

BOARD OF REGENTS
BRIEFING PAPER

AGENDA ITEM TITLE: Land Purchase – 5276 Texas Avenue, Reno Nevada

MEETING DATE: January 13, 2017

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

The Board of Regents, on behalf of the University of Nevada, Reno owns a 2.83 acre parcel in Reno Nevada, near the Reno Stead Airport, Washoe County Assessor's Parcel No. 086-141-03. The parcel has been used for a variety of programs since it was acquired by UNR in 1968; most recently by the Desert Research Institute under a cost reimbursement use agreement for the State Cloud Seeding Program. UNR has permission from the Board to sell the parcel; however because of the continuing use of the site by DRI, UNR and DRI now jointly wish to transfer administrative control of the parcel from UNR to DRI, based upon payment of the appraised value of \$855,000 to UNR from DRI. DRI will source these funds as follows: \$229,000 from a recent Operating Pool Disbursement, \$206,000 from ICR carryforward, and a deferred payment (up to 2 years deferred) of \$420,000 from ICR carryforward or sources to be identified by DRI at time of payment.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Allow DRI to purchase from UNR the 2.83 acre parcel at 5276 Texas Avenue, Reno Nevada.

4. IMPETUS (WHY NOW?):

The parcel is surplus to UNR's needs; and is required by DRI for the continued operation of the State Cloud Seeding Program.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- UNR previously identified the parcel as surplus to its needs and has permission from the Board to sell the parcel, and requires funds from the sale to support other institutional priorities.
- UNR has allowed DRI to utilize the site through a cost reimbursement use agreement to house the State Cloud Seeding Program. Purchase by DRI allows the program to continue without the disruption caused by moving to a new location.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

Purchase by DRI diverts funds that may be used by DRI for other programs.

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

DRI will find and lease an alternate location for the State Cloud Seeding Program.

8. COMPLIANCE WITH BOARD POLICY:

- ☒ Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1(9)(Table 9.1)
☐ Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
☐ Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
☐ Other: _____
☐ Fiscal Impact: Yes _____ No X _____
Explain: _____

2.83 Acre Parcel, 5276 Texas Avenue, Reno NV



TRANSFER AGREEMENT

**The Board of Regents of the Nevada System of Higher Education on behalf of
the University of Nevada, Reno
and
the Desert Research Institute**

1. Purpose of Transfer Agreement

The purpose of this Transfer Agreement (“Agreement”) is to facilitate and memorialize the transfer of real property, currently owned by the **Board of Regents of the Nevada System of Higher Education (“the Board of Regents”) for the benefit of the University of Nevada, Reno** (hereinafter “UNR”), to and for the benefit of **the Desert Research Institute** (hereinafter “DRI”). The two institutions shall be referred to collectively as the “Parties”. This Agreement is made and entered into on the date the last party or the Chancellor of the Nevada System of Higher Education signs it (“Effective Date”).

2. Real Property

The real property that is the subject of this Agreement is a portion of Section 29, T21N,RI9E, MDB&M, Washoe County Assessor’s Parcel Number 086-141-03 and any and all improvements thereon (hereafter, “Real Property,”) and is located at 5276 Texas Avenue, Reno, Nevada.

3. Terms

Consideration: In exchange for transfer of the Real Property from the benefit of UNR to the benefit of DRI, DRI shall pay to UNR the appraised value of Eight Hundred and Fifty-five Thousand Dollars (\$855,000), which is the value determined by Johnson Perkins Griffin Real Estate Appraisers & Consultants on March 24, 2016.

Transfer Date: The transfer shall occur within 45 calendar days after the Board of Regents’ approval of this Agreement.

Payment Terms: DRI shall pay to UNR an initial payment of Four Hundred and Thirty-five Thousand Dollars (\$435,000) within 10 business days after the Effective Date of this Agreement (the “Initial Payment”), and a final payment of Four Hundred and Twenty Thousand Dollars (\$420,000) on or before March 1, 2019 (the “Final Payment”).

4. Possession

The Parties agree that the use and quiet enjoyment of the Real Property by DRI shall commence upon the Effective Date and that any and all risk of loss transfers to DRI on the Effective Date for the real property currently used by DRI. UNR shall vacate any

current use of the Real Property within 45 calendar days of the Effective Date of this Agreement. All control of and any and all risk of loss to the Real Property not currently used by DRI transfers to DRI upon UNR's written notice to DRI that UNR has vacated the Real Property.

5. Indemnification

To the extent limited in accordance with NRS 41.0305 to NRS 41.039, DRI shall indemnify, defend, and hold harmless UNR from and against any and all liabilities, claims, losses, lawsuits, judgments, and/or expenses, including attorney fees, arising either directly or indirectly from any act or failure to act by DRI or any of its officers or employees, which may occur during or which may arise out of the performance of this Agreement or which may occur while the Real Property, or any portion thereof, is under the control of DRI as provided in this Agreement.

To the extent limited in accordance with NRS 41.0305 to NRS 41.039, UNR shall indemnify, defend, and hold harmless DRI from and against any and all liabilities, claims, losses, lawsuits, judgments, and/or expenses, including attorney fees, arising either directly or indirectly from any act or failure to act by UNR or any of its officers or employees, which may occur during or which may arise out of the performance of this Agreement or which may occur while the Real Property, or any portion thereof, is under the control of UNR as provided in this Agreement.

6. Authority of the Board of Regents

The Parties mutually recognize and agree that the transfer memorialized in this Agreement does not impair the ownership of the Real Property by the Board of Regents. Upon UNR's written notice to DRI that UNR has vacated the Real Property, the Memorandum of Transfer attached as Exhibit A shall be recorded with the County Recorder's Office for Washoe County, documenting that the Board of Regents of the Nevada System of Higher Education holds the Real Property for the benefit of the Desert Research Institute and reciting the existence of this Transfer Agreement.

7. Failure to Pay

In the event DRI fails to make the Initial Payment to UNR within 10 business days of the Effective Date of this Agreement, this Agreement shall become void. In the event DRI fails to make the Final Payment to UNR, UNR Shall give written notice to DRI regarding such failure, and shall give DRI 15 calendar days to make payment from the date such notice is delivered. If DRI fails to make the Final Payment by the end of this 15-day period; (i) control of the Real Property shall return to UNR and DRI shall vacate the Real Property by 30 days, and (ii) A recording with the County Recorder's Office for Washoe County shall be made, documenting that the Board of Regents of the Nevada System of Higher Education continues to hold the Real Property on behalf of the University of Nevada, Reno.

8. Contingency

This Agreement is contingent upon the approval of the terms of the Agreement 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 this Agreement, then this Agreement shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.

9. Complete Agreement

This Agreement is the entire agreement of the Parties and any promises, representations, negotiations, discussions, or other terms are of no effect whatsoever. No modification or amendment to this Agreement shall be binding upon the Parties unless the same is in writing, signed by the Parties hereto, and approved by the Board of Regents.

For the University of Nevada Reno:

For the Desert Research Institute:

Marc Johnson, President
University of Nevada, Reno

Robert Gagosian, Acting President
Desert Research Institute

Date

Date

For the Board of Regents:

John V. White, Chancellor
Nevada System of Higher Education

Date

Exhibit A
Memorandum of Transfer Agreement

MEMORANDUM OF TRANSFER AGREEMENT

This Memorandum of Transfer Agreement (“Memorandum”) is made by the Board of Regents of the Nevada System of Higher Education (the “**Board**”) as owner of the property located at located at 5276 Texas Avenue, Reno, Nevada, Washoe County Assessor’s Parcel Number 086-141-03, further described as [a portion of Section 29, T21N,RI9E, MDB&M] (the “Real Property”).

1. The provisions of that certain Transfer Agreement dated _____ are hereby incorporated by reference into this Memorandum.
2. Prior to the Transfer Agreement, the Real Property was owned by the Board for the benefit of the University of Nevada, Reno (“**UNR**”). The Real Property continues to be owned by the Board of Regents of the Nevada System of Higher Education. However, by way of the Transfer Agreement the Board now owns the Real Property for the benefit of the Desert Research Institute (“**DRI**”). UNR and DRI are institutions of the Nevada System of Higher Education.
3. The purpose of this Memorandum of Transfer Agreement is to give record notice of the Transfer Agreement and that the Real Property is owned by the Board on behalf and for the benefit of DRI. The Transfer Agreement sets forth additional rights, terms, and conditions not enumerated herein which govern the transfer and nothing contained in this Memorandum shall modify or vary any of the terms of the Transfer Agreement. In the event of any inconsistency between the terms of the Transfer Agreement and this Memorandum, the terms of the Transfer Agreement shall control.

IN WITNESS WHEREOF, the Board has authorized this Memorandum of Transfer Agreement as of the date first written above.

**Board of Regents of the Nevada System of
Higher Education, on behalf of the University of
Nevada, Reno**

By: _____
Title: _____

State of _____
County of _____ ss:

This instrument was acknowledged
before me on _____, by
_____.

NOTARY PUBLIC



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

AN APPRAISAL
OF

A MULTI-BUILDING INDUSTRIAL PROPERTY

LOCATED AT

THE NORTHEAST CORNER OF ALPHA AVENUE AND MT. LOLA STREET
AND THE NORTH SIDE OF ALPHA AVENUE, EAST OF MT. LOLA STREET
RENO, WASHOE COUNTY, NEVADA

OWNED BY

UNIVERSITY OF NEVADA BOARD OF REGENTS

PREPARED FOR

UNIVERSITY OF NEVADA, RENO

FOR THE PURPOSE OF
ESTIMATING THE FOLLOWING VALUE

Valuation Scenario	Interest Appraised	Date Of Value
Market Value	Fee Simple Interest	March 24, 2016



April 18, 2016

Mr. Troy Miller
Director of Real Estate
Business Center North
University of Nevada, Reno/239
95 N. Center Street
Reno, Nevada 89557-0239

Re: Multi-Building Industrial Property, University of Nevada Stead Properties

Dear Mr. Miller:

This is in response to your request for an appraisal report of a multi-tenant industrial property located at the northeast corner of Alpha Avenue and Mt. Lola Street, and the north side of Alpha Avenue, east of Mt. Lola Street, Reno, Washoe County, Nevada. The subject property, which is identified as Assessor's Parcel Number 086-141-03, is owned by the University of Nevada Board of Regents.

Based upon an analysis of the physical characteristics of the subject property and the financially feasible uses of the subject property, I have concluded that the highest and best use of the subject property would be to divide the property into two parcels, which are summarized below.

Land Area Allocation Analysis Summary

Parcel Number	Location	Acres	Square Feet*	Gross Building Area	Land-to-Building Ratio	Coverage Ratio
A	NEC of Alpha Avenue and Mt. Lola Street	.939 Ac	49,903 SF	10,740 SF	3.81:1	26.26%
B	N/S of Alpha Avenue, east of Mt. Lola Street	1.891 Ac	82,372 SF	14,560 SF	5.66:1	17.68%
Total Property	NEC of Alpha Avenue and Mt. Lola Street	2.83 Ac	123,275 SF	25,300 SF	4.87:1	20.52%

*Source: City of Reno G.I.S.

This appraisal is being prepared for the purpose of estimating the fee simple Market Value of the subject property as of a current date of valuation. The appraisal will be utilized to assist the client in establishing a reasonable asking price with respect to the subject property, as well as for internal management purposes. Any other use of the appraisal report requires the written authorization of this appraiser.

The intended users of the report include the University of Nevada Board of Regents, the University of Nevada, Reno and their designated representatives. The client of this assignment is the University of Nevada, Reno.

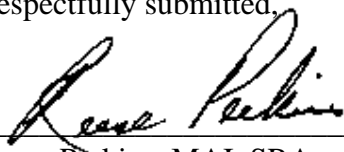
This appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the *Uniform Standards of Professional Appraisal Practice* for an Appraisal Report. As such, it presents summary discussions of the data, reasoning and analyses that are used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's files. The depth of the discussion contained in the report is specific to the needs of the client and for the intended use as stated herein. This appraisal firm is not responsible for unauthorized use of the report.

This report sets forth pertinent data, statistics, and other information considered necessary to establish the Market Value of the subject property's fee simple interest as of the effective date of valuation.

After careful consideration of all data available, and upon thorough personal investigation of the subject property and the comparable properties analyzed, it is my opinion that the market value of the subject property's fee simple interest, as of March 24, 2016, is:

SUBJECT PROPERTY A	\$435,000
SUBJECT PROPERTY B	\$420,000

Respectfully submitted,



Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS	1
PURPOSE OF APPRAISAL	3
SCOPE OF APPRAISAL	4
EXTRAORDINARY ASSUMPTIONS	5
HYPOTHETICAL CONDITION	5
RENO-SPARKS AREA ANALYSIS AND DESCRIPTION	6
RENO AREA MAP	29
NEIGHBORHOOD MAP	30
NEIGHBORHOOD DESCRIPTION	31
SUBJECT PROPERTY AERIAL MAP	38
SUBJECT PHOTOGRAPHS.....	39
SUBJECT PROPERTY PLOT MAP.....	46
SUBJECT FLOOD ZONE MAP	47
PROPERTY IDENTIFICATION AND SITE DESCRIPTION	48
SUBJECT INTERIOR PHOTOGRAPHS	54
DESCRIPTION OF SUBJECT IMPROVEMENTS	58
HIGHEST AND BEST USE ANALYSIS.....	60
INTRODUCTION TO VALUATION ANALYSIS.....	63
COMPARABLE INDUSTRIAL BUILDING SALES CHART	64
COMPARABLE LAND SALES MAP	65
COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS	66
SALE IS-1: 14010 MT. ANDERSON STREET, RENO	66
SALE IS-2: 608 E. 5 TH STREET, RENO	66
SALE IS-3: 216 E. GROVE STREET, RENO	67
SALE IS-4: 7720 SECURITY CIRCLE	67
SALE IS-5: 14155 COCOA AVENUE	68
SALE IS-6: 191 CATRON DRIVE.....	68
COMPARABLE INDUSTRIAL BUILDING SALES DISCUSSION, COMPARISON AND CORRELATION	69
APPRAISERS' CERTIFICATION	72
STANDARD ASSUMPTIONS AND LIMITING CONDITIONS	74
QUALIFICATIONS OF APPRAISER.....	84

SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Subject Property Summary	
Property Type	2.83± Acre Parcel
Property Location	Reno-Stead, Washoe County, Nevada
Assessor's Parcel Number	086-141-03
Owner of Record	University of Nevada Board of Regents
Legal Description	Portion of Section 29, T21N,RI9E, MDB&M
Zoning Designation	I (Industrial)
Master Plan Designation	I (Industrial)
Flood Zone Designation	"X"
Improvements on Site	Five Industrial Buildings
Highest & Best Use Conclusion	Industrial Development; Divide improved property into two parcels

Land Area Allocation Analysis Summary

Parcel Number	Location	Acres	Square Feet*	Gross Building Area	Land-to-Building Ratio	Coverage Ratio
A	NEC of Alpha Avenue and Mt. Lola Street	.939 Ac	49,903 SF	10,740 SF	3.81:1	26.26%
B	N/S of Alpha Avenue, east of Mt. Lola Street	1.891 Ac	82,372 SF	14,560 SF	5.66:1	17.68%
Total Property	NEC of Alpha Avenue and Mt. Lola Street	2.83 Ac	123,275 SF	25,300 SF	4.87:1	20.52%

*Source: City of Reno G.I.S.



Improvement Summary Chart

Parcel A	Gross Building Area	Age	Condition	Occupancy
Office-Warehouse	2,740 SF	1975	Average	DRI
Warehouse	4,000 SF	1975	Average	DRI
Warehouse	4,000 SF	1975	Fair to Poor	Vacant
Total Gross Building Area	10,740 SF			
Parcel B				
Warehouse	10,560 SF	1982	Fair	Vacant
Warehouse	4,000 SF	1975	Fair to Poor	Vacant
Total Gross Building Area	14,560 SF			

Dates of Appraisal

Date Description	Date
Date of Inspection	March 24, 2016
Effective Date of Value	March 24, 2016
Completion Date of Appraisal	April 18, 2016

Property Rights Appraised

Fee Simple Market Value

Type of Report

Appraisal Report

FINAL MARKET VALUE CONCLUSIONS

SUBJECT PROPERTY A	\$435,000
SUBJECT PROPERTY B	\$420,000

PURPOSE OF APPRAISAL

The purpose of the appraisal is to estimate the Market Value of the fee simple estate of the subject property as of a current date of valuation.

INTENDED USERS AND USE OF APPRAISAL

The intended users of the appraisal report include the University of Nevada, board of Regents, the University of Nevada, Reno and their designated representatives. The intended use of the appraisal report is to assist the client in establishing a reasonable asking price with respect to the subject property, as well as for internal management purposes. The client for this appraisal assignment is the University of Nevada, Reno.

PROPERTY RIGHTS APPRAISED

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

EFFECTIVE DATE OF VALUATION

The opinions of value, as set forth in this report, apply as of March 24, 2016.

COMPLETION DATE OF REPORT

This report was completed on April 18, 2016.

MARKET VALUE DEFINED

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

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;

- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.²

DATES OF APPRAISAL

Date Description	Date
Dates of Inspection	March 24, 2016
Effective Date of Value	March 24, 2016
Completion Date of Appraisal	April 18, 2016

TYPE OF REPORT

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an appraisal report. As such, it presents only summary discussions of the data, reasoning and analyses that are used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the subject data, reasoning and analysis will be retained in this appraiser's file. The depth of the discussion contained in the report is specific to the needs of the client and for the intended use as stated herein. The appraisal firm is not responsible for unauthorized use of the report.

SCOPE OF APPRAISAL

The preparation of this appraisal included:

- Identification, inspection and analysis of the subject property;
- Identification and analysis of the subject neighborhood;
- Preparation of a highest and best use analysis for the subject property;
- Research and analysis of recent comparable property sales and listings;
- Preparation of a Sales Comparison Approach to arrive at the Market Value of the subject property;

¹ Source: The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90

² Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, 12CFR Part 34.42(f)



- Correlation of the approaches to value to arrive at the Market Value of the subject property;
- Preparation of the appraisal report in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice.

EXTRAORDINARY ASSUMPTIONS

An Extraordinary Assumption is defined as “An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”³ In the preparation of this appraisal assignment, the following extraordinary assumption was made:

Based upon the physical characteristics and financially feasible uses of the subject property, the highest and best use of the subject property has been concluded to divide the subject property into two parcels. The appraisal analysis and conclusions of value, as set forth herein, are based upon the extraordinary assumption that the subject property has been divided into two parcels, as described herein.

HYPOTHETICAL CONDITION

A hypothetical condition is defined as: “A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”⁴ In the preparation of this appraisal assignment, no hypothetical conditions were utilized.

³ Source: USPAP 2016-2017 Edition, Definitions; The Appraisal Foundation, Page 3.

⁴ Source: USPAP 2014-2014 Edition, Definitions; The Appraisal Foundation, pg. U3.

RENO-SPARKS AREA ANALYSIS AND DESCRIPTION

The Reno-Sparks metropolitan area is situated on the eastern slopes of the Sierra Nevada Mountain Range in a large valley known as the Truckee Meadows. Two major freeways serve the region. Interstate 80 runs in an east-west direction through Reno, while U.S. 395/I-580 runs in a north-south direction through Reno. The following summarizes Reno's vicinity to other major metropolitan areas in the region.

Miles Between Reno & Major Metropolitan Areas

Market	Direction From Reno	Miles From Reno
San Francisco	West/Southwest	190± Miles
Los Angeles	Southwest	450± Miles
Portland	Northwest	440± Miles
Salt Lake City	East	520± Miles
Las Vegas	Southeast	450± Miles
Phoenix	Southeast	745± Miles

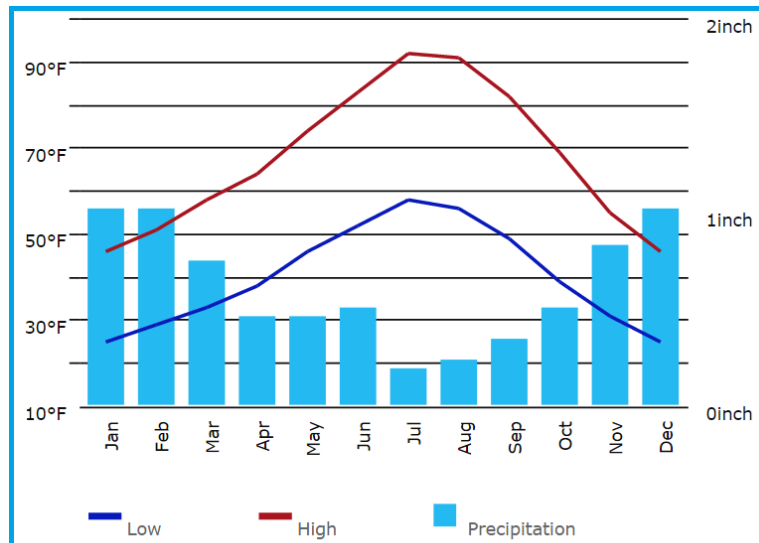
McCarran Boulevard is a ring road that encircles the Reno-Sparks area and facilitates access between the various quadrants of the region. Overall, the Reno-Sparks area has very good roadway and highway access.

The Reno-Sparks metropolitan area's location is a positive amenity due to its proximity to major California markets, as well as the recreational and scenic amenities afforded by its proximity to the Sierra-Nevada Mountains and Lake Tahoe. Lake Tahoe is a 45-minute drive from downtown Reno and is the second largest alpine lake in the world, with 72 miles of Lake Frontage. Lake Tahoe also offers the greatest concentration of downhill skiing facilities in North America.

The Truckee Meadows is located at an elevation of approximately 4,400 feet above sea level and offers a semi-arid climate. The following chart summarizes weather data for the Reno area.



Reno Weather Data



Reno weather averages

Annual high temperature:	67.6°F
Annual low temperature:	40.1°F
Average temperature:	53.85°F
Average annual precipitation - rainfall:	7.39 inch
Days per year with precipitation - rainfall:	50 days
Annual hours of sunshine:	3483 hours
Av. annual snowfall:	22 inch

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

Population, Growth and Employment

Since 1970, the Truckee Meadows have been one of the fastest growing areas in the nation, with the population increasing by over 100% by 1990. According to the Nevada State Demographer's Office at the University of Nevada, the population of Washoe County was estimated to be 436,797 in 2014. The following summarizes historical population estimates for the region.

Historical Population Estimates

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Reno	206,735	214,371	220,613	223,012	218,143	217,282	222,801	229,859	232,243	235,371
Sparks	85,618	87,846	89,449	91,684	91,237	92,331	92,302	90,214	91,551	92,396
Unincorporated	104,491	106,868	107,999	109,137	107,252	107,766	106,490	107,131	108,530	109,030
Washoe County	396,844	409,085	418,061	423,833	416,632	417,379	421,593	427,204	432,324	436,797

Source: Nevada State Demographer

The downturn in the economy has particularly impacted the labor force in Nevada, although over the past two years unemployment has decreased significantly. Unemployment rates for the United States, Nevada and its four largest metropolitan statistical areas are summarized on the following chart.

Unemployment Data

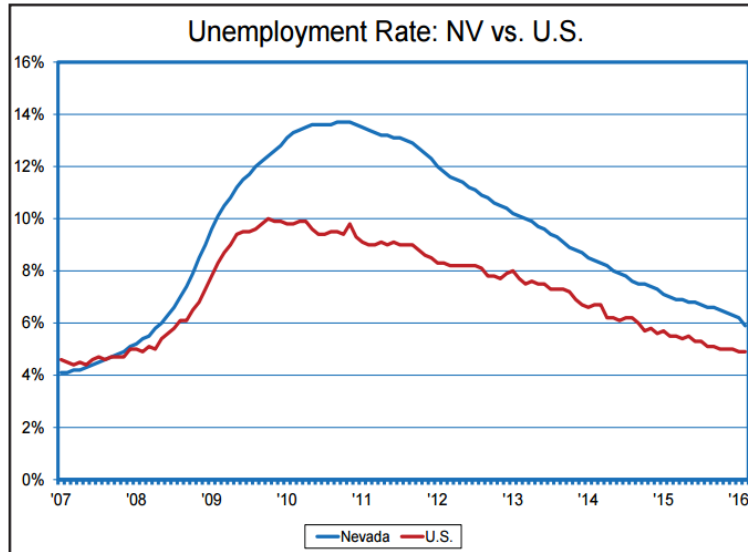
(Source: Nevada Department of Employment, Training & Rehabilitation)

Area	Annual 2009	Annual 2010	Annual 2011	Annual 2012	Annual 2013	Annual 2014	Annual 2015	February 2016
United States	9.25%	9.63%	8.95%	8.07%	7.38%	6.17%	5.28%	5.19%
Nevada	11.31%	13.53%	13.07%	11.17%	9.54%	7.75%	6.80%	5.65%
Las Vegas MSA	11.49%	13.76%	13.28%	11.26%	9.61%	7.81%	6.86%	5.64%
Reno-Sparks MSA	11.11%	12.96%	12.66%	11.05%	9.41%	7.45%	6.33%	5.30%
Carson City MSA	11.05%	13.48%	13.27%	11.74%	10.34%	8.49%	7.32%	6.65%
Elko MSA	6.28%	7.70%	7.24%	6.33%	6.13%	5.49%	5.19%	4.82%

The unemployment rate for Washoe County and Nevada has historically averaged between 1% and 2% below the national average. However, with the economic downturn which began in 2008, Nevada was one of the hardest hit in the nation and currently has among the highest unemployment rate in the country. Improvement is expected in Nevada's employment outlook, but remains below the pre-recession peak. The following chart summarizes the unemployment rate gap between the State of Nevada and the United States.



Unemployment Gap-United States Versus Nevada



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

Although it is not located in Washoe County, construction of the new Tesla Gigafactory in nearby Storey County within the Tahoe Reno Industrial Center is expected to have a huge impact on the entire region. On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension will be fast-tracked; this \$43 million project will extend USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80 and U.S. Highway 50. In January 2015, Las Vegas-based Switch announced plans to build a 3 million square foot data center project in the same industrial center. The project is expected to be built in phases with a total of \$1 billion in investment with it.

Gaming and Tourism Market

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

The following chart summarizes the most recent data available for gaming revenue for the Reno-Sparks/Washoe County area, as well as other areas within the state.

Gaming Win Data
(Source: Nevada Gaming Control Board)

Area	Current Period		% Change	Fiscal Year-to Date		% Change
	2/1/16 to 2/29/16	2/1/15 to 2/28/15		7/1/15 to 2/29/16	7/1/14 to 2/28/15	
Statewide	989,818,839	916,087,062	8.05%	7,477,158,513	7,365,142,334	1.52%
Clark County	863,308,305	796,882,585	8.34%	6,466,607,163	6,365,767,262	1.58%
LV Strip	570,253,264	531,381,708	7.32%	4,289,738,012	4,276,168,506	0.32%
Downtown	50,611,476	43,245,198	17.03%	362,684,994	331,894,519	9.28%
North Las Vegas	24,735,280	21,912,724	12.88%	178,937,622	171,213,423	4.51%
Laughlin	43,350,327	43,008,712	0.79%	304,222,223	300,572,932	1.21%
Boulder Strip	70,962,362	64,277,623	10.40%	522,010,568	506,589,275	3.04%
Mesquite	10,908,553	10,394,110	4.95%	75,236,259	75,161,248	0.10%
Balance of County	92,487,044	82,662,510	11.89%	733,777,485	704,167,359	4.20%
Washoe County	65,848,443	60,637,212	8.59%	525,241,898	509,757,562	3.04%
Reno	48,221,713	45,103,774	6.91%	384,174,811	372,245,886	3.20%
Sparks	10,471,960	9,526,856	9.92%	83,472,604	80,709,387	3.42%
North Lake Tahoe	2,073,304	1,761,881	17.68%	18,817,809	18,705,945	0.60%
Balance of County	5,081,466	4,244,702	19.71%	38,776,674	38,096,344	1.79%
South Lake Tahoe	16,173,829	15,575,401	3.84%	145,411,321	153,815,155	-5.46%
Elko County	23,930,825	23,055,434	3.80%	176,190,662	172,064,906	2.40%
Wendover	16,163,512	15,618,019	3.49%	116,624,462	112,112,666	4.02%
Balance of County	7,767,314	7,437,414	4.44%	59,566,200	59,952,239	-0.64%
Carson Valley Area *	8,225,359	7,637,715	7.69%	66,627,237	65,144,762	2.28%
Other	12,332,077	12,298,715	0.27%	97,080,232	98,592,687	-1.53%

* Carson Valley Area includes Carson City, Gardnerville, Minden and all other areas of Douglas County except South Lake Tahoe.

Within the past decade, legalized gaming has continued to spread across the country and gaming revenues for northern Nevada have been impacted. The opening of several Indian casinos in the State of California in recent years and the proposed openings of several other Indian Casinos in California have had a dramatic effect on the gaming economy in the Reno-

Sparks area. Over the past decade, several casinos in the downtown Reno market, including the Sundowner Hotel Casino, the Comstock Hotel Casino, Fitzgerald, and the Golden Phoenix Hotel Casino, have closed.

The following summarizes data provided by the Reno-Sparks Convention and Visitors Authority, regarding visitor counts for the Reno-Sparks area.

Estimated Visitor Counts-Reno/Sparks Area
Source: Reno-Sparks Convention and Visitors Authority

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	359,999	333,022	315,092	294,059	299,173	281,231	321,606	299,638	343,067	316,333
February	384,426	370,723	295,138	328,058	321,307	341,375	320,629	317,344	333,754	359,816
March	447,820	392,945	347,408	386,010	351,791	361,802	379,107	366,211	372,914	-
April	412,427	368,515	355,994	361,443	357,305	383,750	373,910	374,077	364,488	-
May	444,338	386,746	383,952	384,619	373,994	381,261	410,307	409,936	402,554	-
June	466,676	405,058	407,199	443,619	407,326	439,008	464,030	442,926	428,339	-
July	467,583	423,823	392,702	420,724	424,276	447,787	464,634	463,881	461,255	-
August	485,625	455,120	419,108	407,140	419,488	462,034	465,526	460,178	462,746	-
September	471,151	415,503	425,876	420,555	417,120	446,791	429,600	430,243	443,255	-
October	435,218	399,343	370,325	358,623	347,074	371,788	370,259	383,157	419,970	-
November	374,977	316,383	307,233	290,725	297,589	293,121	321,139	326,680	325,605	-
December	347,351	316,117	334,396	310,695	316,657	326,467	343,766	356,925	388,261	-
Totals	5,097,591	4,583,298	4,354,423	4,406,270	4,345,141	4,536,415	4,664,514	4,631,195	4,746,207	676,149

Residential Market

The residential market in the Reno-Sparks area grew tremendously in the 1990's and this growth continued until 2006, when the residential housing crisis began. The downturn in the residential market had a tremendous impact on residential development and sales within the Reno-Sparks market, resulting in very limited new construction for the past five years. Although the residential real estate market has struggled there are signs of recovery. The existing residential home sales and prices are on the rebound. Market activity has increased significantly in Northern Nevada in recent months and the residential market is on the rebound after a long period of decline. Sale offers are reported at or above list prices and sellers are receiving multiple offers.

The March 2016 Market Report presented by the Reno/Sparks Association of Realtors reports that, "We have seen continued year-over-year price gains for the past four years, but percentage gains year-over-year have lessened as pricing appears to be stabilizing," said William Process, 2016 RSAR president. "In today's seller's market, we continue to watch affordability

issues as rising home prices are hampering buyers. On the other end of the spectrum, with increasing seller's equity, it may be great time sell."

Market Report Commentary-Reno Sparks Association of Realtors

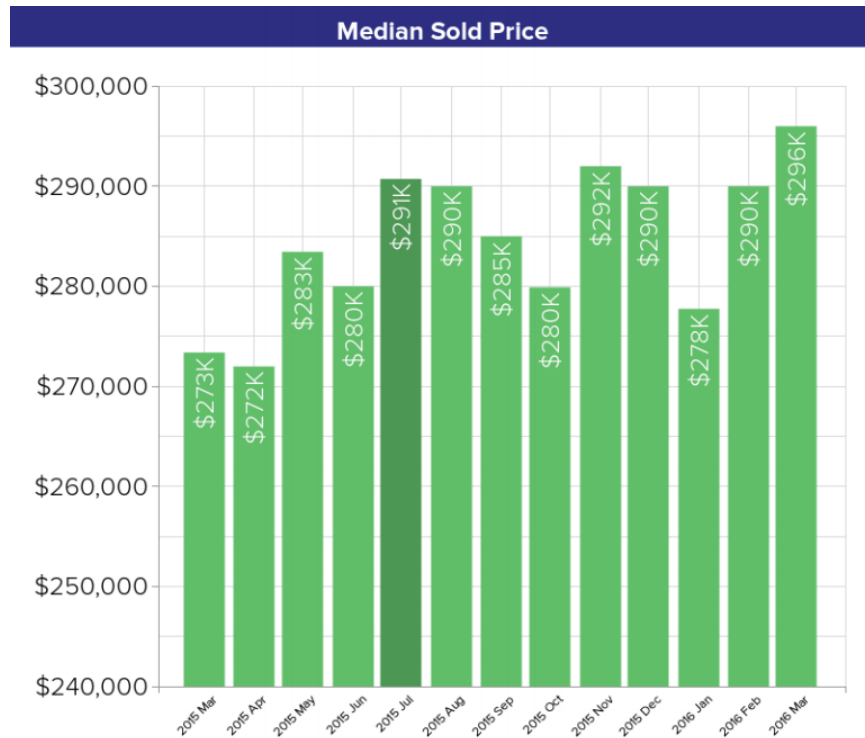
- March unit sales at 559 are up 53% from February and up 2% compared to March 2015.
- The median price at \$296,000 was up 2% from February and up 8% from March 2015.
- March new listings are up 28% at 736 compared to February and up 13% from March 2015.
- The Reno market remains in a seller's market, but declined to 2.8 month's supply of inventory. Month's supply of inventory is the time it would take to exhaust the active and pending inventory at the current rate of sales.

Conclusions

- Rising home prices are padding sellers' equity. Those prices, driven by relatively low inventory, are hampering buyers.
- Still, existing home sales were up in March. Total existing home sales, rose 53% in March from February and were 2% higher than a year ago.
- The median existing home price for all single family residences in March was \$296,000— 2% above March 2015. We have seen continued year over year price gains for the past 4 years.
- Housing inventory has remained between 1,550 and 1,600 units available for the past four months, but is 10% below March 2015.
- In March, the average days on market was 93, down from 99 days on market a year ago.
- The average days from listing date to contract date was 25 days compared to 44 in March of 2015.
- Looking ahead, affordability issues could intensify if the Federal Reserve increases interest rates this year.



Reno-Sparks March 2016 Median Price Sold

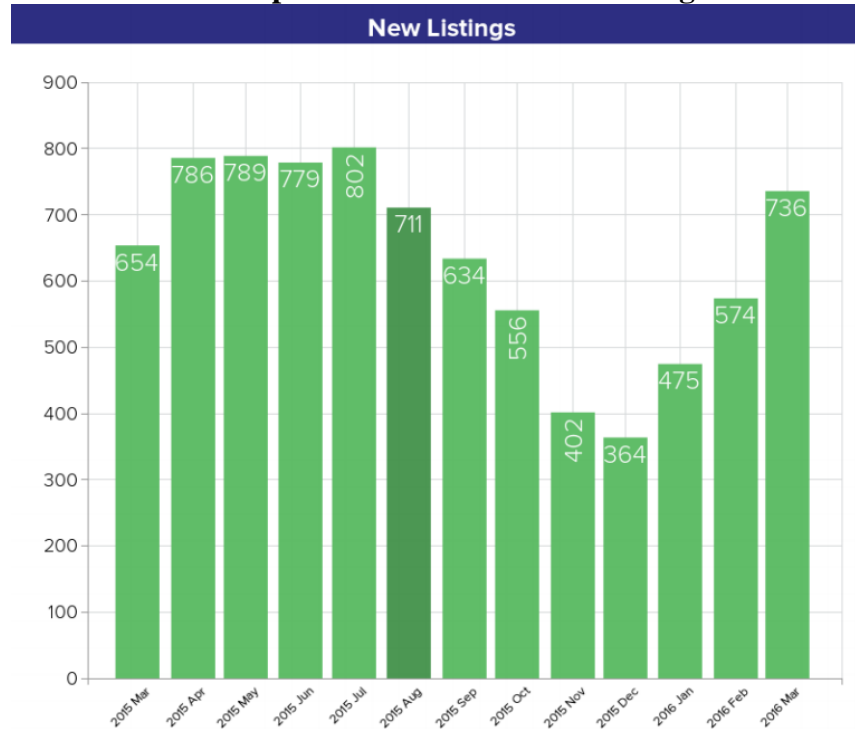


Reno-Sparks March 2016 Units Sold

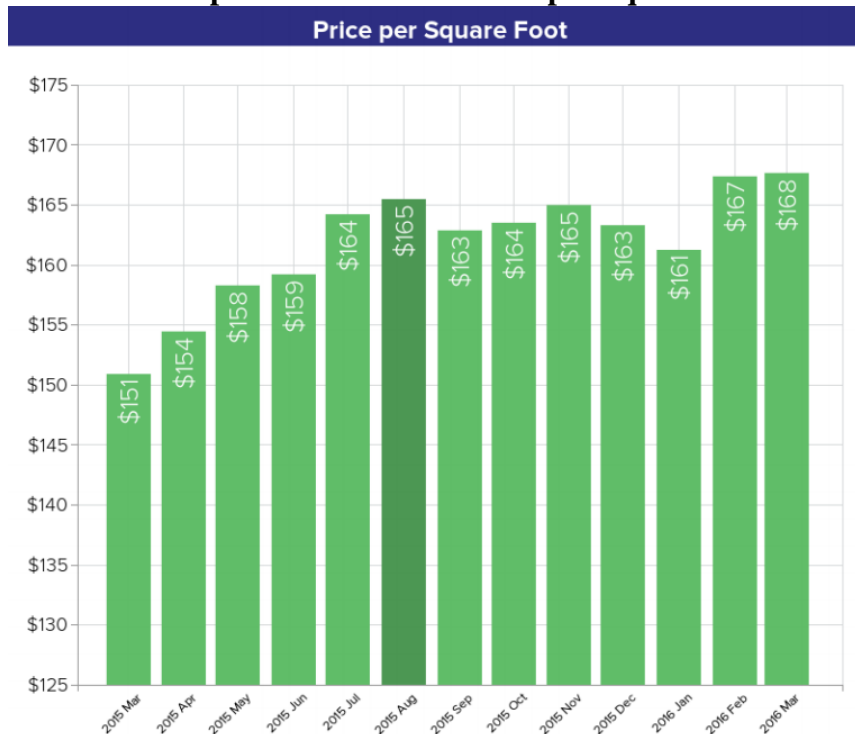




Reno-Sparks March 2016 New Listings

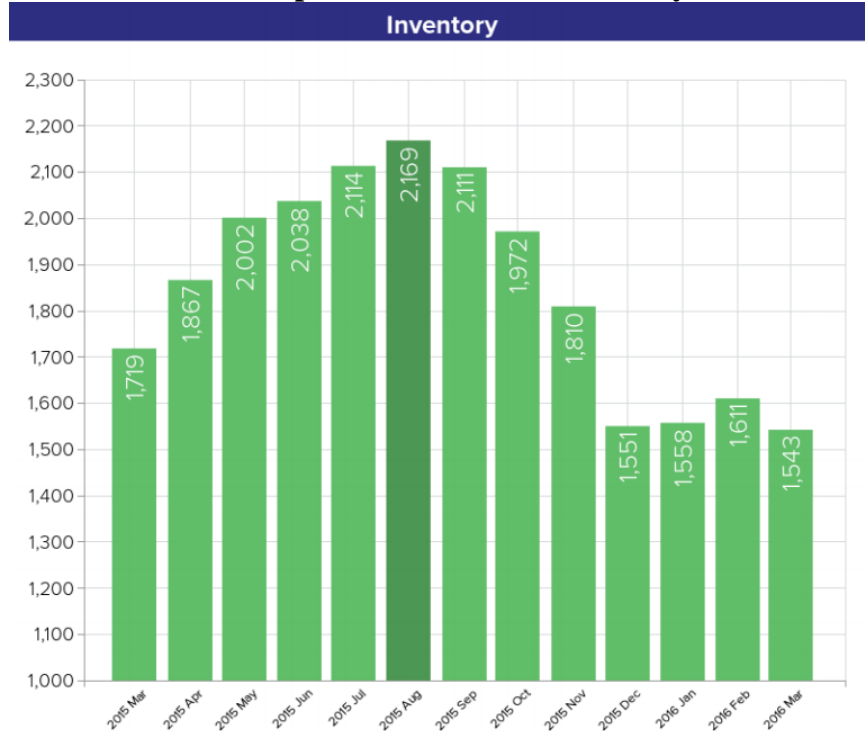


Reno-Sparks March 2016 Price per Square Foot

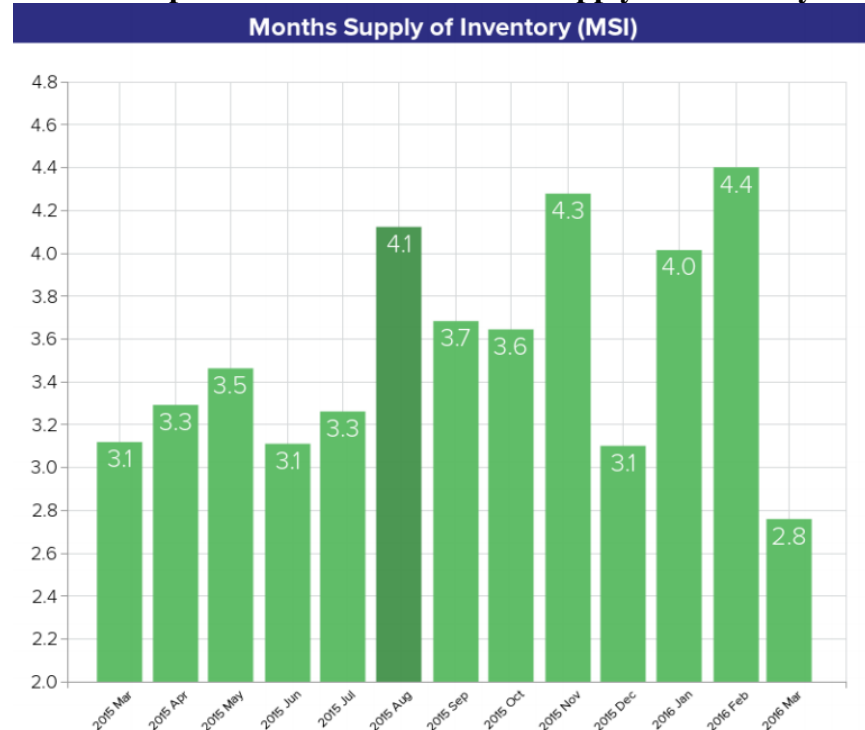




Reno-Sparks March 2016 Inventory



Reno-Sparks March 2016 Months Supply of Inventory



Improvement in the residential market is stimulating new construction. Most of the bulk finished lots within the market have been purchased by developers; most of these lots were bank owned during the depression. With job growth projected at over 50,000 new jobs in the coming years, demand for new housing in the area is expected to be extremely strong.

Multifamily Market

The following summarizes data from the *Apartment Survey*, which is a quarterly survey conducted by Johnson Perkins Griffin, LLC. The 1st Quarter 2016 Survey indicates an overall vacancy rate of 2.30%, and an average overall rent of \$990.

Average Size, Average Rent & Average Vacancy Rate by Unit Type

	STUDIOS	1 BED/ 1 BATH	2 BED/ 1 BATH	2 BED/ 2 BATH	3 BED/ 2 BATH	TOWNHOME	TOTALS
Average SF-By Unit Type	406 SF	724 SF	862 SF	1,044 SF	1,273 SF	1,298 SF	893 SF
Average Rent-By Unit Type	\$639	\$875	\$885	\$1,119	\$1,316	\$1,248	\$990
Average Rent/SF-By Unit Type	\$1.57	\$1.21	\$1.03	\$1.07	\$1.03	\$0.96	\$1.11
Indicated Vacancy Rate-By Unit Type	1.80%	2.32%	1.96%	2.46%	2.30%	2.59%	2.30%

Overall Average Rent & Vacancy-Prior & Current Quarter

	4 th Quarter 2015	1 st Quarter 2016	Change
Average Vacancy	2.90%	2.30%	-60 Basis Points
Average Rent	\$946	\$990	+\$44 or +4.65%

Comparison of Rental Rates & Vacancy Rates to Prior Quarter

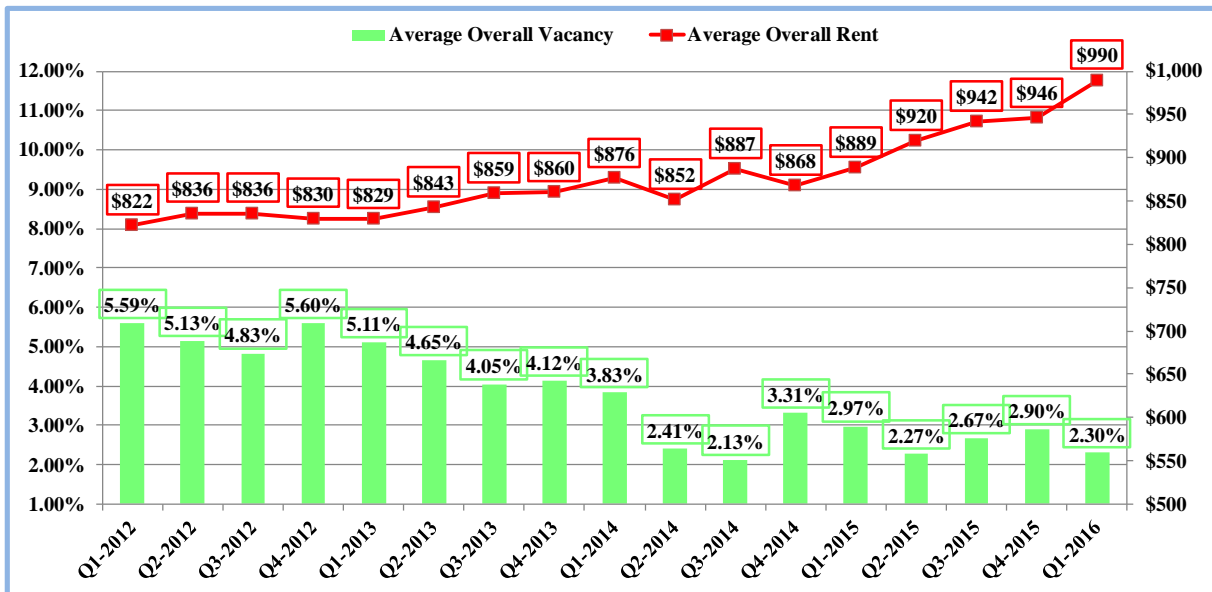
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	4 th Qtr. 2015	1 st Qtr. 2016	Result	4 th Qtr. 2015	1 st Qtr. 2016	Result
Studio	\$580	\$639	+\$59	2.54%	1.80%	-0.74%
1 Bedroom/1 Bath	\$840	\$875	+\$35	2.85%	2.32%	-0.53%
2 Bedroom/1 Bath	\$854	\$885	+\$31	2.83%	1.96%	-0.87%
2 Bedroom/2 Bath	\$1,066	\$1,119	+\$53	3.01%	2.46%	-0.55%
3 Bedroom/2 Bath	\$1,263	\$1,316	+\$53	2.56%	2.30%	-0.26%
Townhouse	\$1,159	\$1,248	+\$89	4.81%	2.59%	-2.22%
TOTALS	\$946	\$990	+\$44	2.90%	2.30%	-0.60%



Rental & Vacancy Rates by Sub-Market Area

Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		4 th Qtr. 2015	1 st Qtr. 2016	Result	4 th Qtr. 2015	1 st Qtr. 2016	Result
1	Northwest Reno	\$1,015	\$1,083	+\$68	1.96%	1.66%	-0.30%
2	Northeast Reno	\$865	\$895	+\$30	1.60%	2.13%	+0.53%
3	W. Sparks/N. Valley	\$842	\$866	+\$24	2.35%	1.24%	-1.11%
4	East Sparks	\$1,047	\$1,135	+\$88	2.65%	2.84%	+0.19%
5	West Reno	\$825	\$856	+\$31	1.33%	0.00%	-1.33%
6	Southwest Reno	\$785	\$818	+\$33	7.86%	6.62%	-1.24%
7	Brinkby/Grove	\$723	\$722	-\$1	7.76%	5.55%	-2.21%
8	Airport	\$799	\$825	+\$26	2.32%	1.25%	-1.07%
9	Lakeridge	\$1,021	\$1,055	+\$34	3.59%	1.68%	-1.91%
10	Southeast Reno	\$988	\$1,010	+\$22	2.49%	1.98%	-0.51%
Overall Reno-Sparks		\$946	\$990	+\$44	2.90%	2.30%	-0.60%

Overall Reno/Sparks Rent & Vacancy Data-All Unit Types



Overall Reno-Sparks Market Averages-All Unit Types (Based Upon Units Surveyed)

Category	1 st Quarter 2016 Overall Reno-Sparks Averages
Average Square Feet Per Unit Surveyed	893± Square Feet
Average Rent For Units Surveyed	\$990 Per Month
Average Rent Per Square Foot For Units Surveyed	\$1.11 Per Square Foot
Average Overall Vacancy Rate For Units Surveyed	2.30%

Industrial Market

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

On September 5, 2014, Tesla announced that the Tahoe Reno Industrial Park (TRIC), located east of Sparks, had landed the coveted Gigafactory. Over \$1.25 billion in State of Nevada incentives were approved for development of the project. In return, Tesla will be required to complete \$5 billion in capital investments on the facility through 2028. The cost for the building and site infrastructure will be \$1.1 billion. Machinery and equipment will account for the remaining \$3.9 billion, including materials processing and product assembly. Once the 5.5 million square foot facility reaches full operation, it will produce enough batteries for 500,000 Tesla electric cars each year. As part of the deal, the USA Parkway extension will be fast-tracked; this \$43 million project will extend USA Parkway from its current terminus in TRIC, to U.S. Highway 50 in Silver Springs, greatly reducing travel times between Interstate 80 and U.S. Highway 50.

As most major cities in the western portion of the United States are located within relatively close proximity and driving time to Northern Nevada, the Reno-Sparks area is a major distribution warehousing center. This development is further being enhanced by the favorable tax environment in the state of Nevada. Leases for industrial users in the Reno-Sparks market are typically based upon triple net lease terms. The CBRE *Reno Industrial Market View 1st Quarter 2016 Report* indicates the following:



Commentary-CBRE Reno Industrial Market View 1st Quarter 2016

Continued demand in the Northern Nevada industrial market lead to a sixteenth consecutive quarter of positive net absorption and a vacancy rate now below 6%. Net absorption for Q1 2016 reached 941,241 sq. ft., largely due to the expansion of local tenants. Consequently, the vacancy rate declined 20 basis points (bps) from 6.1% in Q4 2015 to 5.9% during Q1 2016; the lowest recorded in nearly 10 years.

Local expansions were a ringing endorsement of the market during the first quarter. ITS Logistics expanded their footprint when they leased 622,500 sq. ft. at 555 Vista Boulevard. Chewy.com also took 566,660 sq. ft. at 385 Milan Drive. Expect to see additional expansion announcements forthcoming in Q2 2016.

One sale of note was an investment acquisition of the Southern Way Industrial Portfolio. The Bendetti Company purchased three buildings totaling 613,115 sq. ft. on Southern Way in Sparks. While user sales have become few and far between due to supply constraints, investment offerings are expected to dominate expected sale activity in the coming quarters.

Prologis' offering of approximately 650,000 sq. ft. of multi-tenant buildings is expected to change hands during Q2 2016. Also, a large institutional portfolio upwards of 2.5 million sq. ft. is expected to come to market next quarter.

Scarcity of quality product less than 100,000 sq. ft., especially product under 30,000 sq. ft. continues to be a weak point in the market. New speculative product expected to deliver during Q3 2016 will alleviate some of the bottleneck. However, rising construction costs, coupled with the improvement intensive nature of demising spaces into increments under 30,000 sq. ft. make it difficult for developers/landlords to underwrite these projects. We forecast that the supply of product under 20,000 sq. ft. will remain static for the remainder of the year, leading to further product scarcity and increasing rents in this niche.

With multiple requirements in the market over 200,000 sq. ft., expect net absorption to remain strong in the near future. The vacancy rate should continue to hover around 6.0%, even as large speculative projects are delivered, which is a further endorsement of the Northern Nevada industrial market.

The following charts summarize the overall and submarket industrial markets, and include data related to rental rates and vacancies. The data is from the *CBRE Reno Industrial Market View 1st Quarter 2016*.



Industrial Rents & Vacancies By Submarket

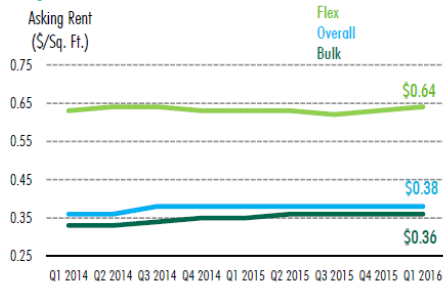
Figure 2: Reno Industrial Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q1 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central / Airport	9,712,658	4.0	7.1	(152,236)	(152,236)	0.51
Bulk	7,148,503	4.4	8.1	(156,197)	(156,197)	0.46
Flex	2,564,155	2.8	4.4	3,961	3,961	0.76
East Valley	16,241,873	6.7	12.9	731,660	731,660	0.34
Bulk	16,119,186	6.6	12.9	731,660	731,660	0.34
Flex	122,687	19.8	19.8	0	0	0.58
North Valley	17,323,952	12.0	14.2	(190,100)	(190,100)	0.35
Bulk	16,999,940	12.0	14.3	(186,200)	(186,200)	0.35
Flex	324,012	9.9	9.9	(3,900)	(3,900)	0.50
South Reno	9,217,894	2.5	2.9	1,355	1,355	0.57
Bulk	7,218,906	1.3	1.3	7,000	7,000	0.40
Flex	1,998,988	6.9	8.7	(5,645)	(5,645)	0.67
Sparks	28,557,999	3.9	13.6	550,562	550,562	0.36
Bulk	25,513,975	4.0	14.8	544,962	544,962	0.35
Flex	3,044,024	2.4	3.2	5,600	5,600	0.56
West Reno	1,694,299	1.3	3.9	0	0	0.50
Bulk	1,181,593	0.0	3.7	0	0	0.48
Flex	512,706	4.3	4.3	0	0	0.51
Market Total	82,748,675	5.9	11.4	941,241	941,241	0.38
Bulk	74,182,103	6.1	12.1	941,225	941,225	0.36
Flex	8,566,572	4.2	5.4	16	16	0.64

Source: CBRE Research, Q1 2016.

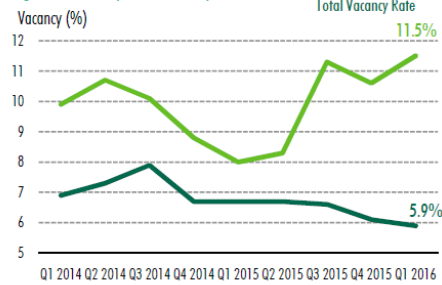
Historical Industrial Data

Figure 4: Lease Rates



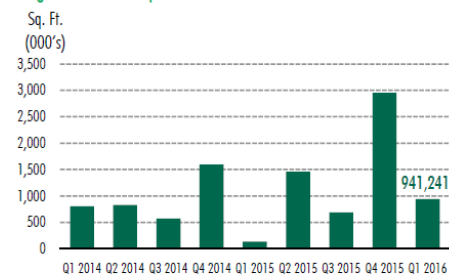
Source: CBRE Research, Q1 2016.

Figure 6: Vacancy & Availability



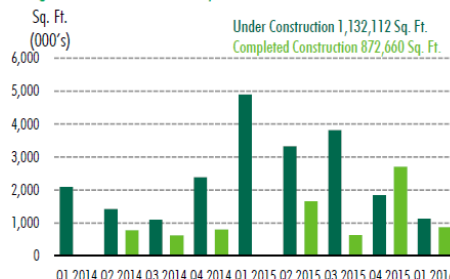
Source: CBRE Research, Q1 2016.

Figure 5: Net Absorption



Source: CBRE Research, Q1 2016.

Figure 7: Construction Activity



Source: CBRE Research, Q1 2016.



Retail Market

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

According to the Nevada Department of Taxation 2010/2011 to 2014/2015 fiscal taxable sales show an increase from year-to-date numbers for each of the past five years. The following chart summarizes taxable sales totals for Washoe County from 1997/1998 (fiscal years).

Washoe County Taxable Sales History

Fiscal Year	Taxable Sales	Percentage Change
1997/1998	\$4,377,547,590	3.22%
1998/1999	\$4,679,515,860	6.90%
1999/2000	\$4,966,612,920	6.14%
2000/2001	\$5,194,146,044	4.58%
2001/2002	\$5,292,178,588	1.89%
2002/2003	\$5,481,582,915	3.47%
2003/2004	\$6,003,368,280	9.52%
2004/2005	\$6,660,263,045	10.6%
2005/2006	\$7,268,593,250	9.13%
2006/2007	\$7,202,640,557	-0.91%
2007/2008	\$6,823,700,706	-5.3%
2008/2009	\$5,707,791,051	-16.35%
2009/2010	\$5,176,981,699	-9.30%
2010/2011	\$5,282,936,232	2.05%
2011/2012	\$5,522,605,351	4.54%
2012/2013	\$5,824,726,136	5.47%
2013/2014	\$6,370,684,534	9.37%
2014/2015	\$6,817,588,648	7.02%

Source: Nevada Department of Taxation

Leases for retail space in the Reno-Sparks market are typically based upon triple net lease terms or modified gross lease terms. Under triple net lease terms, tenants typically pay a base rental rate, and are also responsible for paying most operating expenses associated with the property, including utilities, taxes, insurance, management, typical repairs and maintenance, and other expense items. In multi-tenant projects, these additional fees are most often billed back to tenants; these are often referred to as Common Area Maintenance (CAM) fees. The CBRE *Reno Retail Market View 1st Quarter 2016 Report* indicates the following:



Commentary-CBRE Reno Retail Market View 1st Quarter 2016

Reno continues to enjoy steady growth as net absorption in 1Q 2016 already surpassed 2015's annual total. The user-sale of the former Lowe's at 2450 Oddie Boulevard in Sparks to Renown Health was the primary driver accounting for 177,809 sq. ft. of the 192,188 of positive net absorption. The remaining leasing activity was predominantly shop space with restaurants accounting for 31% of the total.

The average asking lease rate grew by \$.02 during the quarter to \$1.30, the highest since 2Q 2013. After six quarters of stagnation, asking rates have risen a total of \$.08 since 2Q 2015, and are expected to continue increasing in the short term, while the long-term trend will hinge on local construction activity.

Given these market conditions, Reno continues to garner attention from active buyers in the market. In addition to the 177,809 sq. ft. user-sale in Sparks, the 105,705 sq. ft. Ironhorse Shopping Center and the 102,832 sq. ft. Parkside Center both sold to investors. By comparison, 2015 only produced one sale of more than 100,000 sq. ft., Smithridge Plaza (172,261 sq. ft.).

In addition to the strong investor activity, the vacancy rate fell sharply to start the year. Market wide, the overall vacancy rate has experienced a steady decline since peaking in Q1 2013 at 17.3%. Currently, the vacancy rate of 12.0% is the lowest CBRE has recorded since tracking the market in 2009, down 150 basis points (bps) from 13.5% in 4Q 2015.

Construction activity remains stagnant. Although asking rates are climbing and vacancy is falling there is still an overabundance of supply to justify new developments. However, there is enough demand to warrant the expansion of some existing centers such as the 19,500 sq. ft. expansion of Legends at Sparks Marina, which is currently underway.

Reno remains one of the fastest growing markets in the region. High net absorption figures combined with increasing investor activity, falling vacancy rates, and rising asking rates point to a bright future for the city. As consumer confidence continues to grow and new employers drive population growth, Reno can anticipate further growth and increasing investment activity.

The following charts summarize the overall and submarket retail markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Retail Market View 1st Quarter 2016*.



Retail Rents & Vacancies By Submarket

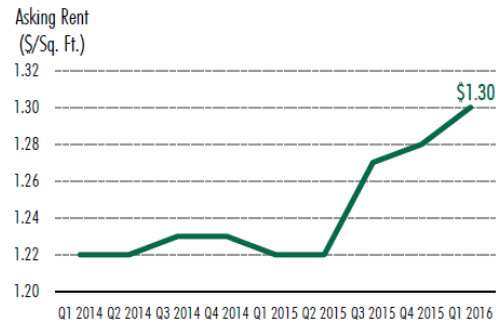
Figure 2: Reno Retail Market Statistics

Submarket	Gross Leaseable Area	Total Vacancy %	Total Availability %	Q1 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central/Airport	1,850,941	24.2	27.9	9,165	9,165	1.21
Downtown	367,732	13.8	13.8	(3,827)	(3,827)	1.57
Meadowood	3,488,187	7.2	11.3	(4,808)	(4,808)	1.39
North Valleys	791,887	6.0	6.0	323	323	1.48
Northwest Reno	1,813,641	6.7	7.3	1,571	1,571	1.38
South Reno	2,443,237	13.8	14.5	11,273	11,273	1.41
Southwest Reno	787,064	11.8	12.4	(2,221)	(2,221)	1.32
Spanish Springs	1,612,633	18.4	18.7	(490)	(490)	1.31
Sparks	3,728,556	10.4	10.6	181,202	181,202	1.13
Market Total	16,883,878	12.0	13.6	192,188	192,188	1.30

Source: CBRE Research, Q1 2016.

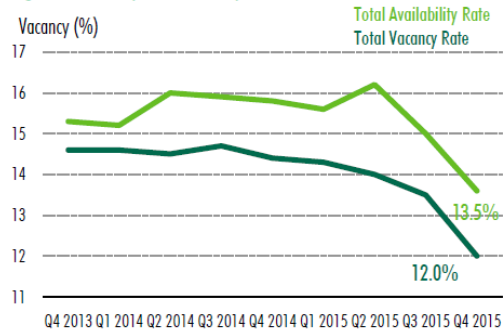
Historical Retail Data

Figure 6: Lease Rates



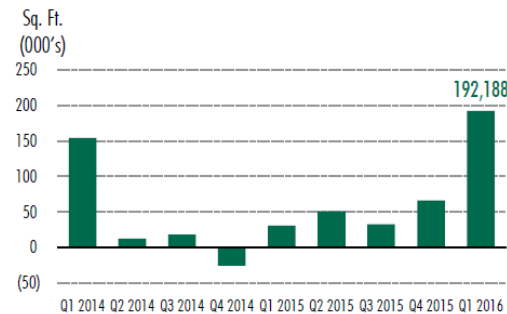
Source: CBRE Research, Q1 2016.

Figure 8: Vacancy & Availability



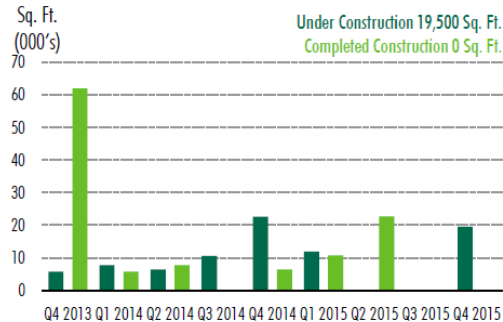
Source: CBRE Research, Q1 2016.

Figure 7: Net Absorption



Source: CBRE Research, Q1 2016.

Figure 9: Construction Activity



Source: CBRE Research, Q1 2016.

Office Market

The Reno-Sparks office market consists of a variety of product types, from older second and third generation properties, to new, high-end Class A office space. Leases for professional office uses in the Reno-Sparks market are typically based upon full service gross lease terms or modified gross lease terms. Under full service gross lease terms, owners are responsible for all operating costs associated with the building. Typically, these leases incorporate base year expense stops, with tenants responsible for any increases in operating expenses over the base year. Under modified gross lease terms, the tenant is typically responsible for utilities and janitorial service. Due to increases in utility expenses, many property owners now market properties on modified gross lease terms, with some even marketing properties on triple net lease terms, in which the tenant is responsible for all operating expenses associated with the building. The CBRE *Reno Office Market View 1st Quarter 2016 Report* indicates the following:

Commentary-CBRE Reno Office Market View 1st Quarter 2016

The Reno office market ended Q1 2016 relatively flat with 9,728 sq. ft. of negative net absorption. This figure follows nearly 128,000 sq. ft. of positive net absorption in 2015. A lack of large contiguous vacancies of 15,000 sq. ft. or greater still exists, especially for Class A product. Supply of office spaces less than 2,000 sq. ft. is also limited, a sign that small businesses are flourishing. For users seeking 3,000-7,000 sq. ft., there is an ample supply of quality spaces to choose from.

The average asking lease rate for Class A product increased by 2.8% from the previous quarter to \$1.86 full service gross (FSG). Most well located Class A properties are achieving rental rates above \$2.00. A flight to quality has been taking place since 2009; however, many tenants who upgraded their space at much lower lease rates during 2010-2013 should expect to see fairly significant rent increases as their leases roll. It is likely in the coming year that a number of tenants will transition out of the best located Class A buildings into more economical options.

As occupancy rates in buildings improve, landlords are faced with managing issues related to parking. Companies are focusing on efficient use of space by maximizing their employee count within their space. Much of the office space built to code requiring 4 parking spaces per 1,000 sq. ft. is not sufficient to support increased employee counts within those spaces. Many tenants have transitioned from a private office heavy environment to an open bull pen environment, with parking ratio requirements that often exceed the previous market standard.

The lack of large contiguous Class A vacancy is paving the way for new speculative construction. McKenzie Properties will break ground in April on the first speculative office construction project since 2007. The 4-story Class A office building is scheduled for completion in Q1 2017 and is located in the Meadowood submarket, a centrally located suburban office submarket that consistently boasts the highest rents and lowest vacancy rates in Reno, currently at 12.2% (8.0% in the Class A category).

The following charts summarize the overall and submarket office markets, and include data related to rental rates and vacancies. The data is from the CBRE *Reno Office Market View 1st Quarter 2016*.

Office Rents & Vacancies By Submarket

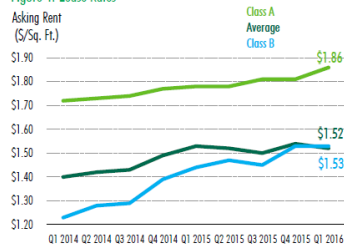
Figure 2: Reno Office Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q1 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Airport	600,747	9.6	14.2	(1,148)	(1,148)	1.06
Class A	32,376	-	-	-	-	-
Class B	394,849	8.4	15.4	(562)	(562)	1.16
Central	609,419	29.4	29.4	527	527	1.31
Class A	-	-	-	-	-	-
Class B	315,224	27.1	27.1	784	784	1.53
Downtown	1,364,568	17.9	18.6	(3,231)	(3,231)	1.56
Class A	810,695	8.6	9.7	5,728	5,728	2.00
Class B	272,070	42.1	42.1	(10,599)	(10,599)	1.33
Meadowood	1,779,416	12.2	15.3	3,883	3,883	1.61
Class A	1,100,707	8.0	9.2	(1,973)	(1,973)	1.85
Class B	480,469	16.9	23.1	3,347	3,347	1.63
South Reno	1,399,415	15.7	17.2	(6,346)	(6,346)	1.76
Class A	1,112,924	15.5	17.3	(2,684)	(2,684)	1.73
Class B	286,491	16.5	16.5	(3,662)	(3,662)	1.82
Sparks	162,423	7.3	7.3	1,784	1,784	1.35
Class A	-	-	-	-	-	-
Class B	93,693	12.6	12.6	-	-	1.35
West Reno	37,495	28.2	28.2	(5,197)	(5,197)	1.72
Class A	14,493	35.9	35.9	(5,197)	(5,197)	2.05
Class B	23,002	23.4	23.4	-	-	1.40
Market Total	5,953,483	15.8	17.7	(9,728)	(9,728)	1.52
Class A	3,071,195	10.9	12.3	(4,126)	(4,126)	1.86
Class B	1,865,798	20.3	23.4	(10,692)	(10,692)	1.53

Source: CBRE Research Q1 2016.

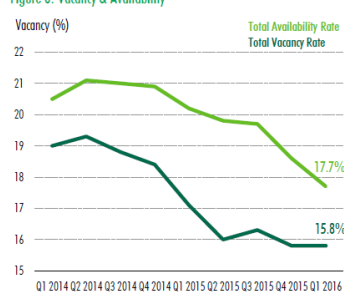
Historical Office Data

Figure 4: Lease Rates



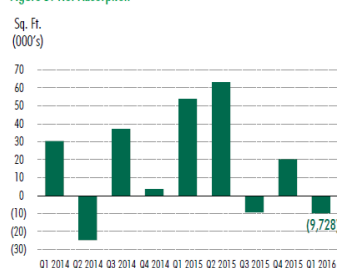
Source: CBRE Research, Q1 2016.

Figure 6: Vacancy & Availability



Source: CBRE Research, Q1 2016.

Figure 5: Net Absorption



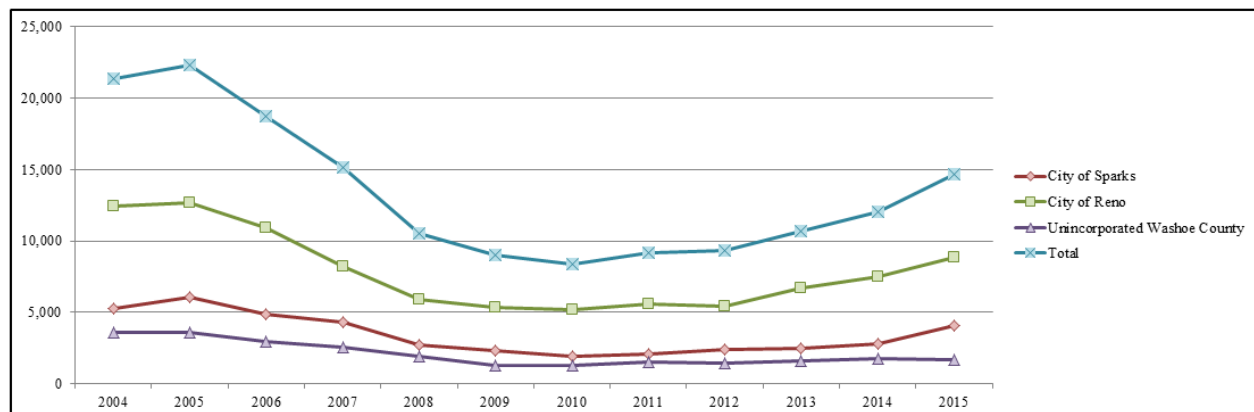
Source: CBRE Research, Q1 2016.

Construction Activity

Construction activity in the area was limited during the housing crisis, but has shown signs of recovery. Within the Reno-Sparks market, building permits issued began to drop in 2006, and dropped every year thru 2010; beginning in 2011, building permit activity has continued to increase through 2015. As the chart and graph below indicate, at the peak of the market in 2005, 22,313 total building permits were issued in Washoe County, including the City of Reno and the City of Sparks. In 2015, the latest full calendar year, 14,678 building permits, or 34% less than 2005, were issued.

Building Permits Issued

Calendar Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
City of Sparks	4,456	6,120	5,278	6,030	4,858	4,322	2,693	2,338	1,946	2,078	2,415	2,451	2,818	4,107
City of Reno	8,613	10,964	12,457	12,662	10,891	8,240	5,891	5,371	5,149	5,570	5,454	6,670	7,504	8,859
Unincorporated Washoe County	3,893	3,395	3,591	3,621	2,980	2,549	1,926	1,304	1,259	1,502	1,457	1,597	1,734	1,712
Total	16,962	20,479	21,326	22,313	18,729	15,111	10,510	9,013	8,354	9,150	9,326	10,718	12,056	14,678
% Change From Prior Year	---	20.73%	4.14%	4.63%	-16.06%	-19.32%	-30.45%	-14.24%	-7.31%	9.53%	1.92%	14.93%	12.48%	21.75%



(Reno, Sparks & Unincorporated Washoe County)

Transportation

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



Reno-Tahoe International Airport Statistics

Total Passengers February-16					
	Passengers		% Diff.	Passengers	
	2014	2015		2016	% Diff.
JAN	241,181	246,571	2.2%	259,868	5.4%
FEB	228,035	234,763	3.0%	269,807	14.9%
MAR	278,172	277,477	-0.2%		
1st Quarter	747,388	758,811	1.5%		
APR	266,800	256,823	-3.7%		
MAY	282,277	276,969	-1.9%		
JUN	316,720	319,309	0.8%		
2nd Quarter	865,797	853,101	-1.5%		
JUL	332,242	350,823	5.6%		
AUG	318,965	336,948	5.6%		
SEP	284,931	297,299	4.3%		
3rd Quarter	936,138	985,070	5.2%		
OCT	266,701	295,749	10.9%		
NOV	225,384	253,494	12.5%		
DEC	263,682	286,432	8.6%		
4th Quarter	755,767	835,675	10.6%		
TOTAL	3,305,090	3,432,657	3.9%		
YTD Total		481,334		529,675	10.0%

Total Enplaned Passengers February-16				
Month	2014	2015	2016	% Diff.
JAN	121,700	124,505	130,546	4.9%
FEB	113,777	117,750	133,669	13.5%
MAR	142,542	141,314		
APR	132,183	128,088		
MAY	139,349	137,132		
JUN	158,827	159,989		
JUL	162,090	172,266		
AUG	159,664	166,935		
SEP	147,458	151,127		
OCT	134,946	150,567		
NOV	112,573	125,712		
DEC	128,295	142,423		
TOTAL	1,653,404	1,717,808		
YTD Total		242,255	264,215	9.1%

Total Deplaned Passengers				
Month	2014	2015	2016	% Diff.
JAN	119,481	122,066	129,322	5.9%
FEB	114,258	117,013	136,138	16.3%
MAR	135,630	136,163		
APR	134,617	128,735		
MAY	142,928	139,837		
JUN	157,893	159,320		
JUL	170,152	178,557		
AUG	159,307	170,013		
SEP	137,480	146,172		
OCT	131,755	145,182		
NOV	112,811	127,782		
DEC	135,387	144,009		
TOTAL	1,651,699	1,714,849		
YTD Total		239,079	265,460	11.0%

Total Cargo February-16					
	2014	2015	% Diff.	2016	
	Cargo in Pounds			Pounds	Metric
JAN	10,303,380	10,113,421	-1.8%	11,939,003	5,415
FEB	9,486,697	9,418,781	-0.7%	10,947,416	4,965
MAR	9,758,391	10,381,009	6.4%		
1st Quarter	29,548,468	29,913,211	1.2%		
APR	9,876,465	10,416,248	5.5%		
MAY	10,269,963	10,459,643	1.8%		
JUN	9,679,744	10,595,645	9.5%		
2nd Quarter	29,826,172	31,471,536	5.5%		
JUL	10,863,843	11,775,072	8.4%		
AUG	10,853,726	11,031,470	1.6%		
SEP	10,127,014	12,360,393	22.1%		
3rd Quarter	31,844,583	35,166,935	10.4%		
OCT	11,429,538	12,160,586	6.4%		
NOV	10,664,398	11,657,012	9.3%		
DEC	15,776,073	17,907,699	13.5%		
4th Quarter	37,870,009	41,725,297	10.2%		
TOTAL	129,089,232	138,276,979	7.1%		
YTD Total		19,532,202		22,886,419	10,379
					17.2%

Enplaned Passengers & Load Factor				
Airline	Enplaned PAX	Feb-16	Feb-15	Diff.
Alaska/Horizon	15,596	79.2%	75.0%	4.2
Allegiant Air	1,345	90.0%	65.7%	24.4
American	27,708	84.4%	90.4%	-6.0
Delta	9,506	83.2%	71.9%	11.3
jetBlue	3,098	86.1%	n/a	n/a
Southwest	55,197	81.2%	77.1%	4.1
United	19,150	87.0%	90.6%	-3.7
US Airways	0	n/a	84.8%	n/a
Volaris	1,569	67.4%	72.0%	-4.6

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

Hospitals, Education and Public Services

The Reno-Sparks area has four private general hospitals and one Veterans' Administration hospital. While the area is considered to have good hospital facilities, the hospitals in Nevada are some of the more expensive in the country. The two largest hospitals, St.



Mary's and Renown, have both opened satellite hospitals in south Reno, and have both undergone major expansions at their main facilities.

The Washoe County School District provides public schools. The University of Nevada-Reno is situated on a 200-acre campus just north of downtown Reno. There are approximately 20,900 students currently enrolled at the University. The area is also served by the Truckee Meadows Community College, which has an enrollment of approximately 11,500 students per year.

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

Summary

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

In response to this challenge, the National Bowling Stadium and Downtown Events Center have been built, the Reno-Sparks Convention Center has been expanded and renovated, special events have been expanded, the City of Reno is actively supporting downtown revitalization, and a AAA professional baseball stadium was completed in April of 2009. Tesla began construction on their new Gigafactory just east of Sparks in the Tahoe Reno Industrial Park in 2014. The area has experienced success in broadening the economic base with the expansion of the hi-tech and back office industries.

The recent economic recession has had a negative impact on most sectors of the local economy. However, signs point to a recovery in most sectors of the market, with for-sale and for-rent residential market recoveries, and recoveries in the commercial and industrial sectors of the marketplace. Unemployment has continued to drop, and construction activity has continued to increase. Positive signs are apparent in the local and regional economy.

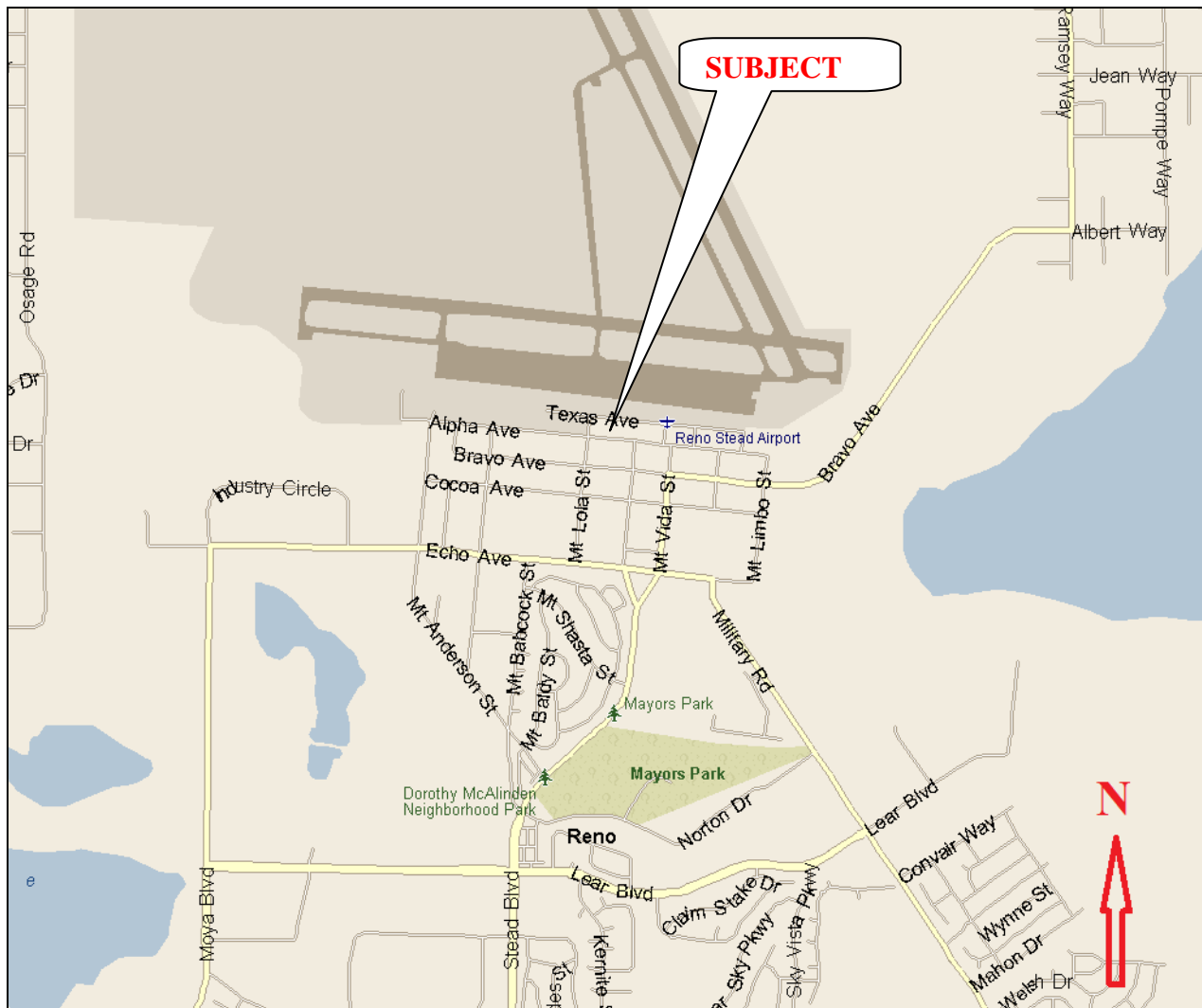


RENO AREA MAP





NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

The subject property is located in the Stead area of the City of Reno which is situated in a region known as the North Valleys Area. The Stead area is located approximately ten miles northwest of the downtown Reno core area and approximately thirteen miles northwest of the downtown Sparks core area. Commute time to Stead from the Reno-Sparks area is approximately 10 to 15 minutes. The major roadway between Reno-Sparks and the Stead area is Interstate 580 (U.S. 395).

Interstate 580 is a four-lane, two-way, limited access freeway. There are full interchanges from Interstate 580 into the subject neighborhood at the Golden Valley, Lemmon Valley, Stead, and Red Rock exits. Interstate 580 also provides good access from the subject neighborhood to northern and southern California. As it intersects with Interstate 80, a major east-west freeway, the subject neighborhood has good access to the Reno-Sparks area as well as other portions of the western United States.

Stead is a former Air Force Base that was deactivated in 1966. Upon closure, the Air Force Base was deeded by the United States Government to the City of Reno and the University of Nevada. The Stead area was subsequently incorporated into the Reno city limits. The Stead area can be separated into two areas. The first area is the old Stead Air Force Base which includes former military housing and older industrial utilizations. The newer portion of the Stead area can be distinguished by newer housing subdivisions, such as Sky Vista, and the Silver Lake Business Center, which has been developed with modern, industrial facilities.

The Reno-Stead Airport is a 5,000 acre general aviation facility that serves as a reliever airport for Reno-Tahoe International Airport. The Reno-Stead Airport has been adequately maintained over the years and is presently utilized for general aviation purposes. The airport also hosts the Reno National Championship Air Races, one of the Reno area's largest tourist events.

Approximately 200 aircraft are based at the Reno-Stead Airport. The airfield earned an Airport Safety Award in 2006 from the Federal Aviation Administration in recognition of its safety enhancements, tenant relations and community outreach. Located approximately 15 miles north of Reno, Reno-Stead Airport is working to develop itself as a major economic hub in the North Valleys. More recent improvements have included a new air tanker facility opened by the

Bureau of Land Management, as well as 9,000 feet of new runway and upgrades to runway lighting. Several on-airport road reconstructions have improved access and security. Construction of the new Reno-Stead Airport terminal building was recently completed, the two-story, 12,000± square foot terminal building includes an emergency operation center, administrative offices, community conference room and a pilot's lounge.

In 2013 the Federal Aviation Administration announced that the State of Nevada has been approved as a national test site for commercial drones. Two airport sites in Southern Nevada will participate and two in the north including Reno-Stead Airport and the Fallon Municipal Airport located 60 miles east of Reno-Sparks. The designation means the State will serve as one of only six sites in the United States where manufacturers of drones can test their products and potential users can try them out for applications such as fire fighting, search and rescue or delivering retail products. The State will also be working with the FAA on testing how to integrate commercial drones into NextGen; the FAA's evolving air traffic control system. Rod Hooper, Executive Director, Common Northern Nevada Development Authority, says "Northern Nevada has a head start because the area's manufacturing base already has many businesses working with the Aerospace and Defense Industry connected to Military UAV's (Unmanned Aerial Vehicles). Overall, it is felt that the Reno-Stead Airport is well positioned for incoming drone business. The Reno-Stead Airport comes with a number of advantages including existing infrastructure; aviation experience as the decades long location for the annual Reno National Championship Air Races, it has an identified air space corridor because of the air races and it is far from military air space which demands much stricter security." Steven Hill, Executive Director of the Governor's Office of Economic Development, says "he believes the real boom to the economy will be landing more permanent businesses with manufacturing, research and development and other operations and bringing permanent jobs with them."⁵

The portion of the old Air Force Base facility deeded to the University of Nevada is primarily used for the Sierra Nevada Job Corps Training Center facility. Many of the old military barracks house students who attend the training center and a number of the other buildings are used for a variety of vocational training purposes. Additionally, the Nevada Terawatt Facility of the University of Nevada is located in the subject neighborhood.

The Stead area is primarily a suburban bedroom community for the Reno-Sparks area. Residential development in the Stead area is primarily average quality single family and multi-



family uses. Since the mid-1970s, several large subdivisions have been developed including Sierra Sage, Granite Hills, Eldorado Villas, the Silver Lake Subdivision, Learenos Estates and most recently, Sky Vista. The Sky Vista master plan community is located in the most southeasterly portion of Stead. The Regency Park subdivision is located between Military Road and Stead Boulevard within relatively close proximity to the Reno-Stead Airport. This project was put on hold during the recent recession. The site was purchased by Jenuane Communities Regency Park LLC in 2015 and construction is currently underway on new homes in this subdivision. Regency Park I has approvals for 234 single family residences. Regency Park II was recently approved for an additional 204 single family lots.

In addition to single family residential development, the Stead area has experienced apartment development. The development of Sky Vista is anticipated to increase the market acceptance of multi-family housing in the Stead area. The installation of Sky Vista Parkway between Lemmon Drive and Stead Boulevard through Sky Vista subdivision has increased the linkage with the Lemmon Valley area.

The Stead area has historically experienced limited commercial development. The Stead Boulevard corridor near U.S. 395 includes low intensity residential, office, school and older retail uses. There is limited availability of land for commercial development along Stead Boulevard near U.S. 395. The train tracks to the west of Stead Boulevard limit the developable depth of parcels along the west side of Stead Boulevard. The competing commercial sites on Lemmon Drive and Golden Valley Drive have more extensive existing retail development. In addition, these competing developments have anchor stores with national tenants and generally have superior curb appeal as compared to the retail developments on Stead Boulevard near U.S. 395.

There is an 89,265± square foot shopping center located at the Lemmon Drive/ Highway 395 interchange, just outside of the Stead neighborhood. The Lemmon Drive interchange shopping area has also experienced development at the intersection of Lemmon Drive and Sky Vista Parkway with a service station, a Walgreen's and a Smith's Grocery Store, a Smith's gas station, a Bank of America Bank branch, Starbucks Coffee, Jack-in-the Box and McDonald's fast food restaurants and various in-line retailers. A new super Wal-Mart was constructed proximate to this intersection. A new O'Reilly's Auto Parts is located on Lemmon Drive across the street from the Jack-in-the Box. Further to the south on North Hills Boulevard near Golden

⁵ Source: Northern Nevada Business Weekly – January 6, 2014, Reno Gazette Journal (January 5, 2014).

Valley Drive is the North Hills Shopping Center, an 114,515± square foot neighborhood commercial shopping center, which is anchored by a Raley's store.

The Stead Plaza Shopping Center is located on the west side of Stead Boulevard. This small neighborhood shopping center contains approximately 30,000 square feet of gross building area. Located immediately to the north of the Stead Plaza Shopping Center is a Terrible's convenience store, and self-service gas facility located on the southeast corner of Stead Boulevard and Lear Boulevard. Also located on this corner is the Stead Marketplace shopping center. Further to the north, at the northwest corner of Stead Boulevard and Silver Lake Boulevard, is the Silver Lake Center, an unanchored 11,506± square foot shopping center.

The Sky Vista Planned Unit Development also has 15± acres of undeveloped commercial land located on Sky Vista Boulevard in the central portion of the Sky Vista subdivision.

Although the subject neighborhood has experienced limited commercial development, Stead has experienced significant industrial development. The majority of the industrial development in the Stead area has occurred subsequent to the deeding of the Air Force Base facility to the City of Reno and the University of Nevada. The late William Lear, a prominent aviation entrepreneur, purchased a large portion of the facility and began to renovate a number of the old military buildings for his aviation-related business. Mr. Lear also purchased the southern portion of Stead for industrial and single family residential development.

In 1968, J.C. Penney Company purchased a 203± acre site from Mr. Lear and developed a 1.6 million± square foot catalog distribution center. Craftsman West Press developed a 170,000± square foot facility in 1997 immediately south of J. C. Penney. In late 1984, the R.R. Donnelley Company purchased a 119± acre site located north of the J.C. Penney catalog distribution center. R.R. Donnelley Company is one of the world's largest printing companies.

The Union Pacific Land Company purchased 393± acres located west and northwest of the J. C. Penney Company site. This industrial park was subsequently purchased by Dermody Properties. This development is known as the Silver Lake Business Center. Several companies have constructed facilities in the Silver Lake Business Center, including the Spirolite Company, Freightliner Mercedes Benz Corporation and Hidden Valley Ranch Company. Additionally, General Motors, V.E.K.A., B-Line Systems, Sally Beauty and Barnes Industries have built facilities adjacent to the Silver Lake Business Center.

The Lear Industrial Center contains 100± acres located at the west terminus of Echo Avenue, southwest of the Reno Stead Airport property. The Lear Industrial Center has been developed with a 390,000± square foot multi-tenant industrial building and has enough land to build up to 1.8 million square feet. The LogistiCourt development is proximate to the Lear Industrial Center and involves over 500,000 square feet of multi-tenant industrial space. Trammel Crow purchased 17.097± acres on Echo Avenue, proximate to the Lear Industrial Center, and has constructed a speculative 334,500± square foot distribution warehouse on the site.

DP Partners/Dermody Properties developed the Sage Point Business Park, which is anchored by the Sherwin Williams Distribution Center located on Military Road in Lemmon Valley. The Red Rock Business Center is located near Red Rock Road on Moya Boulevard. Just to the south of the Red Rock Business Center, is a Centex Homes high density single family residential subdivision.

DP Partners/Dermody Properties is currently developing the LogistiCenter 395 Phase I, a 90 plus acre industrial park located at U.S. 395 and Lemmon Drive in Lemmon Valley. Construction of the first phase, a 624,000± square foot distribution-warehouse, was recently completed and has been leased to Amazon.com. Additional phases are under construction and include a 402,320± square foot building and a 224,640± square foot building.

LogisticCenter 395 Phase II is currently under construction at Military Road and Lemmon Drive approximately one mile north of the U.S. 395/Lemmon Drive interchange. This industrial park is planned to include two mega distribution mega warehouse buildings containing 722,500± square feet (Building 1) and 603,650± square feet (Building 2). Reportedly 271,830± square feet in Building 1 has been preleased to Marmot Company, an outdoor clothing and sporting goods company.

The Northern Nevada industrial market remains an attractive area for distributors. Shipping has become more efficient, sophisticated and competitive in today's market. Demand for shipping has increased due, in part, to the growth of e-commerce as well as mail-order. The central location of the Reno-Sparks region in the western United States is expected to continue to attract the warehousing and shipping industries.

According to the CBRE Reno Industrial Market View 4th Quarter 2015, the overall Reno-Sparks industrial market vacancy rate declined from 6.6% to 6.1%, which is the lowest since Q4 2006. The North Valleys sub-market contains approximately 16,616,292± square feet of industrial space, in comparison to the total Reno-Sparks market, which contains approximately 81,878,456 square feet. The overall vacancy rate in the North Valleys, excluding sub-lease space, is indicated to be 7.1%. The average rental rate, based upon NNN terms is \$0.36 per square foot per month.

One of the primary problems hindering development in the Reno-Stead area is a limited water supply. The Truckee Meadows Water Authority services properties within incorporated Reno-Stead. The Truckee Meadows Water Authority will not accept new annexations to the service area until the water supply infrastructure is upgraded.

Vidler Water Company completed the North Valley's Water Importation project, which is capable of delivering approximately 8,000 acre feet of water from the Fish Springs Ranch, approximately 32 miles north of Reno. The Washoe County Commission has accepted the water rights, wells and pipeline system, as well as easements donated by Vidler Water Company. Initially, water service will be provided to residential properties in Lemmon Valley.

The Reno-Stead Sewer Treatment plant provides sewer service to Stead. Natural gas service and electricity are provided by NV Energy. Telephone service is provided by various carriers.

Recreation facilities in the Stead area include the Sierra Sage Golf Course, Mayor's Park, and the 85± acre North Valley Regional Park. Other public facilities located in Reno-Stead include a small branch library, operated by the Washoe County Library System, and a branch of the U.S. Post Office.

There are three elementary schools and one middle school located in the subject neighborhood. The new North Valleys High School is located on Golden Valley Road, southeast of the subject neighborhood.

The City of Reno furnishes public services to the Stead area. The Reno City Police Department provides police protection and fire protection. The Regional Transportation

Commission provides bus service to Stead. Public services in the subject neighborhood are considered to be adequate.

The CBRE Reno Retail Market View 4th Quarter 2015 Retail Report indicates that the North Valley sub-market contains approximately 791,887± square feet of retail space. In comparison, the total Reno-Sparks market contains approximately 16,916,878 square feet. The North Valleys is currently experiencing a 6.7% overall vacancy rate, excluding sub-lease space. The average rental rate is \$1.42 per square foot per month, NNN.

There is minimal professional office space located in the North Valley area, which is primarily residential and industrial in character. Professional office utilizations are principally owner occupied or associated with the University of Nevada or the Sierra Nevada Job Corp.

In summary, the Stead area is located approximately ten miles northwest of the downtown Reno core area and driving time to the employment centers in Reno and Sparks is approximately 10 to 15 minutes. Access to the area is provided by the U.S. 395 Freeway and is considered to be good. Primary land uses in the Stead area are industrial and residential developments. Secondary land uses include commercial, public and recreational uses. Utilities are generally immediately available to the subject neighborhood. In recent years, the Stead area has experienced a reasonably strong industrial market, with several companies having constructed medium to large size facilities in the area.



SUBJECT PROPERTY AERIAL MAP



A.P.N. 086-141-03



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING NORTHEASTERLY FROM
ALPHA AVENUE AND MT. LOLA STREET**



**VIEW OF ALPHA STREET FACING IN AN EASTERLY DIRECTION FROM
MT. LOLA STREET**



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING NORTHWESTERLY FROM
ALPHA AVENUE**



**VIEW OF ALPHA AVENUE FACING IN A WESTERLY DIRECTION TOWARDS
MT. LOLA STREET**



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHEASTERLY FROM
MT. LOLA STREET AND TEXAS AVENUE**



**VIEW OF TEXAS AVENUE FACING IN AN EASTERLY DIRECTION FROM
MT. LOLA STREET**



SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHWESTERLY FROM
TEXAS AVENUE**



VIEW OF TEXAS AVENUE FACING IN A WESTERLY DIRECTION

SUBJECT PHOTOGRAPHS



VIEW OF BUILDING 35-A (DRI OFFICE WAREHOUSE)



VIEW OF BUILDING 35 (DRI WAREHOUSE)



SUBJECT PHOTOGRAPHS



VIEW OF BUILDING 33 (VACANT STORAGE WAREHOUSE)



VIEW OF BUILDING 34 (VACANT STORAGE WAREHOUSE)



SUBJECT PHOTOGRAPHS



VIEW OF BUILDING 38 (STORAGE WAREHOUSE)



SUBJECT FLOOD ZONE MAP



FEMA Flood Map No. 32031C2825H
Effective Date: March 16, 2009
Flood Zone "X"

PROPERTY IDENTIFICATION AND SITE DESCRIPTION

Property Type	Multi-building industrial property
Address	5275 Alpha Avenue and 5276 Texas Avenue, Reno, Nevada
Location	
Subject Property A	The northeast corner of Alpha Avenue and Mt. Lola Street, Reno, Washoe County, Nevada
Subject Property B	The north side of Alpha Avenue, east of Mt. Lola Street, Reno, Washoe County, Nevada
Legal Description	Ptn. of Section 29, T21N, R19E, MDB&M.
Assessor's Parcel Number	086-141-03
Owner of Record	University of Nevada Board of Regents
Land Area	
Total Property	2.83± Acres (123,275± SF)
Subject Property A	.939± Acres (40,903± SF)
Subject Property B	1.891± Acres (82,372± SF)

The land areas, as set forth above, are based upon the Washoe County Assessor's App and the City of Reno GIS aerial map. The land areas for Subject Property A and Subject Property B are based upon a visual inspection of the subject property, calculations utilizing the city of Reno GIS map, and are subject to modification upon preparation of a parcel map.

Shape	Trapezoidal
--------------	-------------

Street Improvements/Access

Subject Property A is located at the northeast corner of Alpha Avenue and Mt. Lola Street, and in addition, has frontage on Texas Avenue. Alpha Avenue in the vicinity of the subject property, is a 2-way, 2-lane asphalt paved roadway with concrete gutters. Both Mt. Lola Street and Texas Avenue are 2-way, 2-lane asphalt paved roadways. Access to the subject property is from either Alpha Avenue or Texas Avenue. All three roadways terminate at properties improved with the Reno-Stead Airport.

Legal Restrictions

Subject Zoning & Master Plan Designations

A.P.N.	City of Reno Zoning Designation	City of Reno Master Plan Designation
086-141-03	I (Industrial)	Industrial

Zoning Description

According to the City of Reno Community Development Department, the subject property is zoned Industrial (I). This district provides for intensive activities and land uses that have the most potential for impacting adjacent land uses and infrastructure (e.g., heavy industrial). This zoning should be located in areas with access to air, roadway, and/or railway transportation systems. The following summarizes development standards for Industrial zoned parcels, as set forth in the Annexation and Land Development Code.

Industrial Zoned Development Standards

TABLE 18.12-4: INDUSTRIAL ZONING DISTRICTS— BULK/DIMENSIONAL & INTENSITY STANDARDS BLANK CELL = STANDARD NOT APPLICABLE IN ZONING DISTRICT				
	I	IC	IB	ADDITIONAL REGULATIONS
Min. Lot Size	1 acre		1/2 acre	
Min. Lot Width (ft.)	150	50	150	
Min. Front Yard (ft.):				All required front yard setbacks shall be fully landscaped according to §18.12.1205.
Sites less than 20 acres	10	20	20	
Sites 20 acres or more	20	30	30	
Building height exceeds 35 ft.	1 ft. of additional setback for each 1 foot above height of 35 ft. (1)			
Loading docks, delivery areas, or parking areas used predominantly for truck parking located in front yard	Additional 5 ft. of landscape setback required in front of the loading dock, delivery area, or parking area.			
Min. Side Yard (ft.)	0/10	10	20	I District: § 18.12.104(b)(1).
Min. Rear Yard (ft.)	0/10	10	20	
	I	IC	IB	ADDITIONAL REGULATIONS
Max. # Stories		3	3	
Max. Building Height (ft.)	55	40	40	
Notes to Table 18.12-4:				
(1) Building height for purposes of this additional setback requirement shall not include height caused by mandatory articulation required by Section 18.12.301.				



Master Plan Description

The subject is master planned Industrial. The following summarizes the Industrial master plan designation, as set forth in the City of Reno Master Plan.

Industrial Master Plan Description

Industrial	
<ul style="list-style-type: none">•	Designation for full range of industrial activity and supporting uses. Examples of uses include manufacturing/processing operations, maintenance and repair shops, and warehousing/distribution facilities.
<ul style="list-style-type: none">•	Also appropriate for research facilities, compatible offices, light assembly, light manufacturing, and minor commercial activities (less than 4 acres) that are for the convenience of employees (i.e., deli, newsstands). Small commercial activities may serve to transition between industrial and residential development uses. Features such as pedestrian access between residential and commercial centers, separation by open space, natural features, extensive landscape buffering and arterial or collector roads can mitigate impacts of proximity. Generally, industrial uses are not appropriate adjacent residential development.
<ul style="list-style-type: none">•	Compatible with major transportation and/or utility facilities. Should be concentrated in districts to allow proper sizing of utilities, roads, railroads.
<ul style="list-style-type: none">•	Not appropriate on hillsides. Office development should be outside an exterior 65 dB Ldn airport noise corridor unless mitigated, but manufacturing can be located in a noise corridor as high as an exterior 75 dB Ldn; high numbers of people should not be located in airport critical zones.

Subject's Conformance

The current improvements are a legally conforming use for the site, based upon the underlying zoning and master plan designations.

Topography

The entire subject property has level topography that is generally at grade with Alpha Avenue, Mt. Lola Street, Texas Avenue and adjacent parcels. Overall, the subject property is considered to have good topography for development and appears to provide good drainage.

Environmental and Soils Data

An environmental site assessment was not provided to me by the client. However, based upon the subject's current improvements and surrounding improvements, it is my expectation that the subject property does have adequate soils to allow for normal development. This appraisal report assumes that the subject soils are sufficient for the current development on the subject site.

Hazardous Substances

My standard on-site inspection of the subject property did not reveal any readily apparent evidence suggesting the presence of contaminants or hazardous wastes on any portion of the

subject site. As I have not been provided with an Environmental Assessment on the site, this appraisal report assumes that the subject site is free and clear of contamination. For the purposes of this appraisal, it is assumed that the value of the subject property is not negatively impacted by the existence of toxic materials or hazardous waste.

Flood Zone Designation

Property	Flood Zone Designations	FEMA Map #	Effective Date of Flood Zone Designation
Stead Distribution Center	Zone "X" (Unshaded)	32031C 2825H	June 18, 2013

According to the Federal Emergency Management Agency's Flood Insurance Rate Map, Community Panel Numbers 32031C 2825H, with an effective date of June 18, 2013, the subject property is located in a Flood Zone "X". A Flood Zone "X" designates areas of minimal flooding potential. Flood insurance is not required in a Flood Zone "X".

Easements

A current preliminary title report was not available in the preparation of this appraisal. For the purposes of this appraisal, it is assumed that the subject property is subject to normal public utility easements and encumbrances which would not have an adverse impact on the overall usability or value of the subject property.

Subject Sales History

There have been no arms-length transactions with respect to the subject property in the past ten years. The subject property is not currently listed.

Utilities & Public Services

Utility & Public Service	Provider	Availability
Electricity	NV Energy	On-Site
Natural Gas	NV Energy	On-Site
Telephone	Various Carriers	On-Site
Water	Truckee Meadows Water Authority (TMWA)	On-Site
Sewer	City of Reno	On-Site
Waste Disposal	Waste Management	Service Available
Cable	Various Carriers	On-Site
Internet	Various Carriers	On-Site
Fire Protection	City of Reno Fire Department	Covered
Police Protection	City of Reno Police Department	Covered
Public Transportation	RTC Ride	Stops In Vicinity



Earthquake Zone

In 2005, the City of Reno adopted the *International Building Code*. They have since begun using 2012 updated International Building Code. The International Building Code does not directly address earthquake hazards by geologic regions. However, it requires that all building plans be reviewed by a structural engineer to assess earthquake issues. Prior to 2005, the City of Reno utilized the *Uniform Building Code*. According to the *Uniform Building Code*, the Reno-Sparks area is located in a 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. The *Uniform Building Code* does require special construction techniques as a result of earthquake hazards. Additionally, a structural engineer typically reviews plans for residential and commercial buildings in order to assess earthquake hazards. As a result, for the purposes of this analysis, it is being assumed that the subject property is not impacted by earthquake hazards to a greater degree than is typical for the Reno area.

Easements

A current Preliminary Title Report, with respect to the subject property, was not available. For the purposes of this appraisal it is assumed that the subject property is subject to normal public utility easements which would not have an adverse impact on the overall usability or value of the subject property.

Subject Sales History

There have been no arm's length transactions of record with respect to the subject property in the past 10 years. The subject property is not currently available for sale.

ASSESSMENT, TAXABLE VALUE & SPECIAL ASSESSMENT DATA

At the present time the subject property is zoned by the University of Nevada Board of Regents and is exempt from taxation. However, if the subject were to be transferred to private ownership, the owner would be required to be pay Real Estate Taxes. Because of this, the Washoe County Assessor's Office is required to appraise the property for tax purposes.

Assessor's Parcel Number	086-141-03
Land Assessed	\$97,079
Improvement Assessed	\$155,251
Total Assessed Value	\$252,330
2015-2016 Real Estate Tax	\$11.86
2015-2016 Taxable Value	\$720,942

Assuming the subject property were in private ownership, the total real estate tax would be \$9,247.13. The University of Nevada is required to pay the remediation fee in the amount of \$11.86.

Summary

To summarize, the subject property is a rectangular shaped parcel of land containing 2.83± acres located at the northeast corner of Alpha Avenue and Mt. Lola Street and the southeast corner of Mt. Lola Street and Texas Avenue. The subject property, which is zoned in Master Plan I (Industrial), has all utilities available and generally level topography. The subject property is located immediately to the south of the Reno-Stead Airport.

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

SUBJECT INTERIOR PHOTOGRAPHS



BUILDING 35-A: VIEW OF TYPICAL INTERNAL OFFICE



BUILDING 35:-A VIEW OF WORKROOM

SUBJECT INTERIOR PHOTOGRAPHS



BUILDING 35-A: VIEW OF STORAGE WAREHOUSE

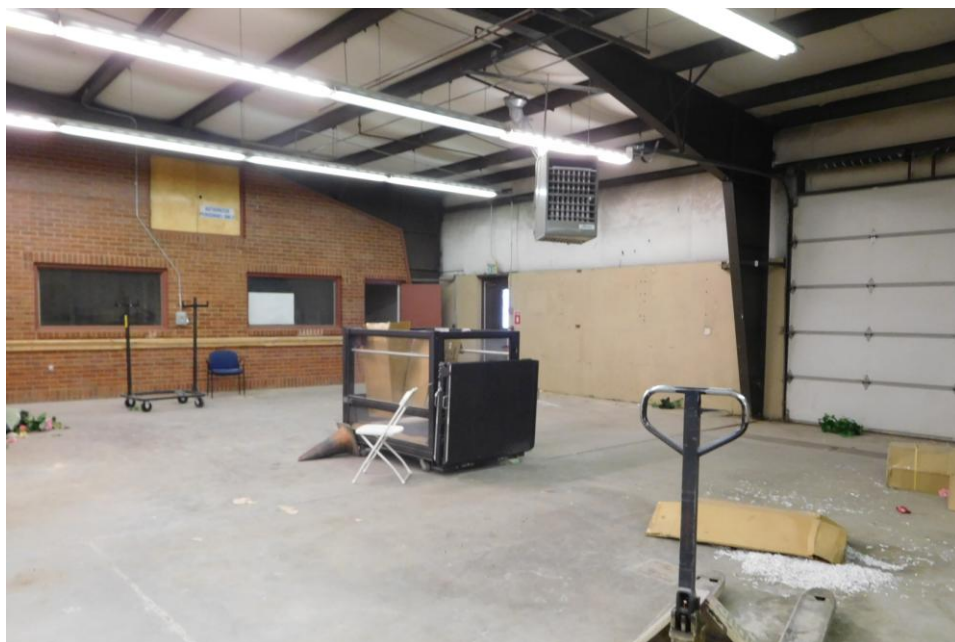


BUILDING 33: INTERIOR VIEW OF SUBJECT WAREHOUSE

SUBJECT INTERIOR PHOTOGRAPHS



BUILDING 34: INTERIOR VIEW OF SUBJECT WAREHOUSE



BUILDING 38: TYPICAL INTERIOR VIEW OF STORAGE WAREHOUSE



SUBJECT INTERIOR PHOTOGRAPHS



VIEW OF VEHICLE SERVICE PIT LOCATED IN BUILDING 38



VIEW OF TYPICAL INTERNAL OFFICES LOCATED IN BUILDING 38

DESCRIPTION OF SUBJECT IMPROVEMENTS

The subject property is improved with five industrial buildings, including an office-warehouse and four storage warehouses. Parcel A, generally located at the northeast corner of Alpha Avenue and Lola Street, is improved with an office-warehouse containing 2,740± square feet and a warehouse containing 4,000± square feet, which are currently utilized by The Desert Research Institute. In addition, Parcel A is improved with a 4,000± square foot warehouse which is utilized as storage by The University of Nevada. The combined gross building area of Parcel A is indicated to be 10,740± square feet.

Parcel B, which is generally located on the north side of Alpha Avenue and to the east of Mt. Lola Street, is estimated to have a land area of 1.891± acres. Parcel B is improved with two storage warehouses, containing 4,000± square feet and 10,560± square feet respectively, indicating a total gross building area of 14,560± square feet.

Description of Parcel A Improvements

The subject office warehouse is identified as Building 35-A, and includes an average quality wood frame office containing 2,740± square feet of office area and 4,000± square feet of warehouse area.

Generally, the interior of the office area is finished with average quality wall-to-wall carpeting, painted and textured sheet rock walls and ceiling with fluorescent lighting.

The restroom, containing commercial grade fixtures, is finished with ceramic tile floorcovering and painted and textured sheet rock walls and ceilings.

Heating and air conditioning are provided by a gas fired, forced warm air furnace and heat pump. The warehouse involves wood frame construction and is finished with concrete floor, insulated walls and ceilings and suspended mercury vapor lighting. Heating is provided by a gas space heater.

Building 35 is a steel frame warehouse utilized by The Desert Research Institute. The building contains 4,000± square feet. Average to fair quality internal offices are located within this building, and in addition, there is a commercial grade restroom.

In addition, Parcel A contains a fair to poor quality steel frame warehouse with a gross building area of 4,000± square feet. This building has been used in the past for storage purposes by The University of Nevada. The exterior of the building involves steel frame panels, which are in fair to poor condition.

Description of Parcel B Improvements

Parcel B is improved with two steel frame warehouses. Building 34 contains 4,000± square feet and involves steel frame construction with exterior steel panels. Building 38 is in poor condition with numerous signs of deferred maintenance.

Building 38, which was constructed in 1982, is an average quality steel frame industrial building which does have internal offices, as well as commercial grade men's and women's restrooms. Formerly utilized by the Sierra Nevada Job Corp., the building is in average condition. Heating and air conditioning are provided by roof mounted HVAC systems as well as gas space heaters. Overall, Building 38 is considered to be in average to fair condition, while Building 34 is considered to be in poor condition.

The balance of the subject site is improved with concrete paved parking areas which are generally in fair to poor condition. In addition, two storage buildings are located on the subject site.

Reference is made to photographs contained elsewhere in this report which will depict the subject improvements.

Improvement Summary Chart

Parcel A	Gross Building Area	Age	Condition	Occupancy
Office-Warehouse	2,740 SF	1975	Average	DRI
Warehouse	4,000 SF	1975	Average	DRI
Warehouse	4,000 SF	1975	Fair to Poor	Vacant
Total Gross Building Area	10,740 SF			
Parcel B				
Warehouse	10,560 SF	1982	Fair	Vacant
Warehouse	4,000 SF	1975	Fair to Poor	Vacant
Total Gross Building Area	14,560 SF			

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined in the 6th Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2015) as “The reasonably probable and legal use of vacant land or an improved property, which is physical possible, appropriately supported, financially feasible and that results in the highest value. a property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Highest and Best Use As Though Vacant

Physically Possible

In assessing the areas of physical possibility, consideration is given to any constraints on development of the subject property as a result of its location or physical characteristics. The subject property is located in the Reno-Stead area, and generally has all utilities available or reasonably available. The subject property contains 2.83± acres, and has reasonable access from Alpha Avenue, Mt. Lola Street, and Texas Avenue. The subject property has level topography. The subject’s physical characteristics will not limit its development potential.

Legally Permissible

The subject property is zoned I (Industrial). The subject property is located in a neighborhood which is primarily oriented towards industrial utilizations. Overall, it is anticipated that the subject property, if vacant, could legally be developed with a variety of industrial utilizations.

Financially Feasible

The highest and best use of the subject property must be financially feasible. The subject property is located North Valleys industrial market. The predominant land uses surrounding the subject property include a variety of industrial and residential utilizations, as well as vacant land. Additional development proximate to the subject neighborhood includes the UNR Nevada terawatt facility, Desert Heights Elementary School, the Sierra Nevada Job Corps Center, and facilities of the Desert Research Institute. The subject property is located immediately to the south of the Reno-Stead airport and the grandstands utilized for the annual Reno Air Races. Many of the older service buildings in the vicinity of the subject property were support buildings for the Stead Airforce base and still are in place and utilized for a variety of industrial-oriented utilizations.

Industrial uses within the vicinity of the subject have historically met with adequate to good market acceptance. With the recovery in the general market in the Reno-Sparks area, demand for industrial space has increased as exhibited by increasing rental rates and lower vacancy rates. As a result, it is my opinion that the most financially feasible utilization of the subject property, as vacant, is for industrial development as demand warrants.

Maximally Productive

To be maximally productive, the highest and best use of the subject property must be the most intense use to which the property, if vacant, could be developed and remain financially feasible. Based upon a review of the analysis as set forth above, it is my opinion that the highest and best use of the subject property, as if vacant, would be for industrial development.

Highest and Best Use As Improved

The subject property is improved with five industrial buildings, which were constructed between 1975 and 1982 and involve building areas ranging from 2,740± square feet to 10,560± square feet. With the exception of the office/warehouse currently occupied by the Desert Research Institute, with a combined building area of 6,740± square feet, the balance of the subject improvements involve steel frame construction and are generally in fair to poor condition.

The office/warehouse and warehouse utilized by the Desert Research Institute are located in the most westerly portion of the subject site. In addition, a 4,000 square foot industrial warehouse, currently utilized by the University of Nevada for storage, is located in the westerly portion of the site. Two industrial buildings, containing 4,000 square feet and 10,560 square feet respectively, are located in the easterly portion of the subject site.

Given current market conditions, the physical characteristics of the subject improvements, the current occupancy by the Desert Research Institute, and the configuration of the buildings on the subject site, it would not be unreasonable to divide the entire ownership, consisting of 2.83± acres into two parcels.

Utilizing the City of Reno Geographic Information System's aerial maps, the land area attributable to the westerly portion of the subject ownership, including the Desert Research Institute buildings, is estimated to have a land area of .939± acres or 40,903± square feet. This property is generally located at the northeast corner of Alpha Avenue and Mt. Lola Street.

The easterly portion of the subject property, currently improved with two older industrial buildings with a combined gross building area of 14,560± square feet, is estimated to have a land area of 1.891± acres or 82,372± square feet. This property is located on the north side of Alpha Avenue, to the east of Mt. Lola Street.

The following diagram depicts Parcel A and Parcel B.



By dividing the subject parcel into two individual parcels, it is this appraiser's opinion that the subject ownership will have greater market appeal to potential buyers.

Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is my opinion that the highest and best use of the subject property, as improved, is for its continued utilization as industrial buildings, and that its maximum productivity could be achieved by dividing the subject property into two parcels as discussed above.

INTRODUCTION TO VALUATION ANALYSIS

Based upon the analysis set forth previously, the subject property will be valued based upon the assumption it has been divided into two parcels. Parcel A, containing .939± acres, is located at the northeast corner of Alpha Avenue and Mt. Lola Street, and contains three buildings with a combined gross building area of 10,740± square feet. A portion of Subject Property A is currently occupied by the Desert Research Institute.

Subject Property B, which is estimated to contain 1.891± acres, is located on the north side of Alpha Avenue, and to the east of Mt. Lola Street. Parcel B is improved with two metal frame warehouses with a combined gross building area of 14,560± square feet, which are generally in fair to poor condition.

There are three approaches to value, including the Cost Approach, the Income Approach and the Sales Comparison Approach.

The Sales Comparison Approach will be utilized in this valuation analysis. The Cost Approach analysis is typically more reliable when valuing a proposed or newer project. With consideration given to the older age of the subject improvements, the Cost Approach to value is not utilized. As the most likely purchasers of the subject properties are concluded to be owner-users, rather than investors, the Income Approach to value is not considered to be applicable.

The Sales Comparison Approach is based upon the principal of substitution, which holds the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability.

The following chart summarizes the comparable Industrial Commercial Building Sales considered comparable to the subject property.

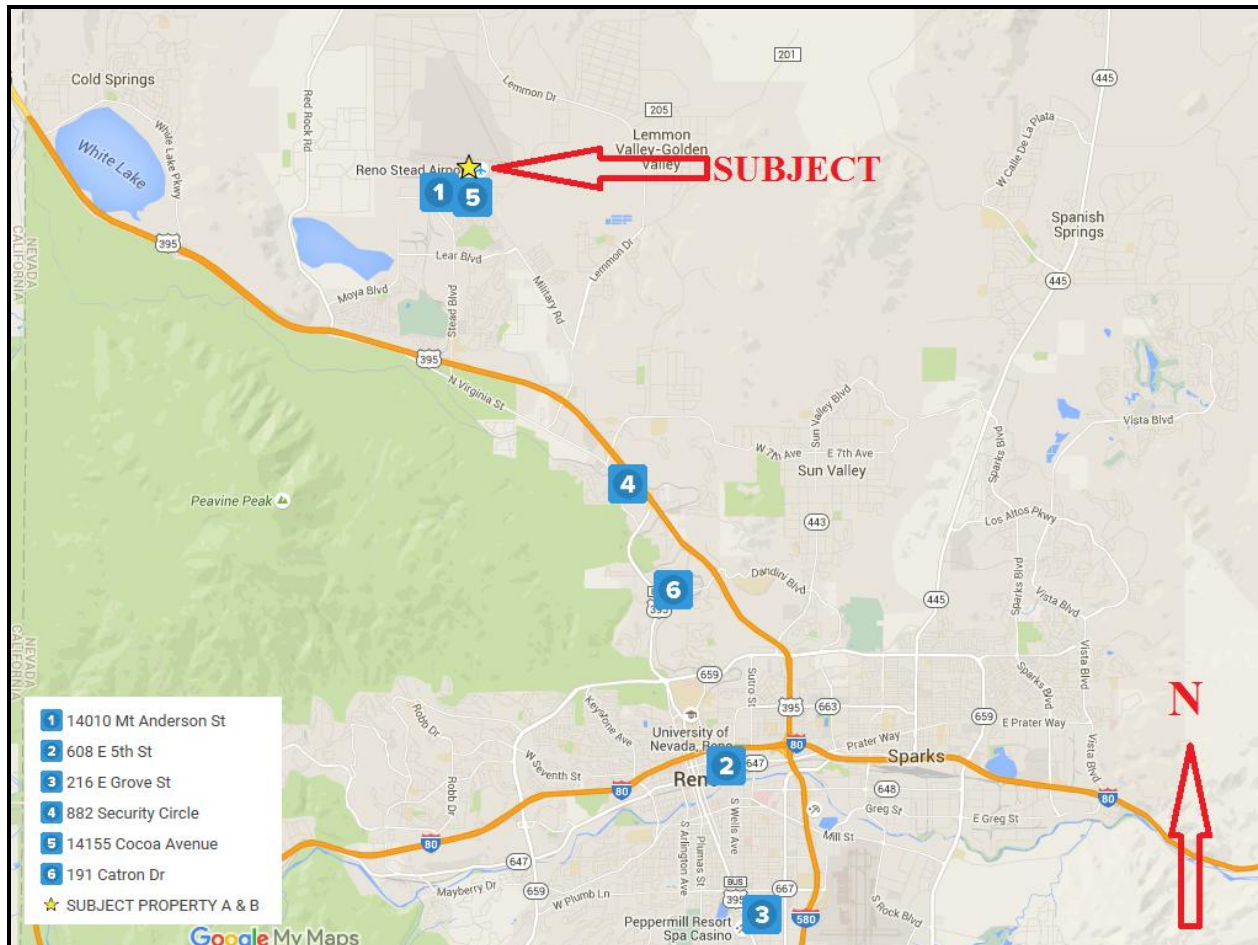


COMPARABLE INDUSTRIAL BUILDING SALES CHART

Sale Number	A.P.N. Location	Sale Date Sale Price	Age Condition Construction	Gross Building Area	Land Area Land to Building Ratio	Price/SF	Grantee Document No.
IS-1	086-148-06 14010 Mt. Anderson St., Reno	06/07/2013 \$208,044	1956 Fair Metal	8,002± SF	1.33± Ac. 7.24:1	\$26.00	14010 Mount Anderson LLC
IS-2	008-242-01 608 E. Fifth St., Reno	07/01/2013 \$570,000	1952/1966 Fair Masonry Concrete	14,836± SF	.586± Ac. 1.72:1	\$38.42	Kevin D. and Dianne L. Higgins 4253867
IS-3	020-022-29 216 E. Grove St., Reno	01/15/2014 \$460,000	1966 Average Masonry	16,980± SF	.5739± Ac. 1.47:1	\$27.09	IOSLVR, Ltd. 4317594
IS-4	082-492-04 882- Security Circle, Reno	12/13/2014 \$550,000	1996 Average Concrete Block	10,350± SF	.574± Ac. 2.42:1	\$54.14	WSCC, Inc. 4417671
IS-5	086-198-04 14155 Cocoa Ave., Reno	06/01/2015 \$125,000	1956 Average Wood Frame	3,397± SF	1.11± Ac. 14.25:1	\$36.80	Affordable Storage Solutions LLC
IS-6	003-091-01 191 Catron Dr. Reno	12/09/2015 \$1,227,000	1973 Average Concrete Tilt-Up	29,145± SF	1.276± Ac. 1.91:1	\$42.10	Otto Revocable Trust 4540263
Subject Property A	086-141-03 (Portion) Northeast corner of Alpha Ave. and Mt. Lola St., Reno	Date of Appraisal 03/24/2016 ---	1975 Avg. to Fair Wood Frame, Steel Frame	10,740± SF	.939± Ac. 3.91:1	---	---
Subject Property B	086-141-03 (Portion) North side of Alpha Ave., east of Mt. Lola St., Reno	Date of Appraisal 03/24/2016 ---	1975 Fair to Poor Steel Frame	14,560± SF	1.891± Ac. 5.66:1	---	---



COMPARABLE LAND SALES MAP





COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IS-1: 14010 MT. ANDERSON STREET, RENO



SALE IS-2: 608 E. 5TH STREET, RENO

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IS-3: 216 E. GROVE STREET, RENO



SALE IS-4: 7720 SECURITY CIRCLE

COMPARABLE INDUSTRIAL BUILDING SALES PHOTOGRAPHS



SALE IS-5: 14155 COCOA AVENUE



SALE IS-6: 191 CATRON DRIVE

COMPARABLE INDUSTRIAL BUILDING SALES DISCUSSION, COMPARISON AND CORRELATION

The comparable sales utilized in this analysis range in date of sale from June 7, 2013 to December 9, 2015, in comparison to the subject's date of valuation of March 24, 2016. The comparable sales utilized in this analysis range in gross building area from 3,397± square feet to 29,145± square feet. Subject Property A contains a combined gross building area of 10,740± square feet and Subject Property B contains a combined gross building area of 14,560± square feet. The comparable sales indicate a range in sale price per square foot of gross building area ranging from \$26.00 per square foot to \$54.14 per square foot.

The comparable sales occurred between June 2013 to December 2015, in comparison to the subject's effective date of valuation of March 24, 2016.

Comparable Sales IS-1, IS-2, IS-3 and IS-4 occurred between June 2013 and December 2014. As market conditions have improved, an upward adjustment for date of sale is indicated to these sales. Comparable Sales IS-5 and IS-6 occurred between June 2015 and December 2015. Market conditions are considered similar to the subject's effective date of valuation. No adjustment for market conditions is indicated.

The subject property is located in the Reno-Stead industrial neighborhood, and in particular, within the older industrial neighborhood formerly utilized by the Stead Airforce Base.

Comparable Sales IS-1 and IS-5 are both located in the Stead sub-market, and have a competitive location with respect to the subject property.

Comparable Sales IS-2 and IS-3, although located in Central Reno, are considered to have competitive locations in comparison to the subject property.

Comparable Sale IS-4, located on Security Circle, and Comparable Sale IS-6, located in the Parr Industrial Park, are both considered to have superior locations in comparison to the subject properties.

Subject Property A contains 10,470± square feet, while Subject Property B contains 14,516± square feet. Generally, a relationship exists between the size of the building and the per unit price. Large building areas tend to have a lower price per square foot, while properties with



a smaller building area tend to have a higher price per square foot. For the purposes of this appraisal, a qualitative adjustment for size is indicated. Comparable Sale IS-1, at 18,002± square feet, and IS-5 at 3,397± square feet require a downward adjustment in comparison to the subject property. Comparable Sale IS-6, at 29,145± square feet, requires an upward adjustment in comparison to the subject property. The balance of the comparable industrial commercial building sales bracket the gross building areas of the subject property and as a result no adjustment for size is indicated.

Subject Property A has a land to building ratio of 3.91:1. Subject Property B has a land to building ratio of 5.66:1. Comparable Sales IS-1 and IS-5 with land to building ratios of 7.24:1 and 14.25:1 are considered superior to the subject property. The balance of the comparable sales have land to building ratios ranging from 1.47:1 to 2.45:1, requiring an upward adjustment in comparison to the subject property.

Both Subject Property A and Subject Property B are considered to have an effective age of 1975. For those comparables with older dates of construction, an upward adjustment is indicated. For those sales considered contemporaneous with date of construction, no adjustment is indicated.

Generally, Subject Property A is considered to be in average to fair condition, while Subject Property B is considered to be in fair to poor condition. Comparable Sales IS-1, IS-3 and IS-5 require an upward adjustment in comparison to Subject Property A for condition. Comparable Sale IS-1 requires an upward adjustment in comparison to Subject Property B for condition. The balance of the comparable sales are considered generally similar to the subject property with respect to condition of improvements.

In arriving at an indication of the per unit value applicable to Subject Property A, consideration is given to its age, quality, condition, utilization and land to building ratio. Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is my opinion that a per unit value range applicable to Subject Property A would be \$40 per square foot to \$42 per square foot. Applying the indicated per unit value range to the subject's 10,740± square feet results in an indicated value range of \$429,600 to \$451,080.



It is my opinion that the Market Value of Subject Property A, in its “As-Is” condition, as of March 24, 2016 is \$435,000.

MARKET VALUE CONCLUSION, PARCEL A

\$435,000

In arriving at an indication of the Market Value of Subject Property B, consideration is given to its age, quality, condition and land to building ratio. In particular, it is recognized that the two buildings located on Parcel B are in fair to poor condition. Based upon a review of the available data, it is my opinion that a per unit value range of \$28 per square foot to \$30 per square foot would be applicable to Subject Property B. Applying the indicated per unit value range to the subject’s 14,560± square feet results in an indicated value range of \$407,680 to \$436,800, which is correlated to a final value conclusion of \$420,000.

It is my opinion that the Market Value of the fee simple interest in Subject Property B, in its “As-Is” condition, as of March 24, 2016 is \$420,000.

MARKET VALUE CONCLUSION, PARCEL B

\$420,000

EXPOSURE/MARKETING TIME

ONE TO TWO YEARS

APPRAISERS' CERTIFICATION

Each of the undersigned does hereby certify that, unless otherwise noted in this appraisal report, that they do certify to the best of their belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The Appraisal Institute conducts a mandatory program of continuing education for its designated members. As of the date of this report, Reese Perkins has completed the requirements under the continuing education program of the Appraisal Institute.



- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

The subject property, which is the subject of this appraisal, was valued as of March 24, 2016, assuming the extraordinary assumption that the subject property is divided into two parcels, as described herein, as follows:

MARKET VALUE CONCLUSION, PARCEL A **\$435,000**

MARKET VALUE CONCLUSION, PARCEL B **\$420,000**

Respectfully submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-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 Griffin, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins Griffin, LLC, as employees, not as individuals. The liability of Johnson Perkins Griffin, LLC 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 Griffin, LLC 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

REESE PERKINS

Professional Designations

MAI - Member of the Appraisal Institute

SRA - Senior Residential Appraiser

MAI - Member American Institute of Real Estate Appraisers	1983
SRPA - Senior Real Property Appraiser; Society of Real Estate Appraisers	1982

License

State of Nevada, Certified General Real Estate Appraiser, #A.0000120-CG,
Expiration date 4/30/17

Membership

Member, Nevada State Board of Equalization	1992 - 1999
Chairman	1999
Member, Nevada Commission of Real Estate Appraisers	1995 - 2001
President	2000

Offices Held

President - Reno/Carson/Tahoe Chapter No. 189, Society of Real Estate Appraisers	1983 - 1984
Admissions Committee - Sierra Nevada Chapter #60, AIRE	1984 - 1988
Vice-Chairman	1987 - 1988
Southwest Region Review and Counseling Panel, AIREA	
Admissions Chairman - Sierra Nevada Chapter No. 60, American Institute of Real Estate Appraisers	1989 - 1990
Admissions Chairman - Reno/Carson/Tahoe Chapter of the Appraisal Institute	1991
Board of Directors - Sacramento-Sierra Chapter of the Appraisal Institute	1991 - 1995
President – Sacramento – Sierra Chapter of The Appraisal Institute,	1996

Appraisal Experience

Appraiser – Johnson Perkins Griffin, LLC	03/2015 - present
Principal Appraiser - Johnson-Perkins & Associates	2006 - 02/2015
Vice President - Johnson-Perkins & Associates	1994 - 2006
Owner - Real Estate Appraisal and Consulting Firm	1987 - 1994
President and Chief Operating Officer - Eagle Service Corporation;	
Senior Vice President - First Federal Savings and Loan Association	1985 - 1987
Vice President-Chief Appraiser - Eagle Service Corporation	1983
Independent Fee Appraiser	1980 - 1983
Assistant Vice President - First Western Service Corporation;	
Northern Division Manager, Master Appraisals	1977 - 1980
Staff Appraiser - Eagle Service Corporation, First Federal Savings and Loan	1975 - 1977
Associate Appraiser - Washoe County Assessor's Office	1972 - 1975

QUALIFICATIONS OF APPRAISER REESE PERKINS

Appraisal Education

Society of Real Estate Appraisers:

Course 101	
Introduction to Appraising Real Property, Santa Clara, California	1973
Course 201	
Principles of Income Property Appraising, Santa Clara, California	1974

American Institute of Real Estate Appraisers:

Course 2	
Urban Properties, San Francisco, California	1978
Exam 1B	
Capitalization Theory and Techniques	1979
Course 6	
Introduction to Real Estate Investment Analysis, Oakland, California	1982
Course 2-3	
Standards of Professional Practice, Sacramento, California	1985
Course 10	
Market Analysis, Boulder, Colorado	1987

Appraisal Institute:

Standards of Professional Appraisal Practice,	
Parts A and B, Reno, Nevada	1992
Part C, Reno, Nevada	1997
National USPAP Update Course	2003
National USPAP Update Course	2004
National USPAP Update Course	2006
National USPAP Update Course	2007
National USPAP Update Course	2008
National USPAP Update Course	2010
National USPAP Update Course	2013
National USPAP Update Course	2014

Appraisal Foundation

1999 USPAP Review	1998
-------------------	------

Appraisal Seminars

Various Appraisal and Continuing Education Seminars	1974 - 2015
-----------------------------------------------------	-------------

Formal Education

Tonopah High School Graduate	1967
Bachelor of Arts Degree in Political Science - University of Nevada, Reno,	1972



QUALIFICATIONS OF APPRAISER REESE PERKINS

Types of Property Appraised

Single Family Residences
Condominiums
Vacant Residential Lots
Professional Office Buildings
Warehouses and Industrial Buildings
Shopping Centers
Communication Sites
Motels
Residential Subdivisions
Vacant Land
Commercial Buildings
Apartment Complexes
Subdivisions
Hotels
Hotel/Casinos
Aggregate Quarries
Mortuaries and Cemeteries
Water Companies
Open Pit Mines
Fire Science Academies

Admitted as Expert Witness

United States District Court, District of Nevada
United States Bankruptcy Court, District of Nevada
United States Bankruptcy Court, District of Northern California
Washoe County District Court
Washoe County Board of Equalization
Douglas County Board of Equalization
Clark County Board of Equalization
White Pine County Board of Equalization
Nevada State Board of Equalization



**QUALIFICATIONS OF APPRAISER
REESE PERKINS**

Representative Appraisal Clients

AEGON USA Realty Advisors, Inc.	Nevada Department of Transportation
Airport Authority of Washoe County	Nevada Mining Association
Alliance Bank of Arizona	Nevada State Bank
AMB Institutional Realty Advisors	P.W. Funding
American Federal Savings Bank	Redevelopment Agency of the
ARCS Commercial Mortgage Corp.	City of Reno
AT&T Communications	Regional Transportation Commission
Bank of America	Reno Housing Authority
Bank of the West	Shelter Properties
BHP Copper	Shelter Properties
California Department of Justice	Sierra Pacific Power Company
Carson City	St Mary's Regional Medical Center
Caughlin Ranch Partnership	Summit Engineering Corporation
Centex Real Estate Corporation	Texaco, Inc.
CitiBank	The CIT Group
City of Reno	The Howard Hughes Corporation
City of Sparks	The Rouse Company
Coates Field Services, Inc.	Truckee Meadows Community College
Colonial Bank	Umpqua Bank
Department of the Navy	U.S. Bank
Dermody Properties	U.S. Department of Commerce
Douglas County	U.S. Forest Service
Douglas County Assessor's Office	U.S. Postal Service
Federal Deposit Insurance Corporation	Union Oil Company
First Federal Lincoln	University Of Nevada
First Independent Bank of Nevada	Various Private Clients, Law and
First Merit Bank, N.A.	Accounting Firms
GMAC Commercial Mortgage Co.	Washoe County
Great Western Bank	Washoe County School District
Granite Construction Co.	Washoe Medical Center
Guardian Life Insurance Co.	Wells Fargo Bank
Home Federal Savings Bank	Williams Communications, Inc.
Internal Revenue Service	
KeyBank	
McDonald's	