feet. Based upon a land value of \$12.50 per square foot, the initial lease rate equates to a rate of return of 8.23%.

Finally, a long term ground lease was negotiated for a new McDonald's restaurant to be located in Spanish Springs Valley, northeast of Reno, based upon a 7.5% rate of return.

In summary, our interviews indicate that long term land leases are typically based on rates of return generally ranging from 7.5% to 9.0% applied to the value of the land. The majority of the data supports a rate of return on long term land leases of 8.0%.

In addition to the land leases and interviews discussed above, these appraisers have also reviewed the rates of return reported by a variety of financial instruments. Set out below are the rates of return of alternate forms of investment as of December 24, 2014, as reported in an issue of U.S. Financial Data, the official publication of the Federal Reserve Bank of St. Louis.

**ANNUAL RATES OF RETURN, SELECTED INVESTMENT**

Five-Year Annual Treasury Bills	1.72%
Two-Year Treasury Securities	0.72%
90-Day CDs	.08%
Corporate Aaa Bonds	3.78%
Corporate Baa Bonds	4.75%

The alternative investments illustrated a range in annual rates of return of ranging from 0.08% to 4.75%.

In considering the appropriate rate of return applicable to the subject's unencumbered fee simple land value, consideration must be given to the fact that real estate typically involves a higher degree of risk and significantly less liquidity than that available to an investor of bonds or other money market instruments. Because of the risks involved in an investment in real estate, the rates of return available on the financial instruments described above are felt to be low indicators of an appropriate rate of return.

In considering the appropriate rate of return applicable for the subject's temporary construction easement, consideration is given to the fact that it has been assumed for the purposes of this appraisal that KGID will essentially have total control of this area during the term of the easement.

Based upon a careful review of all information available, it is these appraisers' opinion that an appropriate rate of return applicable to the subject's temporary construction easement area as of December 29, 2014, would be 8% of the unencumbered fee simple land value.

Applying the selected rate of return to the unencumbered fee simple land value of the temporary easement area of \$382,795 results in an annual rate of return for the temporary easement area of \$30,624, which will be rounded to \$30,000. Accordingly, it is these appraisers' opinion that the appropriate compensation for a one year temporary construction

easement across the subject property, in association with the proposed underground water line installation, as of December 29, 2014, is \$30,000.

**VALUE OF TEMPORARY CONSTRUCTION EASEMENT**  
**(Water Line – One Year)**

**\$30,000**

**SUMMARY OF VALUE CONCLUSIONS**  
**4-H Camp**  
**Water Line Easement**

Effective Date of Valuation	December 29, 2014
Value of the Whole, Before the Easement Acquisition	\$14,500,000
Value of Permanent Easement Acquisition Area, As Part of the Whole	<u>\$ 190,000</u>
Value of the Remainder, As Part of the Whole	\$14,310,000
Value of the Remainder, After the Acquisition	<u>\$14,310,000</u>
Damages to Remainder	None
Special Benefits to Remainder	None
Value of Permanent Water Line Easement Acquired	\$190,000
Value of Temporary Construction Easement Acquired – One Year	<u>\$ 30,000</u>
Total Just Compensation Recommendation	\$220,000
<b><u>FINAL JUST COMPENSATION RECOMMENDATION</u></b>	<b><u>\$220,000</u></b>
<b>(As a Result of the Permanent and Temporary Water Line Easements)</b>	



**APPRAISER'S CERTIFICATION**

The undersigned does hereby certify that, to the best of his/her knowledge and belief:

I have made a personal inspection of the property that is the subject of this report.

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

The reported analyses, opinions, and conclusions in this report are limited only by the reported assumptions and limiting conditions stated in this report and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this appraisal report and no personal interest with respect to the parties involved.

I have no bias with respect to any property that is the subject of this appraisal report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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

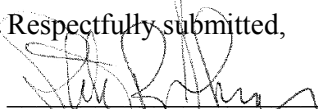
This appraiser has not performed any services pertaining to the subject property over the past three years.

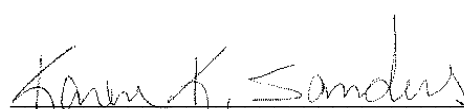
The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics & Standards of Professional Appraisal Practice* of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

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

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

Respectfully submitted,

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

  
\_\_\_\_\_  
Karen K. Sanders  
Nevada Certified General Appraiser  
License #A.0004704-CG

## **STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

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

### **LIMITS OF LIABILITY**

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

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

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

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

### **CONFIDENTIALITY**

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

**INFORMATION SUPPLIED BY OTHERS**

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

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

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

**EXHIBITS AND PHYSICAL DESCRIPTIONS**

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

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

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

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

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

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

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

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

### **TOXIC MATERIALS AND HAZARDS**

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



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

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

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

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

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

#### **ARCHEOLOGICAL SIGNIFICANCE**

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

#### **LEGALITY OF USE**

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

#### **COMPONENT VALUES**

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

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

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

#### **AUXILIARY AND RELATED STUDIES**

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

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

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

#### **ROUNDING**

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

#### **QUANTITATIVE ANALYSIS**

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

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

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

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

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

### **ECONOMIC AND SOCIAL TRENDS**

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

### **EXCLUSIONS**

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

### **SUBSURFACE RIGHTS**

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

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

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

### **MANAGEMENT OF PROPERTY**

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

### **FEE**

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

### **LEGAL EXPENSES**

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

**CHANGES AND MODIFICATIONS**

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

**DISSEMINATION OF MATERIAL**

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

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



**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON**

**Professional Designations**

MAI - Member Appraisal Institute	1976
SREA - Senior Real Estate Analyst; Society of Real Estate Appraisers	1984

**State Licensing and Certification**

Certified General Appraiser-State of Nevada License #A.0000003-CG (Certified through 04/30/2015)	1991
Certified General Appraiser-State of California License #AG007038 (Certified through 06/18/2015)	1992

**Association Memberships and Affiliations**

Member Reno Board of Realtors	
Member Nevada Association of Realtors	
International Right-of-Way Association	
Member Nevada State Board of Equalization - (Appointed by Governor Richard Bryan, January 1984 & 1988)	1984-1991
(Appointed by Governor Kenny C. Guinn, March 2000 & 2004)	2000-2008
Member Nevada Commission of Appraisers of Real Estate - (Appointed by Governor Bob Miller, August 7, 1989)	1989-1994
Commissioner, Nevada Commission of Appraisers of Real Estate (Appointed by Governor Jim Gibbons, 2009)	2009-Present
(Appointed by Governor Sandoval, 2012)	
President, Nevada Commission of Appraisers of Real Estate	2012-2014

**Offices Held**

Chairman, National Ethics Administration Division	1995
Vice Chairman, National Ethics Commission	1993/94
Regional Member, Ethics Administration Appraisal Institute, Region 1	1989-1992
President, Sierra-Nevada Chapter #60, AIREA -	1989
Vice President, Sierra-Nevada Chapter #60, AIREA -	1988
Secretary, Sierra-Nevada Chapter #60, AIREA -	1987
Vice Governor District 3 (Northern California & Nevada) Society of Real Estate Appraisers (SREA) -	1980-1981
Past President & Membership Chairman - Reno/Carson/Tahoe Chapter #189	
Member 1976 Young Men's Council, SREA, Atlanta, Georgia	

**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON**

**Offices Held (continued)**

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

**Appraisal Experience**

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

**Qualified as an Expert Witness**

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

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

U.S. District Court, San Francisco, California

United States Tax Court

Arizona Superior Court, Maricopa County, Phoenix

Douglas County Board of Equalization

Washoe County Board of Equalization

Nevada State Board of Equalization

King County Superior Court, Seattle, Washington

**QUALIFICATIONS OF APPRAISER  
STEPHEN R. JOHNSON**

**Formal Education**

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

**Appraisal Education**

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

Numerous Continuing Education Seminars and Courses

**Appraisal Instructor**

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

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

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

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



**QUALIFICATIONS OF APPRAISER  
KAREN K. SANDERS**

**State Licensing and Certification**

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

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

**Appraisal Education & Technical Training**

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

Appraisal Institute:

Course 110 "Appraisal Principles" 2000

Course 120 "Appraisal Procedures" 2000

Course 520 "Highest & Best Use and Market Analysis" 2001

Course 320 "General Applications" 2002

"Yellow Book Seminar –  
Uniform Appraisal Standards for Federal Land Acquisitions" 2002

Course 410 "Standards of Professional  
Appraisal Practice-Parts A & B" 2003

Nevada Revised Statutes 2003

Seminar: "Rates & Ratios and Supporting Capitalization Rates" 2004

Seminar: "Appraising From Blueprints & Specifications" 2005

Seminar: "Analyzing Distressed Real Estate" 2005

Course 1400 "USPAP Update" 2013

Seminar: "Attacking and Defending an Appraisal in Litigation" 2007

Seminar: "The Essentials, Current Issues & Misconceptions" 2007

Seminar: "California Conservation Easements" 2007

Course 510 "Advanced Income Capitalization" 2007

**QUALIFICATIONS OF APPRAISER  
 KAREN K. SANDERS cont.**

Appraisal Institute:

Course: "Valuation of Conservation Easements"	2008
Seminar: "Forecasting Revenue"	2009
Seminar: "Appraising Distressed Commercial Real Estate"	2009
Course: "Business Practices and Ethics"	2009
Seminar: "Yellow Book Issues and Divided Partial Interests:"	2010
Seminar: "Corridor Valuation"	2010
Seminar: "Diminution of Value and Severance Damages"	2011
Seminar: "Introduction to Green Buildings: Principles & Concepts"	2013
Seminar: "Detrimental Conditions in Real Estate"	2013
Seminar: "Evaluating Commercial Construction"	2014

**Admitted as Expert Witness**

Storey County, Nevada  
 Jackson County, Oregon

**Formal Education**

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

**Occupational History**

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

**EXHIBIT A**

**10' WIDE UTILITY EASEMENT - LEGAL DESCRIPTION**

A utility easement over and across a portion of that certain real property described as Parcel 1 and Parcel 2 of that certain Deed recorded on January 7, 1954 in Book B-1 of Deeds Page 17, Document Number 9350 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian being more particularly described as follows:

**Beginning** at the Southeast corner of the aforementioned Parcel 1 thence along the Easterly and Northerly lines of Parcel 1 the following four courses and distances:

1. North 00°41'55" East - 299.98 feet;
2. North 31°32'27" West – 362.67 feet;
3. North 59°54'48" West – 2392.95 feet;
4. North 80°25'47" West – 399.21 feet to a point on the Easterly line of said Parcel 2;

Thence along the Northerly line of said Parcel 2 North 88°25'51" West – 393.82 feet; thence departing said Northerly line South 01°34'09" West – 10.00 feet;

Thence along a line lying 10 feet Southerly and measured at right angles to the Northerly line of said Parcel 2 and the Northerly and Easterly lines of said Parcel 1 the following five courses and distances;

1. South 88°25'51" East – 393.12 feet;
2. South 80°25'47" East – 396.70 feet;
3. South 59°54'48" East – 2388.61 feet;
4. South 31°32'27" East – 357.25 feet;
5. South 00°41'55" West – 291.53 feet to a point on the Southerly line of said Parcel 1;

Thence along the Southerly line of said Parcel 1 South 60°14'21" East a distance of 11.44 feet more or less to the **Point of Beginning**.

Containing 38,379 square feet (0.88 acres) of land more or less.

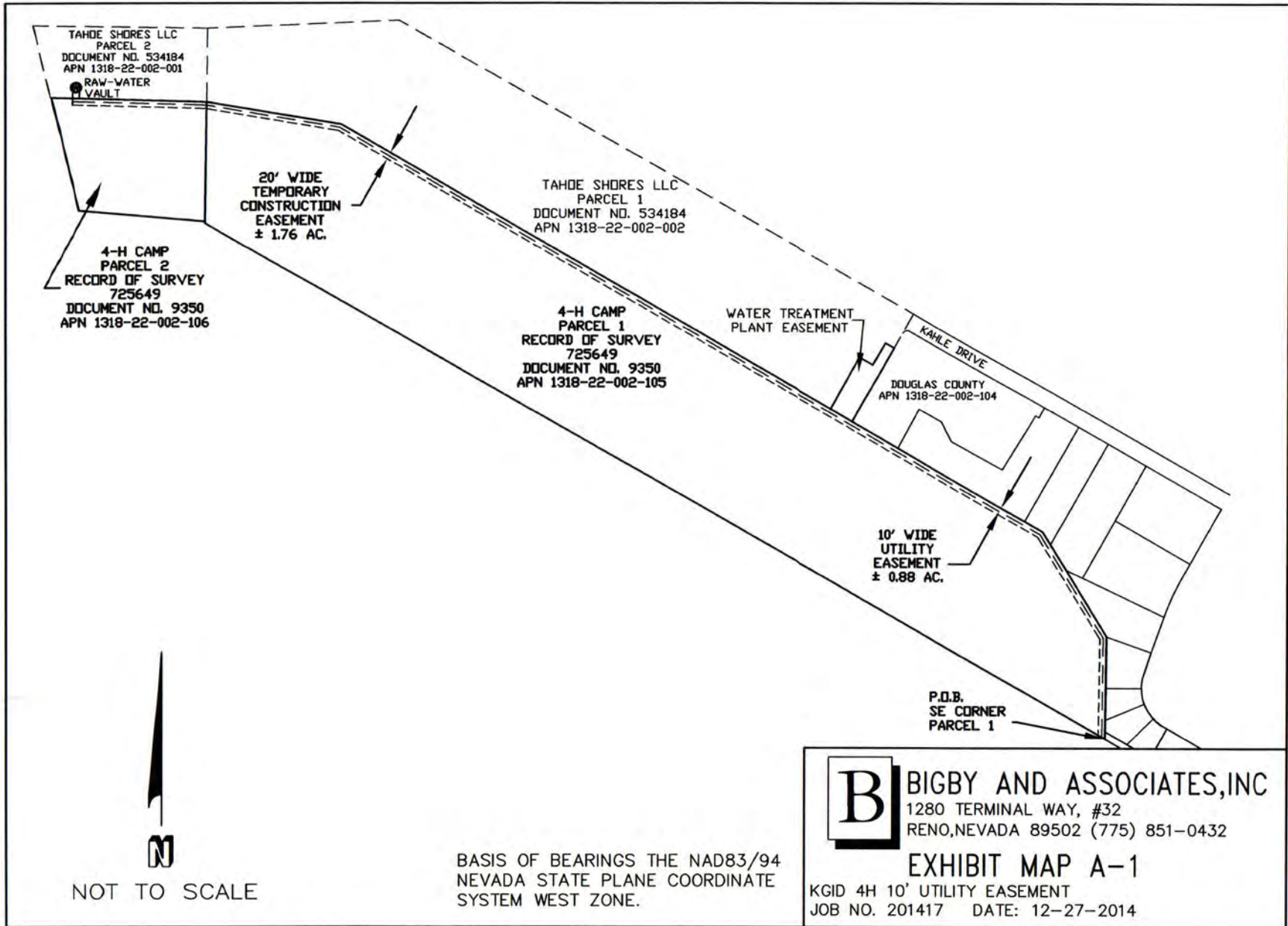
See Exhibit Map A-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502







## EXHIBIT B

### 20' WIDE TEMPORARY CONSTRUCTION EASEMENT - LEGAL DESCRIPTION

A temporary construction easement over and across a portion of that certain real property described as Parcel 1 and Parcel 2 of that certain Deed recorded on January 7, 1954 in Book B-1 of Deeds, Page 17, Document Number 9350 of the Official Records of Douglas County, Nevada situate within the South One-half (1/2) of Section 22, Township 13 North, Range 18 East, Mount Diablo Meridian being more particularly described as follows:

**Beginning** at the Southeast corner of the aforementioned Parcel 1 thence along the Easterly and Northerly lines of Parcel 1 the following four courses and distances:

1. North 00°41'55" East - 299.98 feet;
2. North 31°32'27" West - 362.67 feet;
3. North 59°54'48" West - 2392.95 feet;
4. North 80°25'47" West - 399.21 feet to a point on the Easterly line of said Parcel 2;

Thence along the Northerly line of said Parcel 2 North 88°25'51" West - 393.82 feet; thence departing said Northerly line South 01°34'09" West - 20.00 feet;

Thence along a line lying 20 feet Southerly and measured at right angles to the Northerly line of said Parcel 2 and the Northerly and Easterly lines of said Parcel 1 the following five courses and distances;

1. South 88°25'51" East - 392.42 feet;
2. South 80°25'47" East - 394.19 feet;
3. South 59°54'48" East - 2384.27 feet;
4. South 31°32'27" East - 351.83 feet;
5. South 00°41'55" West - 283.09 feet to a point on the Southerly line of said Parcel 1;

Thence along the Southerly line of said Parcel 1 South 60°14'21" East a distance of 22.88 feet more or less to the **Point of Beginning**.

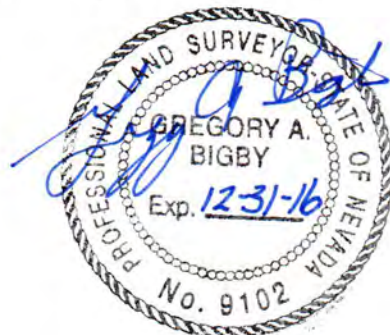
Containing 76,544 square feet (1.76 acres) of land more or less.

See Exhibit Map B-1 attached hereto and made a part of this description by reference.

The basis of bearings for this description being the NAD83/94 Nevada State Plane Coordinate System West Zone.

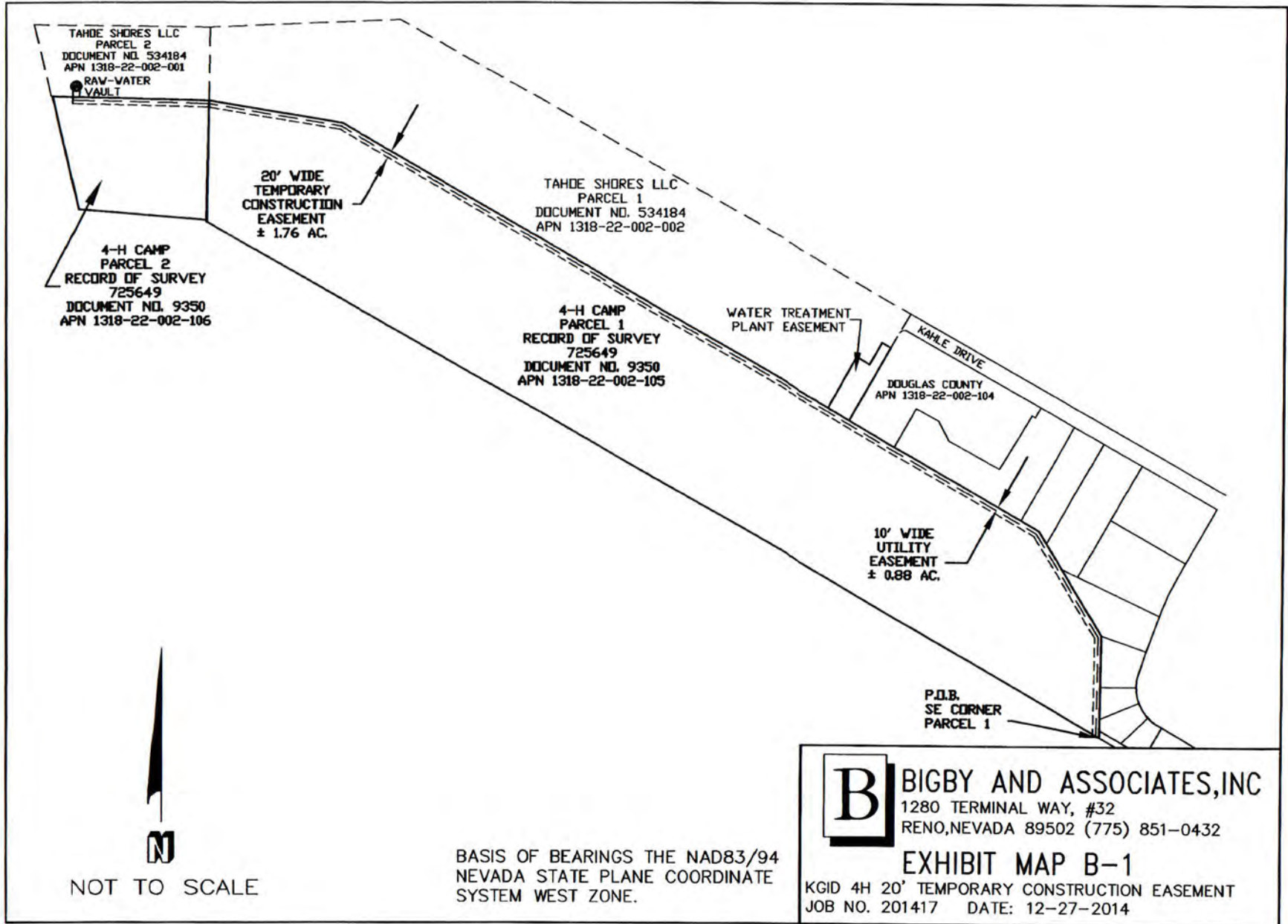
Prepared by;

Gregory A. Bigby, PLS 9102  
Bigby and Associates, Inc.  
1280 Terminal Way #32  
Reno, Nevada 89502



12-27-2014





**EXHIBIT 6**

**RESOLUTION NO. \_\_\_\_\_**

**A RESOLUTION PERTAINING TO THE APPROVAL OF THE SALE AND GRANTING OF A PERMANENT EASEMENT TO KINGSBURY GENERAL IMPROVEMENT DISTRICT ON A PORTION OF DOUGLAS COUNTY PARCELS APN#s 1318-22-002-106 & 105, LAKE TAHOE, NEVADA, FOR A SALE PRICE OF \$220,000 AND TO THE AUTHORIZATION OF CHANCELLOR DANIEL J. KLAICH, OR HIS DESIGNEE, TO APPROVE AND SIGN THE CORRESPONDING ESCROW AND TITLE DOCUMENTS ASSOCIATED WITH THE SALE AND GRANTING OF EASEMENT.**

**BE IT RESOLVED** that the Board of Regents approves the request to sell and the granting of a permanent easement to Kingsbury General Improvement District on a portion of Douglas County Assessor’s Parcels # 1318-22-002-106 & 105, Lake Tahoe, Nevada for a sale price of \$220,000.

**BE IT FURTHER RESOLVED** that the Board of Regents hereby authorizes Chancellor Daniel J. Klaich, or his Designee, to approve and sign the corresponding escrow and title documents associated with the sale, close of escrow, and granting of easement.

PASSED AND ADOPTED on \_\_\_\_\_, 2015.

\_\_\_\_\_  
Chairman  
Board of Regents of the  
Nevada System of Higher Education

(SEAL)  
Attest:

\_\_\_\_\_  
Chief Executive Officer to the  
Board of Regents