

**BOARD OF REGENTS  
BRIEFING PAPER**

**1. AGENDA ITEM TITLE: University of Nevada, Reno – Authorization to Sell the Approximately 104 acres MSFL McCarran Center Planned Unit Development located at the University of Nevada, Reno Main Station Field Laboratory (APN 021-010-07) and Utilization of Sale Proceeds**

**MEETING DATE:** November 16, 2018

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

**Summary:** The University of Nevada, Reno (UNR) is seeking Board of Regents' approval to sell, at the appraised value of \$18 million, real property consisting of the approximately 104 acres McCarran Center Planned Unit Development located at the Main Station Field Laboratory (MSFL) located in Reno, Nevada, to allow the Chancellor or Designee to sign all necessary sale related documents, and rescission of Resolution 81-8 so that the sale proceeds can be used in accordance with the Memorandum of Understanding-Revised.

This property was marketed for sale through a competitive public RFP in March/April 2018 and originally approved for sale at the June 2018 meeting of the Board of Regents. That sale was not completed, and the property was turned over to a broker. The property was reappraised at \$18 Million in September 2018. (Exhibit 7). Subsequent negotiations resulted in an offer from Reno Land Inc. A purchase and sale agreement has been signed. (Exhibit 6). At the time of agenda submission, Reno Land Inc. is performing a due-diligence evaluation. If approved, it is anticipated that this transaction will close escrow prior to December 31, 2018. As with any property sale negotiation, this transaction is contingent on authorization by the Board of Regents.

The proceeds from the sale of this property fall under the conditions Board of Regents Resolution 81-8 (Exhibit 1) which, among other requirements, prescribes the use of these funds. In addition to the authorization of the sale as described above, UNR is seeking approval to utilize the proceeds in accordance with the Memorandum of Understanding – Revised between President Johnson and College of Agriculture, Biotechnology and Natural Resources (CABNR) Dean Payne. (Exhibit 8).

As part of the process of evaluating undeveloped and unused parcels, UNR has also requested and received Chancellor's pre-approval to explore and negotiate a conservation easement on the remaining ~700 acres at the MSFL (Exhibit 2) to retain the rights of current and future agricultural education and research opportunities in perpetuity.

**Property Location:** The property is located on the western portion of the UNR Main Station Field Laboratory (MSFL), an approximately 915 acre field laboratory in Reno, Nevada (see Exhibit 3). The property is further identified as an approximately 104 acre parcel with Washoe County Assessor's parcel number 021-010-07. The site is currently undeveloped and used for agricultural purposes. In 2011 the property was annexed into the City of Reno and rezoned to a Planned Unit Development (PUD) and referenced as the MSFL McCarran Center PUD (see Exhibit 4).

**Requesting Approval to Sell the Property:** Board of Regents' approval to sell the property will enable UNR to complete negotiations and close this transaction in 2018. Prior to the Chancellor approving and executing any sale documents, the Resolution requires that he consult with the Business, Finance and Facilities Committee Chair and with NSHE Chief General Counsel.

### **Conditions of the Pre-Approval would be:**

- Property will be sold at a value equal to appraised value.
- Appraised value is \$18 million (Exhibit 7).
- Appraiser has an MAI commercial designation.
- University of Nevada, Reno and Nevada System of Higher Education General Counsels must approve all contracts and closing documentation prior to execution.
- Chancellor or Designee would be required to sign all documentation required for the sale of the property.
- Notice to the Board of Regents would be given upon close of sale.

**Resolution:** The University seeks approval of a Resolution authorizing the Chancellor or his Designee to approve and execute documentation to sell the above referenced property for the appraised value of \$18 Million, to sign corresponding escrow and title documents associated with the sale, and close of escrow, and to rescind Resolution 81-8 so that the sale proceeds can be used in accordance with the Memorandum of Understanding – Revised signed by President Johnson and CABNR Dean Payne. (Exhibit 5).

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

University of Nevada, Reno President Marc Johnson is requesting:

1. Board of Regents' approval to sell real property consisting of the approximately 104 acres McCarran Center Planned Unit Development located at the Main Station Field Laboratory (MSFL) located in Reno, Nevada for \$18 million, the current appraised value.
2. Board of Regents' approval of a resolution authorizing the Chancellor or his Designee to approve and execute, after consultation with the Business, Finance and Facilities Committee Chair and approval of NSHE Chief General Counsel, documentation to sell the property for \$18 million, the current appraised value, and to sign corresponding easements, escrow and title documents associated with the sale and close of escrow.
3. Rescission of Board Resolution 81-8 with respect to the sale proceeds so such proceeds can be used in accordance with the Memorandum of Understanding – Revised signed by President Johnson and Dean Payne.

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

- The University and Reno Land Inc. have signed a purchase and sale agreement on the property in accordance with Regents' policies.
- The sale of this property will not interfere with MSFL instructional or research missions.
- The sale price is at current appraised value.

### **5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:**

- Access (Increase participation in post-secondary education)
- Success (Increase student success)
- Close the Achievement Gap (Close the achievement gap among underserved student populations)

**X Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)**

**X Research (Co-develop solutions to the critical issues facing 21<sup>st</sup> century Nevada and raise the overall research profile)**

**Not Applicable to NSHE Strategic Plan Goals**

**INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL**

Proceeds from the sale will be used in accordance with the Memorandum of Understanding-Revised, signed by President Johnson and CABNR Dean Payne. The use of the funds will increase UNR's competitiveness in obtaining research grants. This will also impact workforce development and student success.

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

- This property has been identified as an area that is not needed for current or future MSFL activities.
- Sale of the property will generate needed proceeds for critical capital construction on campus, specifically research lab spaces, and other projects.

**7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:**

The property could be utilized by other future programs not identified at this time.

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

The property could be held for a future sale or removed from sale altogether. Given that property values are attractive in the Reno market now, and this parcel does not have an anticipated future University use, holding the property is not being recommended.

**9. RECOMMENDATION FROM THE CHANCELLOR'S OFFICE:**

**10. COMPLIANCE WITH BOARD POLICY:**

- Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1
- Amends Current Board Policy: Title # \_\_\_\_\_ Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Amends Current Procedures & Guidelines Manual: Chapter # \_\_\_\_\_ Section # \_\_\_\_\_
- Other: \_\_\_\_\_
- Fiscal Impact: Yes \_\_\_\_\_ No X  
Explain: \_\_\_\_\_

**"RESOLUTION NO. 81-8"**

WHEREAS, the Board of Regents of the University of Nevada System holds title to certain parcels of property in Washoe County, Nevada, which parcels are used for the conduct of instruction, research and public service programs of the Fleischmann College of Agriculture; and

WHEREAS, these parcels of property are commonly referred to as (1) the Valley Road Farm, (2) the Main Station Farm, and (3) the Jones Ranch; and

WHEREAS, it is desired that the value of these properties be protected and maintained for the benefit of the College of Agriculture and its programs;

THEREFORE, be it resolved that it shall be the policy of the Board of Regents that in the event that any portion or all of the above described properties are sold, the proceeds from such sale shall be placed in a trust fund, and the principal and income of the trust fund utilized for the following purposes and in the following order of priority:

- (a) To purchase land for an agricultural experiment station;
- (b) For improvements to an agricultural experiment station; or
- (c) For improvements to the 4-H Camp.

AND BE IT FURTHER RESOLVED that it shall be the policy of the Board of Regents that any income from the trust fund which is not expended pursuant to the above may be used in order of priority, to supplement the operating budget of:

- (a) An agricultural experiment station;
- (b) The 4-H Camp;
- (c) The University of Nevada, Reno.

AND BE IT FURTHER RESOLVED that expenditures from the trust fund for such purposes as are described above shall be subject to approval by the Board of Regents.

Mr. Ross moved approval. Motion seconded by Mr. McBride, carried without dissent.





University of Nevada, Reno

Marc A. Johnson  
President

April 9, 2018

Chancellor's Office  
Attn: Dr. Thom Reilly  
5550 W. Flamingo Rd., Suite C-1  
Las Vegas, NV 89103

Dear Chancellor Reilly:

The University of Nevada, Reno (UNR) is requesting pre-approval to explore and negotiate the opportunity to solicit a conservation easement on NSHE property. The easement would be located on a large portion of the UNR Main Station Field Laboratory (MSFL), in Reno, Nevada. The property subject to the potential easement is further described as approximately 771 acres +/- identified on seven (7) Washoe County Assessor's parcel numbers 021-010-05 (portion of), 021-010-08, 021-020-03, 021-020-011, 021-030-04, 021-030-10, and 021-030-14 (portion of). The parcels are primarily used for agricultural and related research purposes. The Land is highlighted in green in the attached exhibit "A".

The intent of the conservation easement is to:

- Protect and preserve the MSFL
- Determine a market value of monetizing the "development rights" (i.e. value of the conservation easement) while retaining the rights of the current and future agricultural education and research operations of MSFL in perpetuity.

Per the Board of Regents handbook (Title 4, Chapter 10, Section 1.9), we are requesting approval explore and negotiate the opportunity to create a conservation easement on the MSFL property as defined above.

Any contract negotiated to create a conservation easement on the property mentioned above will be, of course, contingent upon the approval of the Board of Regents. Please call me should you have any questions.

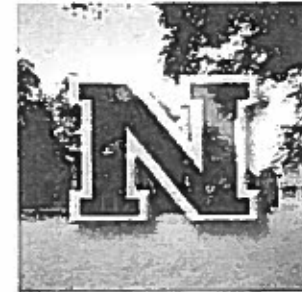
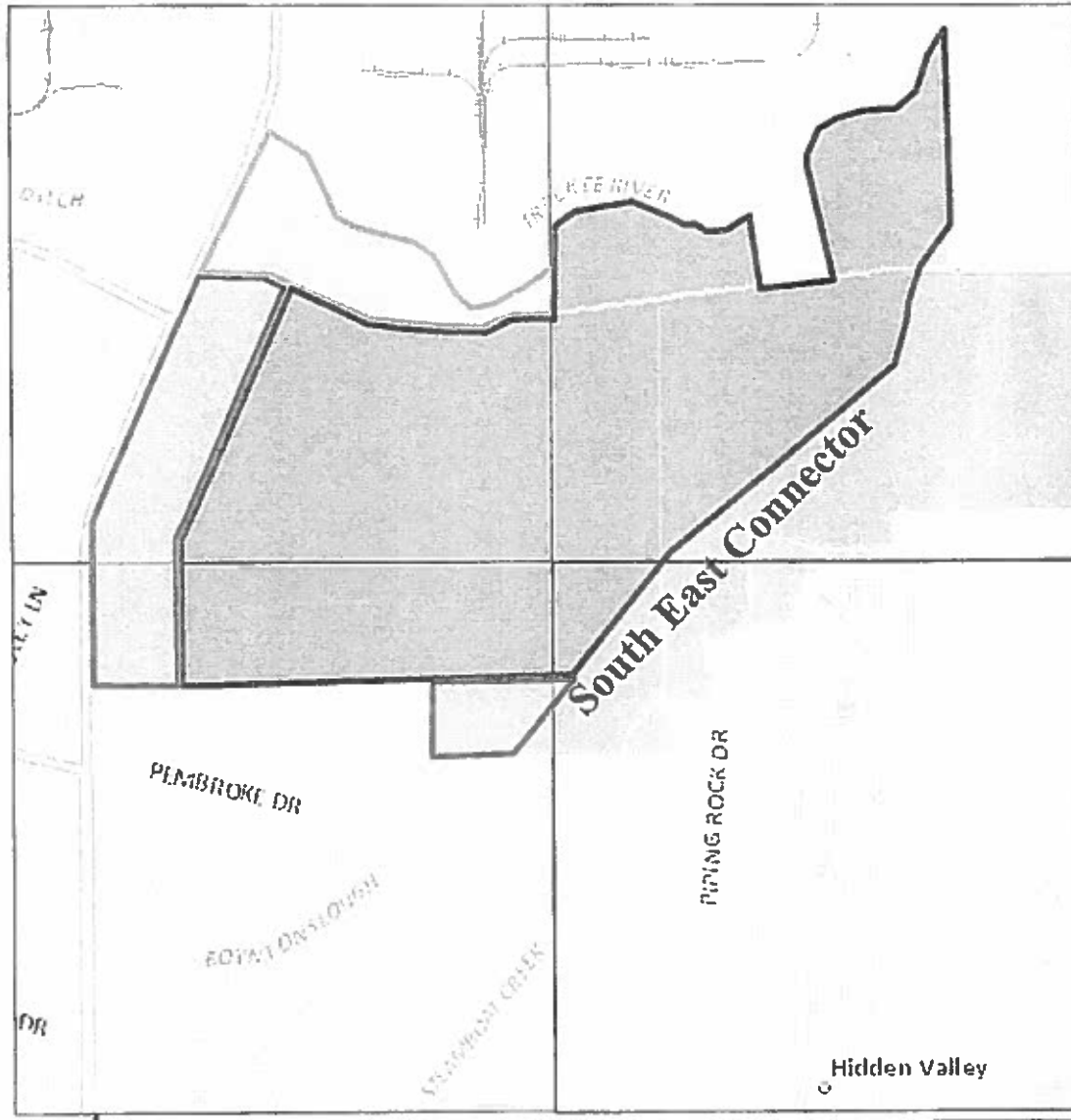
Sincerely,

Marc A. Johnson

Approved: \_\_\_\_\_

  
**Thom Reilly, NSHE Chancellor**

Office of the President  
Clark Administration, Room 201  
University of Nevada, Reno/001  
Reno, Nevada 89557-0001  
(775) 784-4805  
marc@unr.edu  
www.unr.edu/president



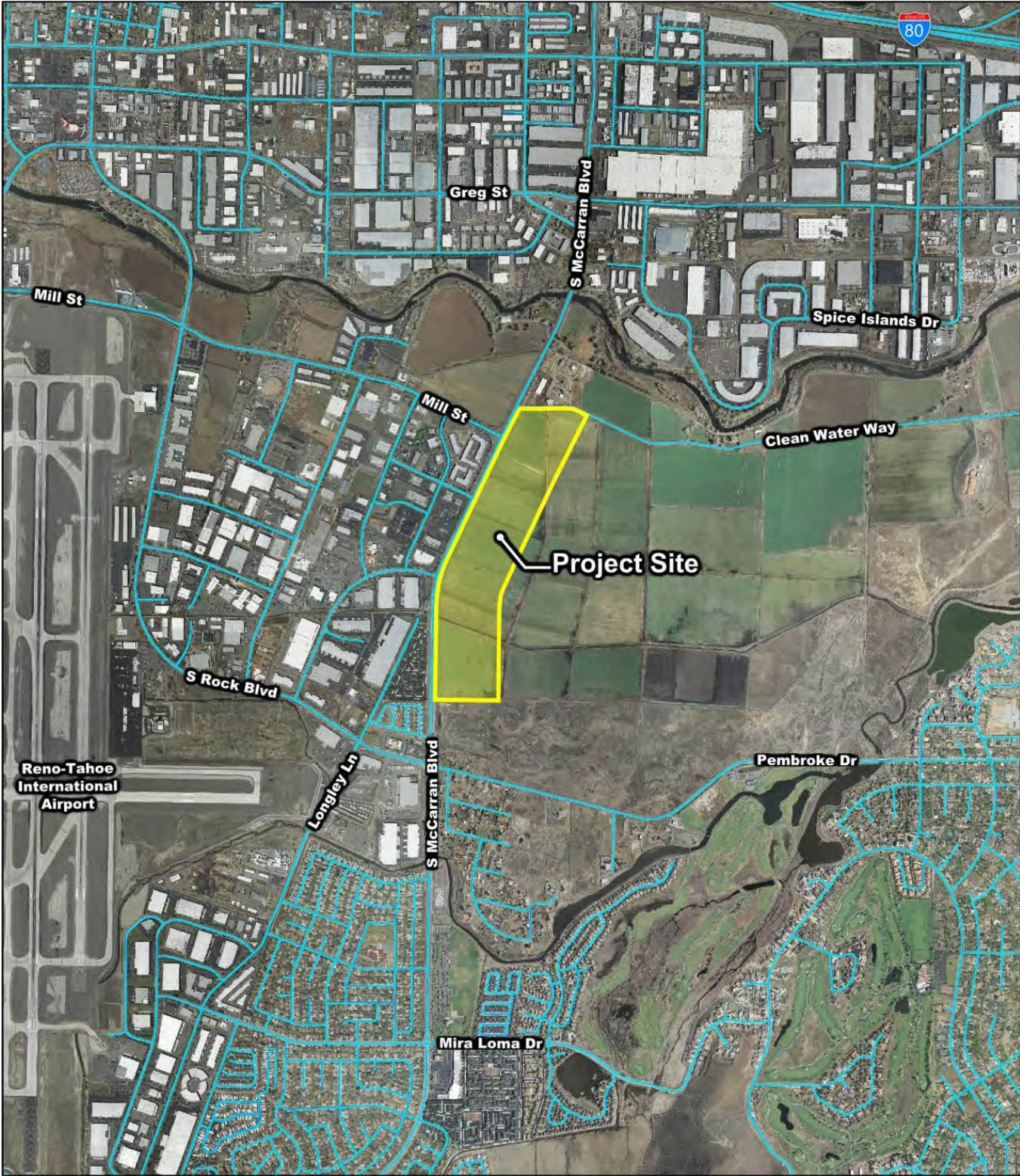
*University of Nevada  
Main Station Farms*

- McCarran PUD (104 acres) & Pembroke Parcel (40+/- acres)**
144+/- Acres
- Wolf Pack Meats & CABNR Building Operations & Main Station Field Laboratory**
771+/- Acres

<b>MSFL Acreage</b>		
<b>Description (Land Acres)</b>	<b>Acres</b>	<b>% of MSFL</b>
<b>Main Station Farms</b>	915.00	
McCarran PUD Parcel	(104.00)	11%
40+/- acres (Pembroke land)	(40.00)	4%
MSFL/CABNR remaining Acreage	771.00	
WPM and CABNR Building Operations	(15.00)	2%
Potential Conservation Easement Land	756.00	83%



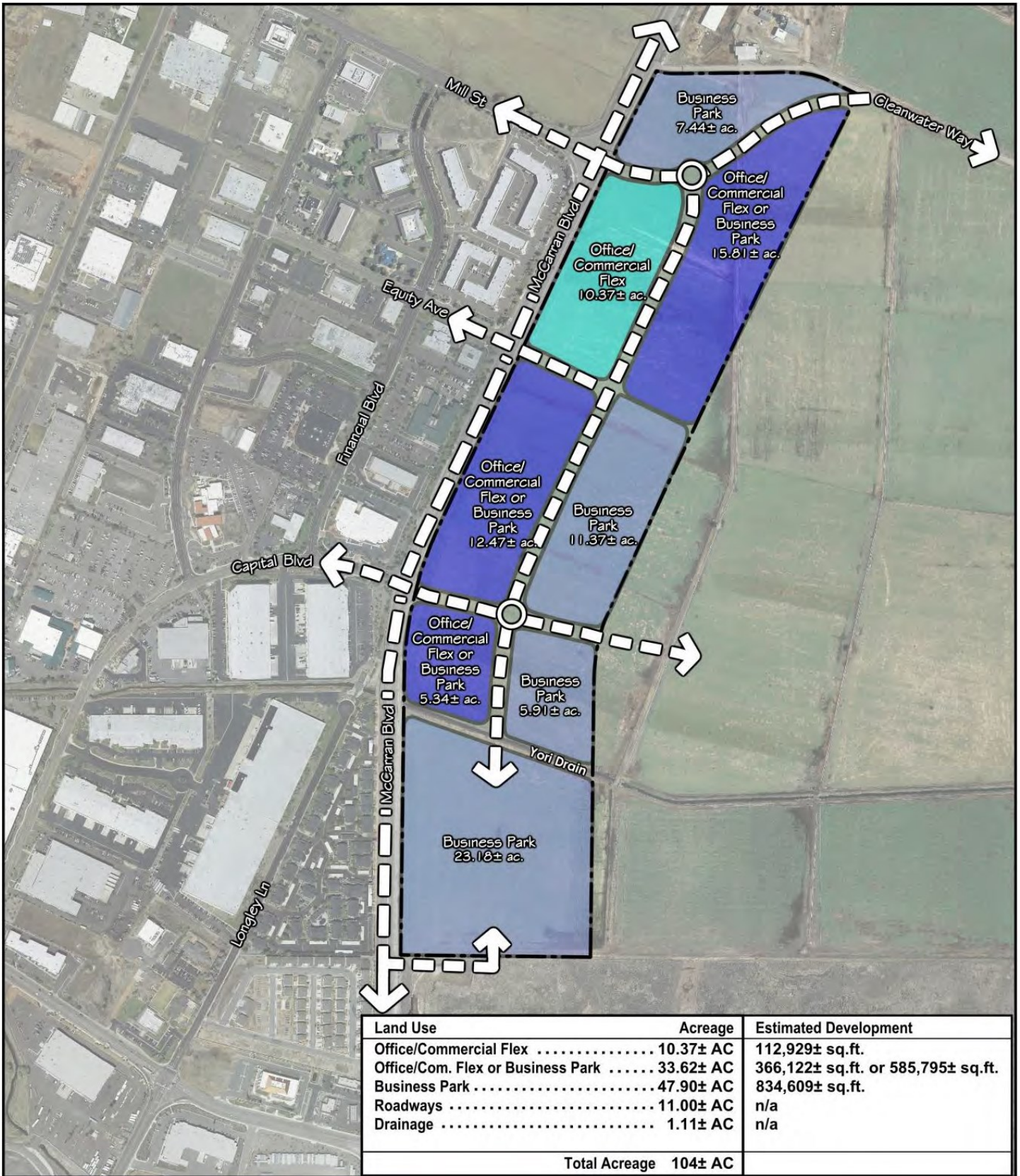
EXHIBIT 3



Approximately 104 Acre PUD in Yellow



EXHIBIT 4



# EXHIBIT 5

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

**A RESOLUTION PERTAINING TO THE APPROVAL OF THE SALE OF REAL PROPERTY CONSISTING OF THE APPROXIMATELY 104 ACRE MSFL MCCARRAN CENTER PLANNED UNIT DEVELOPMENT IN RENO, NEVADA, FURTHER DESCRIBED AS WASHOE COUNTY ASSESSORS PARCEL NUMBER 021-010-07, FOR \$18 MILLION, THE APPRAISED VALUE; TO THE AUTHORIZATION OF THE CHANCELLOR, OR DESIGNEE, TO APPROVE AND SIGN THE CORRESPONDING SALE, OR ESCROW AND TITLE DOCUMENTS ASSOCIATED WITH THE SALE, AND CLOSE OF ESCROW, AFTER CONSULTATION WITH THE BUSINESS, FINANCE AND FACILITIES COMMITTEE CHAIR AND APPROVAL BY NSHE CHIEF GENERAL COUNSEL; AND TO THE RESCISSION OF BOARD RESOLUTION 81-8 WITH RESPECT TO THE SALE PROCEEDS SO THAT SUCH PROCEEDS CAN BE USED IN ACCORDANCE WITH THE MEMORANDUM OF UNDERSTANDING –REVISED SIGNED BY PRESIDENT JOHNSON AND CABNR DEAN PAYNE.**

**BE IT RESOLVED** that the Board of Regents approves the request to sell the real property consisting of the approximately 104 acre McCarran Center Planned Unit Development in Reno, NV, further described as Washoe County Assessor’s Parcel Number 021-010-07, for \$18 Million, the appraised value.

**BE IT RESOLVED** that the Board of Regents hereby authorizes Chancellor, or Designee, after consultation with the Business, Finance and Facilities Committee Chair and approval by NSHE Chief General Counsel, to approve and sign the corresponding sale, or escrow and title documents associated with the sale, and close of escrow.

**BE IT FURTHER RESOLVED** that the Board of Regents rescinds Board Resolution 81-8 with respect to the sale proceeds so that such proceeds can be used in accordance with the Memorandum of Understanding – Revised signed by President Johnson and CABNR Dean Payne.

PASSED AND ADOPTED on \_\_\_\_\_, 2018.

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Chairman  
Board of Regents of the  
Nevada System of Higher Education

(SEAL)  
Attest:

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Chief of Staff and Special Counsel  
to the Board of Regents

## Exhibit 6

### PURCHASE AND SALE AGREEMENT (Approximately 104 Acres McCarran Boulevard)

THIS PURCHASE AND SALE AGREEMENT (this "Agreement"), effective as of the date this Agreement is last executed by Seller or Purchaser (the "Effective Date"), is made by and between Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno who acquired title as University of Nevada Board of Regents ("Seller") and Reno Land Inc., ("Purchaser").

#### RECITALS:

R-1. Seller desires to sell certain real property bearing Washoe County Assessor's Parcel Number 021-010-07 in Reno, Nevada and Purchaser desires to purchase such real property from Seller.

R-2. Seller and Purchaser, intending to be bound by this Agreement, desire to set forth herein the terms, conditions and agreements under and by which Seller shall sell and Purchaser shall purchase the property described below.

#### AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree that (i) the Recitals are true and correct and by this reference incorporated herein as if fully set forth and (ii) as follows:

#### 1. THE PROPERTY.

1.1 Description. Subject to the terms and conditions of this Agreement, and for the consideration set forth herein, Seller hereby agrees to sell, assign and convey, and Purchaser hereby agrees to purchase and acquire, all of Seller's right, title and interest, if any, in and to that certain vacant parcel containing approximately 104 acres of land located in Washoe County, Nevada on McCarran Boulevard with parcel number 021-010-07, in Reno, Nevada and being more specifically described in Exhibit A attached hereto (the "Land") along with any and all other improvements, parking facilities and fixtures located on the land (any and all other improvements located on the Land are hereinafter referred to collectively as the "Improvements") and all easements, hereditaments, appurtenances, development rights, and other benefits, if any, excluding water rights, pertaining to or affecting the Land (collectively, the "Easements"). The Land, Improvements and Easements are hereinafter collectively referred to as the "Real Property".

1.2 Water Rights. Seller shall retain all water rights associated with the Real Property.

1.3 Agreement to Convey. Seller agrees to sell and convey, and Purchaser agrees to purchase and accept, on the Date of Closing (defined in Section 2.4, below) fee title to the Real Property by way of a grant, bargain and sale deed, to be executed and delivered by Seller in respect to the Real Property, and which shall be subject to the Permitted Exceptions (defined in Section 3.7, below) affecting or encumbering the Real Property.

#### 2. PURCHASE PRICE AND PAYMENT.

2.1 Purchase Price. The purchase price for the Real Property (the "Purchase Price") is Eighteen Million U.S. Dollars (\$18,000,000.00).



## 2.2 Deposit.

2.2.1 Deposit. On or before three (3) business days after the Effective Date, Purchaser shall deposit the sum of One Hundred Thousand U.S. Dollars (\$100,000.00) (the "Deposit") into the escrow account of the Title Company (defined in Section 2.4, below). If Purchaser shall fail to make the Deposit in accordance with the foregoing, by 5:00 p.m., Pacific Standard Time, on the third business day after the Effective Date, this Agreement shall automatically terminate and neither party shall thereafter have any further rights, obligations or liability hereunder, except as otherwise expressly set forth herein. Once deposited into the escrow account of Title Company, the Deposit shall be refundable upon the demand of Purchaser, without any right by Seller to object or delay such refund, in the event that Purchaser terminates this Agreement in accordance with Section 3.5, below, on or before 5:00 p.m., Pacific Standard Time, on the last calendar day of the Due Diligence Period (defined in Section 3.1, below) or upon any other termination hereof other than by reason of Purchaser's default hereunder. Upon the satisfaction and completion of the Due Diligence Period, the Deposit shall become immediately non-refundable to Purchaser. The Deposit shall be released to Seller within two days after satisfaction of the Due Diligence Period and shall be applied to the Purchase Price at Closing.

2.2.2 Maintenance of Deposit. The term "Deposit" as used herein shall mean the Deposit and any additional deposits as are described herein, and all interest earned thereon. Interest earned on the Deposit shall be deemed earned by Purchaser. Provided that Purchaser has not terminated this Agreement pursuant to Section 3.1, 3.5 or 3.6 below, the Deposit shall become non-refundable, subject to, among other provisions, Section 2.2.1, Section 3.5 & 3.6, Section 9, Section 10.1 and Section 10.4 hereof.

2.3 Payment. Purchaser shall pay to Seller the Purchase Price, on or before 3:00 p.m., Pacific Time, on the Date of Closing, by causing the Title Company to wire the Purchase Price in immediately available funds to such bank account(s) as Seller may designate. The Deposit shall be paid by the Title Company to Seller at Closing and credited against the Purchase Price. The Purchase Price shall also be subject to further adjustments for prorations and credits required to be made in accordance with Section 7, below.

2.4 Closing. The purchase and sale of the Real Property shall be consummated at closing (the "Closing") in escrow through the Title Company on the date (the "Date of Closing" or "Closing Date") which shall occur on or before the earlier of (a) 10 calendar days from the expiration of the Due Diligence Period in accordance with Section 3 below, or (b) December 31, 2018. Closing shall occur on the Date of Closing at the offices of Ticor Title Company, Attn: Rebecca Rich, (the "Title Company"), or at such other time and place as may be agreed to in writing by Seller and Purchaser.

## 3. INSPECTIONS AND APPROVALS.

3.1 Inspections. Purchaser shall have a period of time (the "Due Diligence Period"), commencing on the Effective Date, and expiring at 5:00 p.m., Pacific Standard Time, on the sixtieth (60th) day after the Effective Date, in which to conduct the inspections and studies described in this Section 3. All such inspections and studies shall be completed within the Due Diligence Period.

3.2 Access to the Property and Indemnification by Purchaser. During the Due Diligence Period, Seller shall permit Purchaser and Purchaser's agents and representatives access to the Land and Improvements for the purpose of conducting such physical and environmental inspections of the Land and Improvements (collectively, the "Inspections") as Purchaser shall deem necessary to determine the feasibility of the Land and Improvements for Purchaser's intended use. Before Purchaser enters the Land and Improvements to perform Inspections, Purchaser shall give Seller reasonable advance written notice of at least 24 hours for Business Day access of the Land and Improvements and, at Seller's option, a representative of Seller may accompany Purchaser and/or Purchaser's representative. Purchaser agrees to be solely responsible for the conduct

of Purchaser's representatives on and adjacent to the Land and Improvements and shall assume and pay for all expenses incurred in connection with the Inspections. At all times during the presence of Purchaser or Purchaser's representatives on the Land and Improvements, Purchaser agrees that Purchaser will not allow, and Purchaser's representatives will not conduct, any physically invasive testing of, on, or under the Land or Improvements without first obtaining Seller's written consent. Purchaser agrees to return the Land and Improvements to substantially the same condition and cleanliness existing before entry and/or occupation by Purchaser's representatives, including, but not limited to, sealing wells or other similar subsurface investigations. Purchaser shall keep confidential the information resulting from the Inspections. Purchaser may disclose confidential information to Purchaser's representatives including but not limited to prospective lenders, consultants, and prospective tenants to the extent each needs to know confidential information for the sole purpose of evaluating the Real Property, provided Purchaser takes all reasonable measures to assure that Purchaser's representatives keep such information confidential. Purchaser shall indemnify, defend and hold Seller, its officers, directors and agents (collectively, "Indemnified Parties") harmless from any loss, injury, liability, damage or expense, including reasonable attorneys' fees and costs, caused by Purchaser, which an Indemnified Party may incur as a result of any act or omission of Purchaser or its agents or representatives arising in connection with any Inspections, however, Purchaser shall not be required to indemnify Seller if and to the extent that any such loss, injury, liability, damage or expense was solely caused by the negligence or misconduct of Seller, its employees or its agents. The foregoing shall survive termination of this Agreement. No indemnification provision herein waives the provisions of NRS 41.031 *et seq.*, and all liability of Seller is limited by the provisions thereof.

3.3 Inspection of Documents. Within ten (10) calendar days after the Effective Date, Seller shall make available to Purchaser or its representative, for inspection and copying, at the Real Property or some other location mutually convenient to the parties, the Real Property information materials relating to the Real Property reasonably requested by Purchaser in writing, such as service and maintenance records (the "Property Documents"), to the extent such Property Documents are within the possession or control of Seller or Seller's officers, employees or other agents ("Seller's Agents").

3.4 Title Commitment.

3.4.1 Within three (3) business days after the Effective Date, Seller shall order from Title Company, a commitment for an ALTA policy of title insurance, setting forth the status of title to the Real Property and all exceptions which would appear in a standard ALTA Owner's Policy of Title Insurance, specifying the Purchaser as the named insured and showing the Purchase Price as the policy amount together with copies of the documentation of record relating to all such exceptions (the "Title Commitment"). Purchaser shall, on or before the fifteenth (15<sup>th</sup>) calendar day after the receipt of the Title Commitment deliver to Seller, in writing any objections to matters shown in the Title Commitment (the "Objection Letter"). Purchaser's failure to timely object to any such matters shall be deemed to constitute Purchaser's approval of same, and such shall then become "Permitted Exceptions". If Purchaser timely objects to any item set forth in the Title Commitment, then Seller shall have the right, but not the obligation, to attempt to cure or cause to be cured before Closing such disapproved item. Seller shall have until 5:00 p.m. on the tenth (10<sup>th</sup>) calendar day after receipt of the Objection Letter to agree in writing to cure before Closing such disapproved item. If Seller elects not to cure, or fails to timely respond to Purchaser's objections, Seller shall be deemed to have elected not to cure, in which event Purchaser shall, on or before the expiration of the Due Diligence Period, either (i) terminate this Agreement by delivering to Seller and Title Company a written notice of termination, whereupon Title Company shall release and return the Deposit to Purchaser, or (ii) waive in writing its objection to the disapproved items, which shall then become Permitted Exceptions. Purchaser's failure to timely deliver to Seller and Title Company a written notice of termination or waiver of its objection to the disapproved items shall be deemed to constitute Purchaser's waiver of its objection to said items and such items shall become Permitted Exceptions. Notwithstanding the foregoing, Purchaser shall be deemed to have disapproved any exception which is a lien on the Real Property for a sum certain or a determinable sum and Seller shall be obligated

to cure such exception prior to Closing. Further, Seller agrees that any title exception created by the Seller and placed on the Real Property after the date of the Title Commitment is likewise disapproved and Seller shall be obligated to cure the same prior to Closing.

3.4.2. Purchaser shall have five (5) calendar days after receipt of any updates to the Title Commitment (including receipt of any documents referenced in such update) to object to any material matters disclosed therein which were not disclosed in the original Title Commitment, and the procedure for objecting to such matters shall be as set forth in Section 3.4.1 above.

3.5 Purchaser's Acceptance or Rejection prior to the Expiration of the Due Diligence Period. On or before the expiration of the Due Diligence Period, if Purchaser, after conducting its inspections, as described in this Section 3, does not desire to purchase the Real Property, Purchaser will give Seller written notice of its termination of this Agreement. If the Due Diligence Period expires without a notice of termination being received by Seller, then Purchaser will be deemed to have approved and accepted the Real Property and to have agreed to complete the transaction contemplated by this Agreement, and the Deposit will be nonrefundable, subject to the provisions of Section 9, Section 10.1 and Section 10.4 hereof. If Purchaser gives Seller a notice of termination on or before the expiration of the Due Diligence Period, then this Agreement will automatically terminate, subject to the immediate return of all copies of all Property Documents to Seller, the Deposit will be delivered to Purchaser, and thereupon neither party will have any further obligation or liability to the other party hereunder, except as otherwise expressly provided herein.

3.6 Drainage Easements: Seller understands Purchaser may request easements across Seller's real property, adjacent to and to the east of the Land, consistent with existing topography and drainage flows only to the extent necessary to accommodate positive drainage from the Land via existing drainage ditches, swales, and other drainage improvements constructed on the Land and on such adjacent real property. Purchaser shall not mitigate flood water volume onto Seller's adjacent real property. Any expense involved in the granting or work required for such easements shall be at the cost of Purchaser and shall not add additional water to any real property adjacent to the Land. Purchaser shall draft any such easements and provide them to Seller no later than 10 days prior to the end of Due Diligence for Seller's review and consideration. If the parties cannot agree upon easements, if any, prior to end of the Due Diligence Period, Buyer may cancel escrow and all Deposits shall be returned. An extension of the Due Diligence Period for the sole purpose of negotiating and drafting easements as described herein may only occur by written mutual consent by both Seller and Purchaser.

3.7 Permitted Exceptions. Purchaser shall accept title to the Real Property, subject to the following exceptions (the "Permitted Exceptions"):

3.7.1 Those matters affecting or relating to the title which are of record on the date of the Title Commitment and described therein and which were not included in an Objection Letter timely delivered by Purchaser; (b) which were included in an Objection Letter, but for which (i) Seller has completed the cure thereof; or (ii) Purchaser has waived or been deemed to have waived the cure thereof; or (iii) Seller has elected to cure and which will be cured by the payment of money at Closing; or (c) which Purchaser has otherwise approved in writing.

3.7.2 The lien of non-delinquent taxes, assessments and other usual and customary charges assessed against the owners of real property in the state in which the Land is located;

3.7.3 All matters disclosed by the Property Documents.

3.7.4 All building and zoning laws, codes and regulations affecting the Real Property, including all proffers, special exceptions, conditions, site plan approvals, and other similar matters, if any, relating to the zoning of the Real Property.



3.7.5 All standard pre-printed exceptions set forth in the standard owners' policy of title insurance issued by the Title Company to Purchaser for the Real Property.

4. SELLER'S OBLIGATIONS PRIOR TO CLOSING. Prior to Closing, Seller and/or Seller's Agents or representatives shall:

4.1 Notices. Provide to Purchaser, immediately upon the receipt thereof, any and all written notices relating to the Real Property received by Seller or its agents or representatives from any governmental or quasi-governmental instrumentality, insurance company, vendor or other party, which notices are of a type not normally received in the ordinary course of Seller's business, or which may have a material effect upon the Real Property or result in a material change in a representation or warranty made by Seller hereunder.

4.2 Compliance with Agreements. Take all actions necessary to comply with all agreements, covenants, encumbrances and obligations affecting or relating to the Real Property and the ownership, operation and maintenance thereof. Seller shall pay all utility bills, tax bills and other invoices and expenses relating to the Real Property, as and when the same become due, provided that such bills, invoices, and expenses may be paid out of Escrow at Closing.

5. REPRESENTATIONS AND WARRANTIES.

5.1 By Seller. Seller represents and warrants to Purchaser, as of the Effective Date and as of the Closing, that:

5.1.1 Seller has the power, right and authority to enter into and perform all of the obligations required of Seller under this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

5.1.2 Seller is a constitutional entity of the State of Nevada, validly existing and in good standing under the laws of the State of Nevada and has taken all requisite action and obtained, or will obtain prior to the Closing, all requisite consents, releases and permissions in connection with entering into this Agreement and the instruments and documents referenced herein or required under any covenant, agreement, encumbrance, law or regulation with respect to the obligations required hereunder, and no consent of any other party is required for the performance by Seller of its obligations hereunder.

5.1.3 This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be duly authorized, executed and delivered by Seller. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be valid and legally binding upon Seller and enforceable in accordance with their respective terms.

5.1.4 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby does now constitute or shall result in a breach of, or a default under, any agreement, document, instrument or other obligation to which Seller is a party or by which Seller may be bound.

5.2 By Purchaser. Purchaser represents and warrants to Seller, as of the Effective Date and as of the Closing, that:

5.2.1 Purchaser has the power, right and authority to enter into and perform all of the obligations required of Purchaser under this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

5.2.2 This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, duly authorized, executed and delivered by Purchaser. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, valid and legally binding upon Purchaser and enforceable in accordance with their respective terms.

5.2.3 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby does now constitute or shall result in a breach of, or a default under, any agreement, document, instrument or other obligation to which Purchaser is a party or by which Purchaser may be bound, or any law, statute, ordinance, rule, governmental regulation or any writ, injunction, order or decree of any court or governmental body, applicable to Purchaser or to the Real Property.

5.2.4 No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or state bankruptcy law is pending against or, to the best of Purchaser's knowledge, contemplated by Purchaser.

5.2.5 There are no actions, suits, claims or other proceedings (collectively, "Litigation") pending or, to the best of the Purchaser's knowledge, contemplated or threatened against Purchaser that could affect the Purchaser's ability to perform its obligations when and as required under the terms of this Agreement.

5.3 Broker. Seller shall be represented by Archcrest Commercial Partners and Purchaser shall be represented by Colliers International the commission for whom will be defined by a separate agreement. Each party represents to the other that it has had no dealings, negotiations, or consultations with any broker, representative, employee, agent or other intermediary, other than the before stated, in connection with the sale of the Real Property. Purchaser agrees that it will indemnify, defend and hold Seller free and harmless from the claims of any broker(s), representative(s), employee(s), agent(s) or other intermediary(ies) claiming to have represented Purchaser or otherwise to be entitled to compensation in connection with this Agreement or in connection with the sale of the Real Property. This indemnity obligation shall survive Closing and any termination of this Agreement.

#### 5.4 Property Condition.

5.4.1 Disclaimer. THE REAL PROPERTY IS BEING SOLD "AS IS", "WHERE IS" AND "WITH ALL FAULTS" AS OF CLOSING, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO ITS CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED. SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE REAL PROPERTY, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT. PURCHASER ACKNOWLEDGES THAT PURCHASER IS PURCHASING THE REAL PROPERTY BASED SOLELY UPON PURCHASER'S OWN INDEPENDENT INVESTIGATIONS AND FINDINGS AND NOT IN RELIANCE UPON ANY INFORMATION PROVIDED BY SELLER OR SELLER'S AGENTS OR CONTRACTORS, EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT.

5.4.2 Release of Claims. Without limiting the provisions of Section 5.4.1, Purchaser releases Seller from any and all claims, demands, costs, expenses, damages, and rights to compensation whatsoever (whether known or unknown, and whether contingent or liquidated) arising from or related to (a) any defects, errors or omissions in the design or construction of the Real Property, whether the same are a result of negligence or otherwise; or (b) other conditions (including environmental conditions) affecting the Real Property, whether the same are a result of negligence or otherwise. The release set forth in this Section specifically includes but is not limited to any claims under any Environmental Laws, under

the Americans with Disabilities Act of 1990, 42 U.S.C. §§12101 et seq., or with respect to any environmental risk. "Environmental Laws" includes, but is not limited to, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. §§6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 et seq.), the Emergency Planning and Community Right to Know Act (42 U.S.C. §§11001 et seq.), the Clean Air Act (42 U.S.C. §§7401 et seq.), the Clean Water Act (33 U.S.C. §§1251 et seq.), the Toxic Substances Control Act (15 U.S.C. §§2601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§1801 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§651 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§136 et seq.), and the Safe Drinking Water Act (42 U.S.C. §§300f et seq.), as any of the same as may be amended from time to time, and any state or local law dealing with environmental matters, and any regulations, orders, rules, procedures, guidelines and the like promulgated in connection therewith, regardless of whether the same are in existence on the date of this Agreement.

5.4.3 Acknowledgment of Inspection. Purchaser acknowledges and agrees that (a) this Agreement gives Purchaser the opportunity to inspect the Real Property and its operation, (b) if this transaction is consummated, Purchaser will be purchasing the Real Property pursuant to Purchaser's independent examination, study, inspection and knowledge of the Real Property, and (c) Purchaser is relying upon its own determination of the value and condition of the Real Property and not on any information provided or to be provided by Seller. Purchaser is relying solely upon its own inspections, investigations, research and analyses in entering into this Agreement and is not relying in any way upon any representations or warranties (except those expressly provided in Section 5.1), statements, plans, specifications, cost estimates, studies, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives to Purchaser or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters.

## 6. CONDITIONS PRECEDENT TO CLOSING.

6.1 Conditions for the Benefit of Purchaser. The obligation of Purchaser to consummate the conveyance of the Real Property hereunder is subject to the full and complete satisfaction or waiver of each of the following conditions precedent:

6.1.1 The representations and warranties of Seller contained in this Agreement shall be true, complete and accurate in all material respects, on and as of the date hereof and the Date of Closing as if the same were made on and as of such date.

6.1.2 Seller shall have performed each and every material obligation and covenant of Seller to be performed hereunder unless performance thereof is waived by Purchaser.

6.1.3 There has been no material and adverse change to the condition of the Real Property since the last day of the Due Diligence Period, provided that any change in condition due to casualty or condemnation shall be controlled by the provisions of Section 9.

6.2 Waiver of Conditions. Purchaser shall have the right to waive some or all of the foregoing conditions in its sole and absolute discretion; provided, however, that no such waiver shall be effective or binding on Purchaser unless it is in writing and executed by an authorized officer of Purchaser.

6.3 Conditions for the Benefit of Seller. The obligation of Seller to consummate the conveyance of the Real Property hereunder is subject to the full and complete satisfaction or waiver of each of the following conditions precedent:

6.3.1 Purchaser shall have performed each and every material obligation and covenant of Purchaser to be performed hereunder unless performance thereof is waived by Seller.

6.4 Waiver of Conditions. Seller shall have the right to waive some or all of the conditions specified in Section 6.3 provided, however, that no such waiver shall be effective or binding on Seller unless it is in writing and executed by the Chancellor of Nevada System of Higher Education.

## 7. CLOSING COSTS AND PRORATIONS.

7.1 Purchaser's Costs. Purchaser will pay the following costs of closing this transaction;

7.1.1 One-half (1/2) of all recording fees and one-half (1/2) of any and all state and county recordation, documentary or transfer taxes;

7.1.2 The incremental premium amount for extended coverage desired by Purchaser with respect to the Title Policy and premiums, fees and costs associated with the issuance of any Title Policy (except endorsements obtained by Seller to cure objections contained in Seller's Objection Letter as referred to in Section 3) as well as for all premiums, fees and costs associated with the issuance of a mortgagee title insurance policy. Seller to pay the portion of the Title Policy premium attributable to a Standard Coverage policy, and the Purchaser shall pay for any increased or extended coverage desired;

7.1.3 One-half (1/2) of the settlement fees and other charges of the Title Company due in connection with the closing of this transaction;

7.1.4 The fees and disbursements of Purchaser's counsel and any other expense(s) incurred by Purchaser or its representative(s) in inspecting or evaluating the Real Property or closing this transaction;

7.2 Seller's Costs. Seller will pay the following costs of closing this transaction:

7.2.1 The portion of the Title Policy premium attributable to a Standard Coverage policy, and the Purchaser shall pay for any increased or extended coverage desired;

7.2.2 One-half (1/2) of the settlement fees and charges of the Title Company due in connection with the closing of this transaction; and

7.2.3 All release fees and other charges required to be paid in order to release from the Real Property the lien of any mortgage or other security interest which Seller is obligated to remove pursuant to the terms of this Agreement.

7.2.4 One-half (1/2) of all recording fees and one-half (1/2) of any and all state and county recordation, documentary or transfer taxes.

7.3 Prorations. All revenues and expenses, personal property taxes, installment payments of special assessment liens, vault charges, sewer charges, utility charges, reimbursement of maintenance and repair expenses and normally prorated operating expenses billed or paid as of the Date of Closing shall be prorated as of 11:59 p.m., Pacific time (the "Adjustment Time"), on the day before the Date of Closing and shall be adjusted against the Purchase Price due at Closing. No post-closing re-prorations shall occur. Seller and Purchaser shall in good faith attempt to have all contracts that affect the Real Property and for which the charges are based upon usage (including utilities) billed or read as of a time as close to the Adjustment Time as is reasonable, provided that Purchaser shall not be liable for any charges which accrue or became payable prior to the date of Purchaser's ownership. If a precise billing or reading as of the Adjustment Time is not available at Closing with respect to



such contract, then the foregoing adjustment shall be made, by payment or credit at Closing, by pro-rating to the Adjustment Time from the latest billing or reading then available. No post-closing re-prorations shall occur. Seller shall close out any accounts with utility companies and shall have the right to receive any and all deposits held on behalf of Seller by utility companies with respect to the Real Property.

7.4 Taxes. General real estate taxes and special assessments relating to the Real Property payable during the year in which Closing occurs shall be prorated with respect to the Real Property as of the Date of Closing, with Seller being responsible for any applicable taxes attributable to Seller's period of ownership and Purchaser being responsible for taxes attributable to the period from and after the Date of Closing. If Closing shall occur before the actual taxes and special assessments payable during such year are known, the apportionment of taxes shall be upon the latest available information. If, as the result of an appeal of the assessed valuation of the Real Property for any real estate tax year prior to (or including) the Closing, there is issued after Closing an administrative ruling, judicial decision or settlement by which the assessed value of the Real Property for such tax year is reduced, and a real estate tax refund issued, Seller shall be entitled to all such refunds relating to the period prior to Closing. No post-closing re-prorations shall occur.

7.5 In General. Any other costs or charges of closing this transaction not specifically mentioned in this Agreement shall be paid and adjusted in accordance with local custom or ordinance in the jurisdiction in which the Real Property is located.

7.6 Purpose and Intent. Except as expressly provided herein, the purpose and intent as to the provisions of prorations and apportionments set forth in this Section 7 and elsewhere in this Agreement is that Seller shall bear all expenses of ownership and operation of the Real Property during its period of ownership and shall receive all income therefrom accruing through midnight of the day preceding the Closing and Purchaser shall bear all such expenses and receive all such income accruing thereafter.

## 8. CLOSING AND ESCROW.

8.1 Seller's Deliveries. Seller shall deliver either at the Closing or by making available at the Real Property, as appropriate, the following original documents, each executed and, if required, acknowledged:

8.1.1 A grant, bargain and sale deed conveying title to Purchaser of the Real Property, including the Water Rights described in Section 1.2 (the "Deed") subject only to the Permitted Exceptions.

8.1.2 Originals (to the extent in Seller's or Seller's Agents possession or control) of all warranties then in effect, if any, with respect to the Real Property or to the Improvements or any repairs or renovations to such Improvements.

8.1.3 Appropriate evidence of authority, capacity and status of Seller as reasonably required by Title Company.

8.1.4 A settlement statement (the "Settlement Statement"), prepared by the Title Company.

8.1.5 A Declaration of Value as prepared by the Title Company.

8.1.6 Such other documents, certificates and other instruments as may be reasonably required to consummate the transaction contemplated hereby.

8.2 Purchaser's Deliveries. At the Closing, Purchaser shall (a) pay Seller the Purchase Price as required by, and in the manner described in, Section 2 hereof, and (b) execute and deliver the following documents:



8.2.1 Evidence of Purchaser's authority, and the authority of the person executing any documents at Closing on behalf of Purchaser, acceptable to Seller and the Title Company, to enter into the transactions contemplated by this Agreement.

8.2.2 A Declaration of Value as prepared by the Title Company.

8.2.3 Such other documents, certificates and other instruments as may be reasonably required to consummate the transaction contemplated hereby.

8.3 Possession. Purchaser shall be entitled to possession of the Real Property at the conclusion of the Closing.

8.4 Escrow Closing. Purchaser and Seller (or their respective counsel on behalf of Purchaser and Seller) shall execute letters of escrow closing instructions (the "Closing Instructions") which will provide that, on the Date of Closing: (a) Seller and Purchaser shall each deposit with the Title Company all of the documents and instruments described in Sections 8.1 and 8.2, above (the "Closing Documents"); and (b) Purchaser shall deposit with the Title Company the balance of the Purchase Price required to be paid after application of the Deposit thereto and all prorations, adjustments and credits required to be made under this Agreement, (the "Adjusted Purchase Price"), all of which shall be set forth on, and mutually agreeable pursuant to, a Settlement Statement executed by both Purchaser and Seller at Closing. Upon receipt of the Adjusted Purchase Price, and the satisfaction of all other conditions set forth in the Closing Instructions, the Title Company shall be authorized and directed to disburse the Adjusted Purchase Price to Seller or its designee(s), record the Deed in the official records of the County Recorder of Washoe County, Nevada, and release the remaining Closing Documents to the appropriate parties, all in strict accordance with the Closing Instructions.

## 9. DAMAGE, DESTRUCTION AND CONDEMNATION.

9.1 Casualty. Except as provided herein, Seller assumes all risk of loss or damage to the Real Property by fire or other casualty until control of the Real Property is delivered to Purchaser. If at any time on or prior to the Date of Closing any portion of the Real Property is destroyed or damaged as a result of fire or any other cause whatsoever, Seller or Purchaser shall promptly give written notice to the other of the nature and extent of the damage caused by such casualty. Seller shall then prepare a reasonable estimate of the cost to repair and the amount of insurance proceeds payable as a result thereof. If the estimated cost to repair the damage or destruction exceeds \$1,000.00 as reasonably estimated by Seller, Purchaser shall have the right to terminate this Agreement by written notice to Seller within ten (10) calendar days following the date upon which Purchaser receives Seller's written notice of the destruction or damage. If Purchaser does not elect to so terminate this Agreement within said ten (10) day period, or if the cost of repair is equal to or less than \$1,000.00, this Agreement shall remain in full force and effect and the parties shall proceed to Closing.


9.2 Condemnation. In the event, at any time on or prior to the Date of Closing, any action or proceeding is filed, under which the Real Property, or any portion thereof, may be taken pursuant to any law, ordinance or regulation or by condemnation or the right of eminent domain, Seller shall promptly give written notice thereof (which notice shall describe the type of action being taken against the Real Property, and which portions of the Real Property will be affected thereby) to Purchaser. If the taking would substantially prevent the Purchaser from using the Real Property for the intended use, then the Purchaser shall have the right to terminate this Agreement by written notice to Seller within ten (10) calendar days following the date upon which Purchaser receives Seller's written notice of such action or proceeding. If Purchaser does not elect to so terminate this Agreement within said ten (10) day period, this Agreement shall remain in full force and effect and the parties shall proceed to closing without any reduction or adjustment in the Purchase Price, except that all condemnation proceeds will be assigned to Purchaser.


10. FAILURE OF CONDITIONS PRECEDENT; DEFAULT AND REMEDIES.

10.1 Failure of Conditions Precedent. If any of the conditions precedent stated in Section 6 have not occurred or been satisfied or waived on or before the Closing Date, Purchaser or Seller whomever is the beneficiary of the condition precedent may: (a) terminate this Agreement by written notice to the appropriate party on or before the Closing Date, in which event the appropriate party shall be entitled to receive the Deposit, or (b) to waive such conditions precedent and proceed to Closing.

10.2 Purchaser Default. If Purchaser is in default of one or more of Purchaser's obligations under this Agreement other than a failure to timely close (for which there shall be no notice and cure period), then Seller may give notice to Purchaser (with a copy to Title Company) specifying the nature of the default. Purchaser shall have five (5) calendar days after receiving that notice, but in no event beyond the Closing Date, within which to cure that default. If Purchaser fails to cure that default within that period, then Seller's sole remedy for such default shall be to terminate this Agreement by giving notice of such termination to Purchaser (with a copy to Title Company) and receive the Deposit as liquidated damages. If Seller does so terminate this Agreement, then Title Company shall pay the Deposit to Seller. PURCHASER AGREES THAT THE RETENTION OF THE DEPOSIT BY SELLER REPRESENTS A REASONABLE ESTIMATION AS OF THE EFFECTIVE DATE OF SELLER'S DAMAGES IN THE EVENT OF PURCHASER'S DEFAULT HEREUNDER, THAT ACTUAL DAMAGES WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO ASCERTAIN, AND THAT THE PROVISION FOR LIQUIDATED DAMAGES HEREBY DOES NOT CONSTITUTE A PENALTY. THE PARTIES ACKNOWLEDGE THAT THESE DAMAGES HAVE BEEN SPECIFICALLY NEGOTIATED BETWEEN THEMSELVES AND ARE, AMONG OTHER THINGS, TO COMPENSATE SELLER FOR TAKING THE REAL PROPERTY OFF THE MARKET, FOR SELLER'S COSTS AND EXPENSES ASSOCIATED WITH THIS AGREEMENT AND FOR SELLER'S LOST OPPORTUNITY COSTS. PURCHASER HEREBY WAIVES THE RIGHTS AND BENEFITS OF ANY LAW, RULE, REGULATION, OR ORDER NOW OR HEREAFTER EXISTING THAT WOULD ALLOW PURCHASER TO CLAIM A REFUND OF THE DEPOSIT AS UNEARNED EARNEST MONEY, A PENALTY, OR FOR ANY OTHER REASON. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY. IF, NOTWITHSTANDING THE PROVISIONS HEREIN, A COURT DETERMINES THAT SELLER IS NOT ENTITLED TO RETAIN THE DEPOSIT AS A RESULT OF PURCHASER'S DEFAULT HEREUNDER, SELLER SHALL BE ENTITLED TO SEEK ANY AND ALL DAMAGES PROVIDED BY LAW; PROVIDED, HOWEVER, THAT ANY RECOVERY THEREOF MAY NOT EXCEED THE AMOUNT OF THE DEPOSIT.

Crystal Abba for Thom Reilly

  
\_\_\_\_\_  
Seller's Initials

  
\_\_\_\_\_  
Purchaser's Initials

10.3 Seller Default. In the event Seller shall: (a) fail to sell, transfer and assign the Real Property to Purchaser in violation of the terms of this Agreement, (b) fail to perform any other material obligation of Seller hereunder, (c) intentionally breach any warranty made or granted by Seller under this Agreement, which breach is not cured by the Closing Date, and/or (d) have intentionally misrepresented any fact, or any of the representations of Seller contained herein are not true, accurate or complete in any material respect, Purchaser shall be entitled to (i) waive such default and proceed to Closing; (ii) seek to specifically enforce its rights hereunder; or (iii) receive the return of the Deposit. If the Purchaser does not duly notify Seller of the default, or does not give Seller a notice of termination hereunder within a reasonable period of time after discovery of the default, then the default shall be treated as waived by the Purchaser.

10.4 Termination. Upon any termination of this Agreement pursuant to any right of a party to terminate set forth in this Agreement, (a) the Deposit shall be paid over to the party entitled to the same, (b) all documents deposited by Purchaser and Seller into escrow shall be returned by the escrow agent to the party depositing the same, and (c) all copies of all Property Documents provided to Purchaser by Seller shall be returned

to Seller, whereupon the parties will have no continuing liability to each other unless otherwise expressly stated in any provision of this Agreement.

11. **NOTICES.** Any notice required or permitted to be given hereunder may be served by a party or its attorney and must be in writing and shall be deemed to be given when (a) hand delivered, or (b) one (1) Business Day after pickup by Emery Air Freight, United Parcel Service (Overnight) or Federal Express, or another similar overnight express service, or (c) transmitted by telecopy, facsimile, or electronic mail provided that confirmation of the receipt of same is noted upon transmission of same by the sender's telecopy machine or by e-mail records, and a counterpart of such notice is also delivered pursuant to one of the two manners specified in Sections 11(a) or 11(b), above, in any case addressed to the parties at their respective addresses set forth below:

If to Seller: University of Nevada, Reno  
General Counsel (0550)  
Reno Nevada 89557-0550  
Phone: 775.784-3493  
Fax: 775.327.2202

If to Purchaser: Reno Land Inc.  
Attn: Joel Grace  
6001 Talbot Lane  
Reno, Nevada 89509  
Email: [jgrace@renolandinc.com](mailto:jgrace@renolandinc.com)  
Phone: 775.432-7110

If to Title Company: Ticor Title Company  
5441 Kietzke Lane, Suite 100  
Reno Nevada 89511  
Attn: Rebecca Rich  
Phone: 775.824.3232  
Fax: 775.824.3233  
Email: [rabecca.rich@ticortitle.com](mailto:rabecca.rich@ticortitle.com)

or in each case to such other address as either party may from time to time designate by giving notice in writing pursuant to this Section 11 to the other party. Telephone numbers are for informational purposes only. Effective notice will be deemed given only as provided above, except as otherwise expressly provided in this Agreement.

## 12. MISCELLANEOUS.

12.1 **Entire Agreement.** This Agreement, together with the Exhibit(s) attached hereto, all of which are incorporated by reference as if fully set forth, is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in an express writing and signed by both parties.

12.2 **Severability.** If any provision of this Agreement or its application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

12.3 **Applicable Law.** This Agreement shall be construed and enforced in accordance with the internal laws of the State of Nevada. The exclusive venue for any action to interpret or enforce any rights under this agreement shall be in the courts located in Washoe County, Nevada and the parties agree that, the respective



obligations of the parties pursuant to the provisions of this Section are consideration for the other party's obligations under this Section and shall be enforceable regardless of any claim as to the invalidity of any other provision of this Agreement or of the entirety of this Agreement.

12.4 Assignability. Purchaser may not assign or transfer any of Purchaser's rights, obligations and interests under this Agreement, to any person or entity without the prior written consent or approval of Seller, which shall not be unreasonably withheld. Upon any such assignment or other transfer, Purchaser and such assignee or transferee shall be jointly and severally liable for the obligations of Purchaser under this Agreement, which liability shall survive the assignment or transfer and the Closing.

12.5 Successors Bound. This Agreement shall be binding upon and inure to the benefit of Purchaser and Seller and their respective successors and permitted assigns.

12.6 Captions; Interpretation. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Whenever the context may require, words used in this Agreement shall include the corresponding feminine, masculine, or neuter forms, and the singular shall include the plural and vice versa. Unless the context expressly indicates otherwise, all references to "Section" are to sections of this Agreement. The parties acknowledge and agree that they have both participated in the negotiation of the terms and conditions of this Agreement and that both have been assisted by counsel in that process and that no provision hereof shall be interpreted against either party by virtue of its authorship.

12.7 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

12.8 Time of Essence. Time is of the essence with respect to the performance of the obligations of Seller and Purchaser under this Agreement.

12.9 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

12.10 Recordation. Purchaser and Seller agree not to record this Agreement.

12.11 Proper Execution. This Agreement shall have no binding force and effect on either party unless and until both Purchaser and Seller shall have executed and delivered this Agreement.

12.12 Waiver. No waiver of any breach of any agreement or provision contained herein shall be deemed a waiver of any preceding or succeeding breach of any other agreement or provision herein contained. No extension of time for the performance of any obligation or act shall be deemed an extension of time for the performance of any other obligation or act.

12.13 Business Days. If any date herein set forth for the performance of any obligations by Seller or Purchaser or for the delivery of any instrument or notice as herein provided should fall on a Saturday, Sunday or Legal Holiday (hereinafter defined), the compliance with such obligations or delivery shall be deemed acceptable on the next day (a "Business Day") following such Saturday, Sunday or Legal Holiday. As used herein, the term "Legal Holiday" shall mean any local or federal holiday on which the Courts of the Second Judicial District are closed in Reno, Nevada.

13. BOARD OF REGENT CONTINGENCY: This Purchase Agreement is contingent upon the approval of the terms of the sale by the Board of Regents of the Nevada System of Higher Education. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of the sale, the offer made herein shall

be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.

14. ESCROW AGREEMENT.

14.1 Deposit. Title Company agrees to deposit the Deposit in an interest bearing account, subject to the receipt from the Purchaser of a form W-9 for the purposes of investing said funds and to hold and disburse said funds, and any interest earned thereon, as hereinafter provided. Upon written notification from Seller or Purchaser in accordance with the terms of this Agreement, Title Company shall release the funds in accordance with and pursuant to the written instructions. In the event of a dispute between any of the parties hereto sufficient in the sole discretion of Title Company to justify its doing so, Title Company shall be entitled to tender unto the registry or custody of any court of competent jurisdiction all money or property in its hands held under the terms of this Agreement, together with such legal pleading as it deems appropriate, and thereupon be discharged.

14.2 Title Company. Seller and Purchaser covenant and agree that in performing any of its duties under this Agreement, Title Company shall not be liable for any loss, costs or damage which it may incur as a result of serving as Title Company hereunder, except for any loss, costs or damage arising out of its willful default or gross negligence. Accordingly, Title Company shall not incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of its counsel given with respect to any questions relating to its duties and responsibilities, or (ii) to any action taken or omitted to be taken in reliance upon any document, including any written notice of instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also to the truth and accuracy of any information contained therein, which Title Company shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Agreement.

14.3 Indemnity. Seller and Purchaser hereby agree to indemnify and hold harmless Title Company against any and all losses, claims, damages, liabilities and expenses, including without limitation, reasonable costs of investigation and attorneys' fees and disbursements which may be imposed upon or incurred by Title Company in connection with its serving as Title Company hereunder, except for any loss, costs or damage arising out of its willful default or gross negligence. The provisions of this Section 14.3 shall survive a termination of this Agreement. Notwithstanding the foregoing, the Seller will assert the defense of sovereign immunity as appropriate in all cases. Title Company acknowledges that NRS 41.031 et seq. shall limit the liability and indemnity obligation of Seller.

IN WITNESS WHEREOF, Purchaser and Seller have executed this Agreement, effective as of the date first set forth above.

SELLER:

PURCHASER:

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

Reno Land Inc.

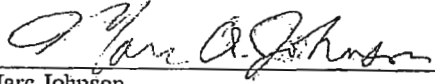
By: Crystal Abba  
Chancellor, Nevada System of Higher Education  
Crystal Abba for Thom Reilly

By: Chip L. Bowlby  
Chip L. Bowlby, President

Date 10-25-18

Date 10/17/18

Recommended by,



Marc Johnson  
President, University of Nevada, Reno

Date 10-17-18

TITLE COMPANY hereby accepts the foregoing Purchase and Sale Agreement hereby agrees to act as the Title Company hereunder.

TITLE COMPANY:

  
Titor Title Company

By: \_\_\_\_\_

Name: Barbara Kirt

Title: ED

Date: 10/24/18

Encrow # 01801907-CD

**EXHIBIT A**

**Real Property Description**

The subject property is located at McCarran Boulevard in Reno, Nevada and identified by Washoe County as Assessor's Parcel Number (APN) 021-010-07 and further known as:

All that certain real property situate in the County of Washoe, State of Nevada, described as follows:  
Parcel 1 as shown on Parcel Map No. 5054, for The Board of Regents University of Nevada System, according to the map thereof, filed in the office of the County Recorder of Washoe County, State of Nevada, on August 31, 2011, as File No. 4035973, Official Records.  
APN: 021-010-07



**JOHNSON | PERKINS | GRIFFIN**  
REAL ESTATE APPRAISERS & CONSULTANTS

245 E. Liberty Street, Suite 100, Reno, NV 89501  
775.322.1155 | Fax 775.322.1156 | [jpgnv.com](http://jpgnv.com)

Stephen R. Johnson, MAI, SREA  
Reese Perkins, MAI, SRA  
Scott O. Griffin, MAI  
Cindy Lund Fogel, MAI  
Sarah K. Fye, MBA

September 28, 2018

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

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

Re: MSFL McCarran Center

Dear Mr. Miller:

This is in response to your request for an appraisal of MSFL McCarran Center, a 104± acre parcel of land located at the southeast corner of S. McCarran Boulevard and Clean Water Way, Reno, Washoe County, Nevada. The subject property, which is identified as Washoe County Assessor's Parcel Number 021-010-07, is further situated at 7300 Clean Water Way, Reno, Nevada. This subject property is owned by the University of Nevada Board of Regents.

This appraisal is being prepared for the purpose of estimating the Market Value of the Fee Simple Estate in 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 requires the written authorization of the appraiser.

The intended users of the report include the University of Nevada, Reno, the University of Nevada Board of Regents and their designated representatives. The client in this appraisal 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. 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 within this report is specific to the needs of the client and for the intended use as stated herein. This appraisal firm is not responsible for unauthorized use of this report.

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 value.

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 September 26, 2018, is:

**FINAL LAND VALUE CONCLUSION**

**\$18,000,000**

Respectfully submitted,

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



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**SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS**

<b>Location</b>	The southeast corner of S. McCarran Boulevard and Clean Water Way, Reno, Washoe County, Nevada
<b>Address</b>	7300 Clean Water Way, Reno, Nevada
<b>Assessor's Parcel Number</b>	021-010-07
<b>Owner of Record</b>	University of Nevada Board of Regents
<b>Land Area</b>	104± acres (4,530,240± SF)
<b>Zoning</b>	PUD – MSFL McCarran Center
<b>Master Plan</b>	SPA – Special Planning Area
<b>Improvements on Site</b>	The subject property is a parcel of land currently utilized for agricultural purposes, improved with a variety of fencing and irrigation equipment
<b>Highest and Best Use</b>	Mixed Use Development in conformance with the PUD Handbook
<b>Property Rights Appraised</b>	Fee simple interest
<b>Type of Report</b>	Appraisal Report
<b>Completion Date of Report</b>	September 28, 2018
<b>Effective Date of Value</b>	September 26, 2018

**FINAL LAND VALUE CONCLUSION**

**\$18,000,000**

### **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.”

### **EFFECTIVE DATE OF VALUATION**

The opinions of value, as set forth in this report, apply as of September 26, 2018.

### **COMPLETION DATE OF REPORT**

This report was completed on September 28, 2018.

### **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.

#### **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, assuming it to be vacant;
- Analysis of an appropriate marketing and exposure time 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." In the preparation of this appraisal assignment, no extraordinary assumptions were made.

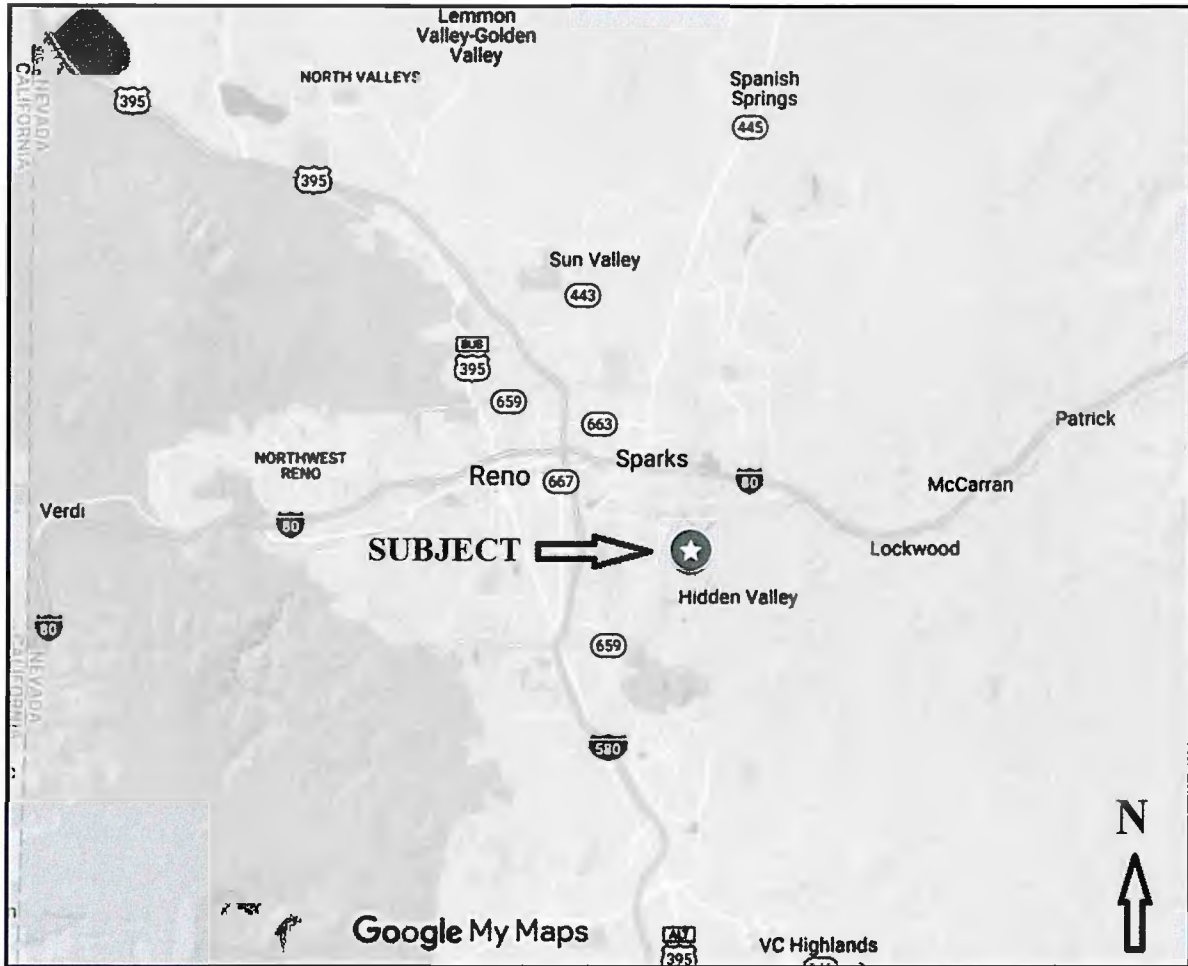


### **HYPOTHETICAL CONDITION**

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.” In the preparation of this appraisal assignment, no hypothetical conditions were utilized.

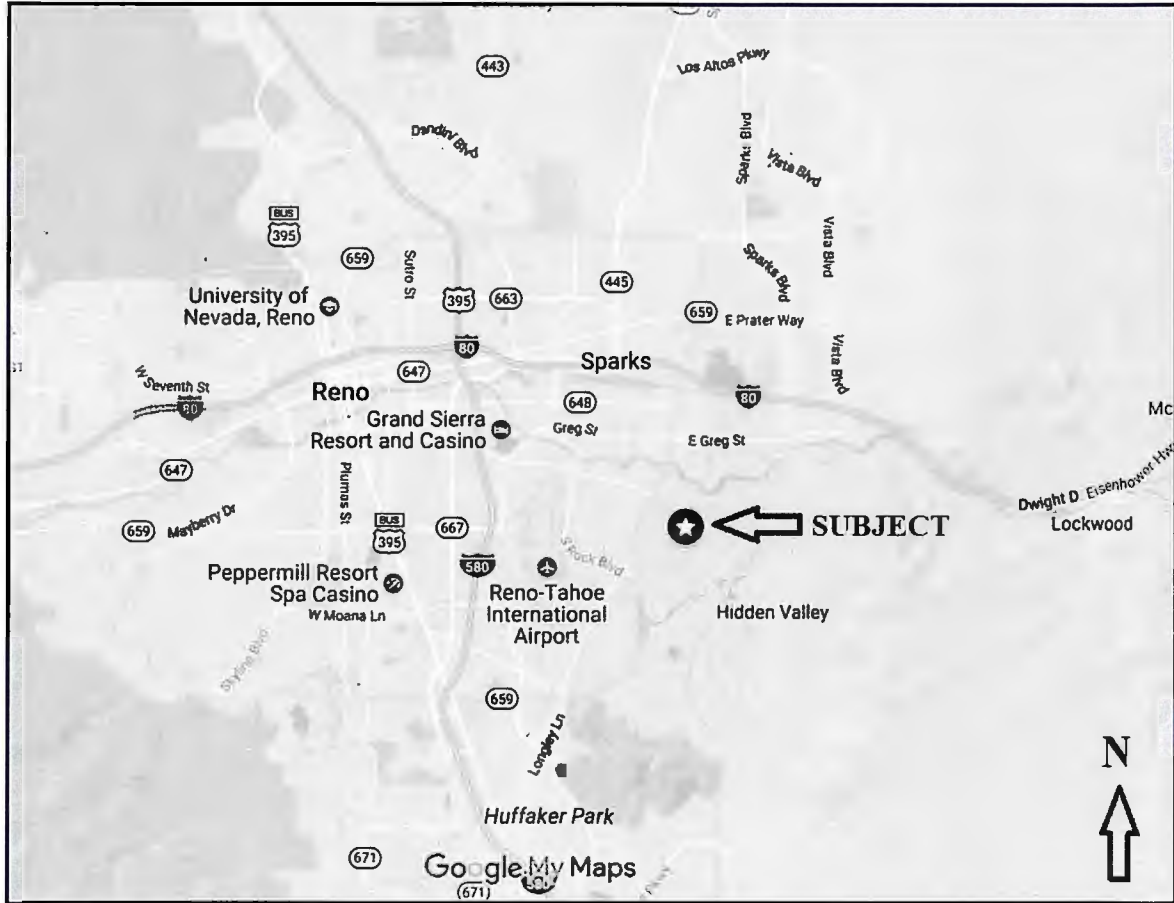


### RENO-SPARKS REGIONAL MAP





**RENO-SPARKS AREA MAP**







### RENO-SPARKS AREA ANALYSIS AND DESCRIPTION

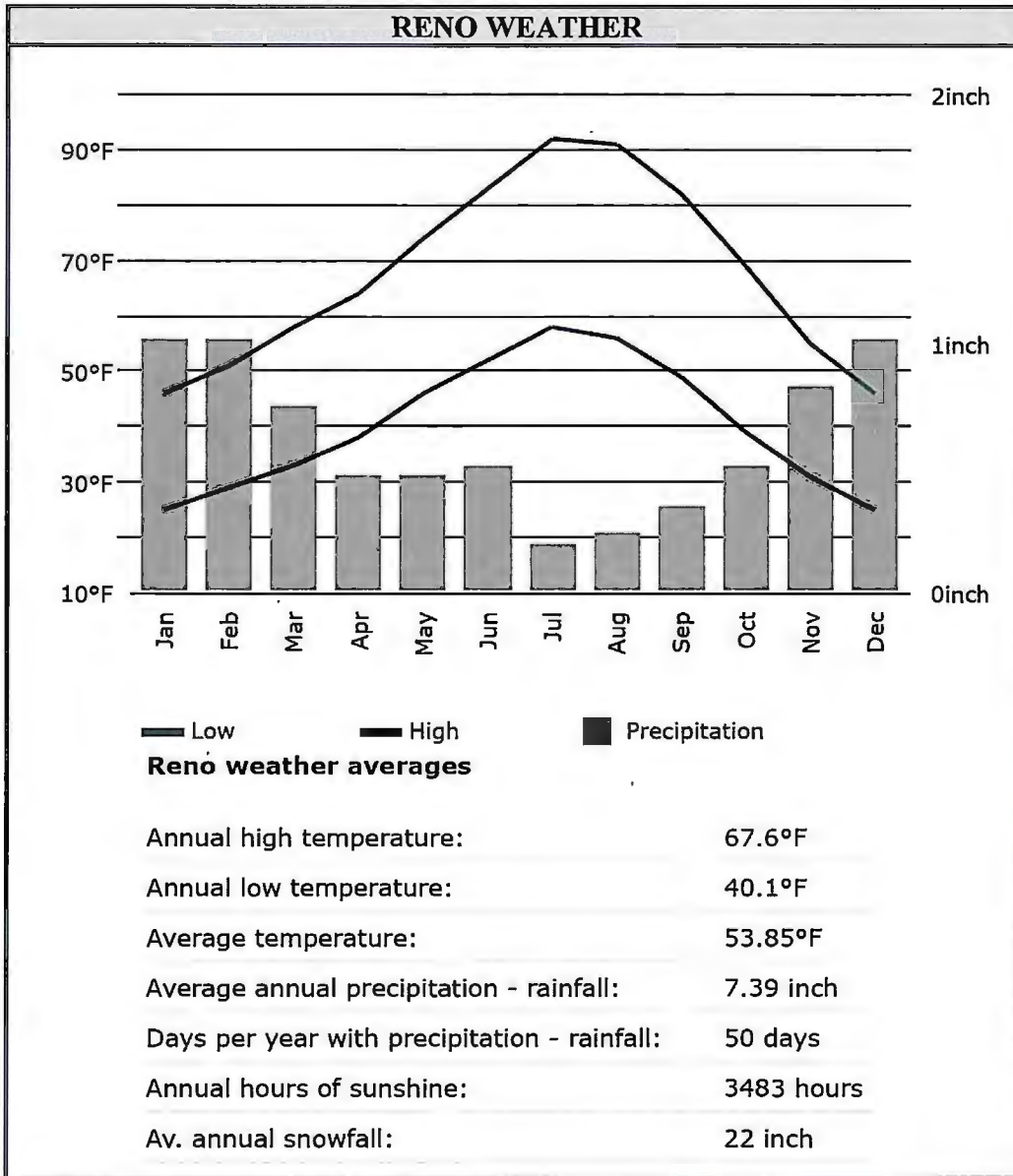
The Reno-Sparks metropolitan area is situated on the eastern slopes of the Sierra Nevada Mountain Range in a large valley known as the Truckee Meadows. Two major freeways serve the region. Interstate 80 runs in an east-west direction through Reno, while U.S. 395/I-580 runs in a north-south direction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



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 451,923 in 2017. The following summarizes historical population estimates for the region.

HISTORICAL POPULATION ESTIMATES												
Year	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Reno	214,371	220,613	223,012	218,143	217,282	222,801	229,859	232,243	235,371	238,615	242,158	244,612
Sparks	87,846	89,449	91,684	91,237	92,331	92,302	90,214	91,551	92,396	93,581	95,726	96,928
Unincorporated	106,868	107,999	109,137	107,252	107,766	106,490	107,131	108,530	109,030	109,750	110,432	110,383
Washoe County	409,085	418,061	423,833	416,632	417,379	421,593	427,204	432,324	436,797	441,946	448,316	451,923

Source: Nevada State Demographer

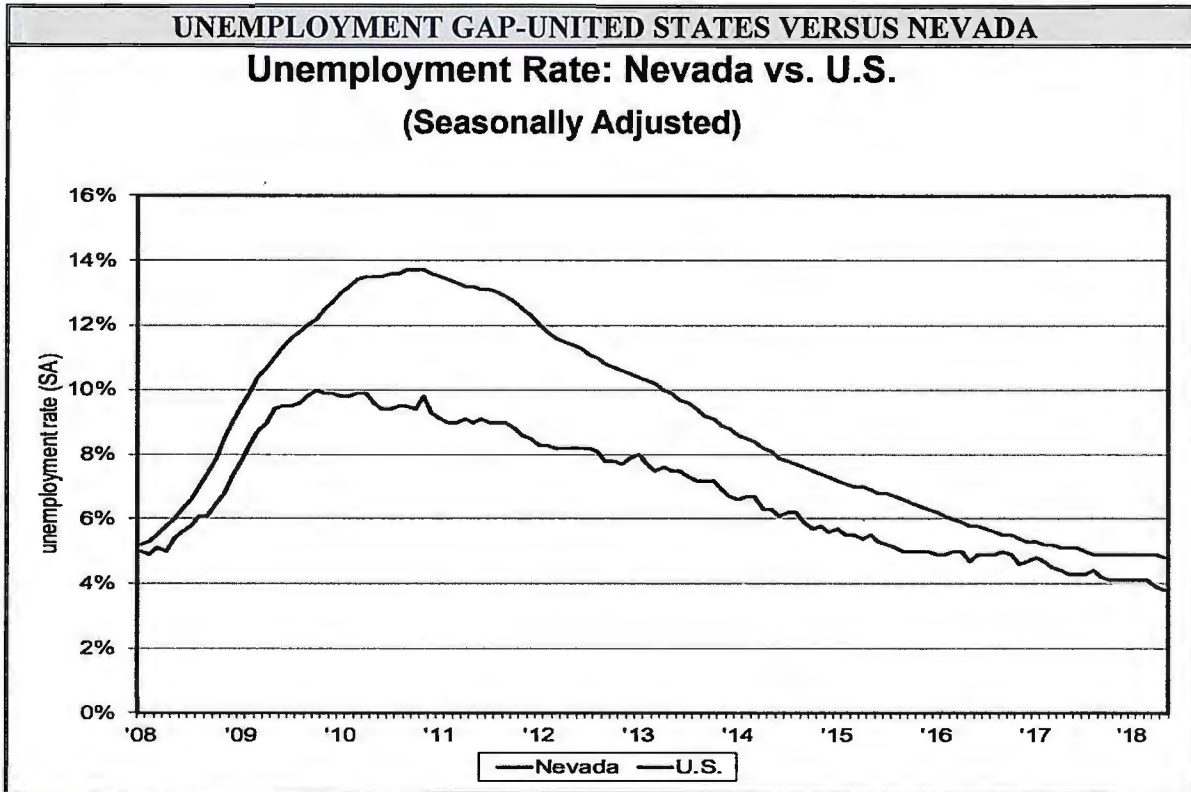
The downturn in the economy has particularly impacted the labor force in Nevada, although over the past three years unemployment has decreased significantly. Unemployment rates for Nevada and individual counties in the state are summarized on the following chart.

NEVADA UNEMPLOYMENT DATA-APRIL 2018				
Area	Labor Force	Number Employed	Number Unemployed	Unemployment Rate
Nevada	1,495,119	1,432,701	62,418	4.20%
Carson City	26,249	24,872	1,377	5.24%
Churchill County	10,573	10,131	442	4.18%
Clark County	1,097,334	1,042,410	54,924	5.00%
Douglas County	22,760	21,741	1,019	4.47%
Elko County	26,692	25,788	904	3.38%
Esmeralda County	505	481	24	4.98%
Eureka County	990	961	29	2.92%
Humboldt County	8,062	7,778	284	3.52%
Lander County	3,129	2,996	133	4.25%
Lincoln County	1,993	1,897	96	4.81%
Lyon County	21,851	20,548	1,303	5.96%
Mineral County	2,031	1,921	110	5.41%
Nye County	16,538	15,585	953	5.76%
Pershing County	2,550	2,434	116	4.54%
Storey County	2,030	1,930	100	4.92%
Washoe County	245,667	236,184	9,483	3.86%
White Pine County	4,501	4,311	190	4.22%

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 has occurred in the employment market, with the State of Nevada now under 5% unemployment. The following chart summarizes the unemployment rate gap between the State of Nevada and the United States.



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 was fast-tracked; this \$43 million project extends 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; the first phase was completed in 2017.

**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						
Area	Current Period			Fiscal Year-to Date		
	05/2018	05/2017	% Change	07/2017 - 05/2018	07/2016 - 05/2017	% Change
Statewide	1,044,079,556	991,594,550	5.29%	10,880,109,311	10,549,027,435	3.14%
Clark County	904,581,594	860,698,197	5.10%	9,380,134,830	9,130,209,000	2.74%
LV Strip	581,466,079	546,791,225	6.34%	6,077,298,400	5,974,629,280	1.72%
Downtown	53,308,790	55,228,947	-3.48%	584,991,739	562,703,794	3.96%
North Las Vegas	27,238,151	26,777,354	1.72%	268,548,261	258,710,368	3.80%
Laughlin	44,028,310	43,308,311	1.66%	465,263,694	443,703,313	4.86%
Boulder Strip	79,824,545	79,986,379	-0.20%	769,662,043	735,175,649	4.69%
Mesquite	11,329,365	10,701,228	5.87%	117,877,427	111,956,570	5.29%
Balance of County	107,386,355	97,904,753	9.68%	1,096,493,266	1,043,330,028	5.10%
Washoe County	73,103,301	68,249,299	7.11%	779,347,238	738,374,036	5.55%
Reno	53,537,964	51,180,586	4.61%	572,904,173	543,234,781	5.46%
Sparks	11,593,900	10,406,139	11.41%	120,996,322	116,765,032	3.62%
North Lake Tahoe	1,894,488	1,514,359	25.10%	24,558,033	23,195,185	5.88%
Balance of County	6,076,948	5,148,214	18.04%	60,888,710	55,179,037	10.35%
South Lake Tahoe	18,022,230	17,818,838	1.14%	208,018,529	202,436,709	2.76%
Elko County	24,429,555	22,707,686	7.58%	267,035,120	248,319,258	7.54%
Wendover	16,339,393	14,834,063	10.15%	179,304,212	163,420,376	9.72%
Balance of County	8,090,162	7,873,623	2.75%	87,730,908	84,898,882	3.34%
Carson Valley Area *	9,931,012	8,592,378	15.58%	99,730,793	92,388,220	7.95%
Other	14,011,864	13,528,152	3.58%	145,842,801	137,300,213	6.22%

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





**Source: Nevada Gaming Control Board**

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.

<b>ESTIMATED VISITOR COUNTS-RENO/SPARKS AREA</b>										
Month	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
January	315,092	294,059	299,173	281,231	321,606	299,638	343,067	318,333	337,537	340,038
February	285,138	328,058	321,307	341,375	320,829	317,344	333,754	359,816	353,085	362,487
March	347,408	386,010	351,791	361,802	379,107	366,211	372,914	408,908	427,889	422,046
April	355,994	361,443	357,305	383,750	373,910	374,077	364,488	393,666	411,342	397,674
May	383,952	384,819	373,994	381,261	410,307	409,936	402,554	392,771	415,356	426,581
June	407,199	443,819	407,326	439,008	464,030	442,926	428,339	464,938	483,556	-
July	392,702	420,724	424,276	447,787	464,634	463,881	461,255	475,751	515,248	-
August	419,108	407,140	419,488	482,034	465,526	460,178	462,746	464,049	510,215	-
September	425,876	420,555	417,120	446,791	429,600	430,243	443,255	473,840	492,603	-
October	370,325	358,623	347,074	371,788	370,259	383,157	419,970	404,279	429,010	-
November	307,233	290,725	297,589	293,121	321,139	326,680	325,605	353,026	368,004	-
December	334,396	310,695	316,657	326,467	343,766	356,925	388,261	385,730	401,984	-
<b>Totals</b>	<b>4,354,423</b>	<b>4,406,270</b>	<b>4,345,141</b>	<b>4,536,415</b>	<b>4,664,514</b>	<b>4,631,195</b>	<b>4,746,207</b>	<b>4,893,105</b>	<b>5,145,829</b>	<b>1,948,827</b>

**Source: Reno-Sparks Convention and Visitors Authority**

**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 July 2018 Market Report presented by the Reno/Sparks Association of Realtors reports that, "The Washoe County median price is at \$389,000, which is up 10 percent compared to July 2017," said Doug McIntyre, 2018 RSAR President. "This is a record high median price

for the Reno/Sparks market. When you factor in pricing with the seasonal trend, I would anticipate that unit sales numbers may not reach 2017 levels.”

- The July median price at \$389,000 up 2% from June and up 10% from a year ago.
- July unit sales at 555 are down 7% from June and down 17% compared to July 2017.
- July new listings are down 13% at 690 compared to June and up 4% from one year ago.
- The Reno market is a seller’s market, at 2 months supply of inventory. Months supply of inventory is the time it would take to exhaust the active inventory at the current rate of sales.

### **Conclusions**

- The Washoe County median price is at \$389,000 up 10% compared to June 2017 and a new record high.
- Unit sales for the month of July were at 555 down 17% from June 2017. Year-to-date sales for 2018 are down 6% compared to the same period 2017. Coupled with the seasonal cycle, unit sales are declining under the weight of pricing.
- During the month of July, there were 690 new listings. New listings had been trending up since December but are down 13% from June which follows the seasonal trend. Year-to-date new listings are down 1% compared to the same period 2017. Year-to-date 2018, new listings total 4,608.
- The average days to contract were 37 in July down 12% compared to July 2017.
- Properties are remaining on the market an average of 72 days down 12% from July 2017.
- Sellers are receiving an average of 99.2% of list price down 5% from July 2017.

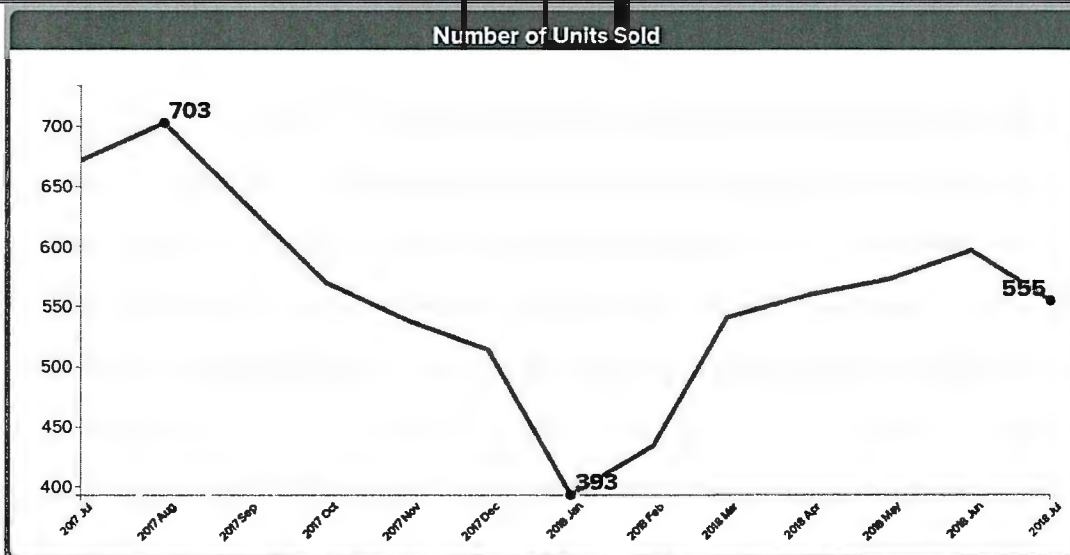


**RENO-SPARKS JULY 2018 MEDIAN PRICE SOLD**



Sold Price (PM%) <b>\$389,000</b> 1.8% ▲	Sold Price prior month <b>\$382,000</b>	Sold Price (PY%) <b>\$389,000</b> 10.4% ▲	Sold Price prior year <b>\$352,250</b>
--	--	---	---

**RENO-SPARKS JULY 2018 UNITS SOLD**



Units Sold (PM%) <b>555</b> -7.0% ▼	Units Sold prior month <b>597</b>	Units Sold (PY%) <b>555</b> -17.4% ▼	Units Sold prior year <b>672</b>
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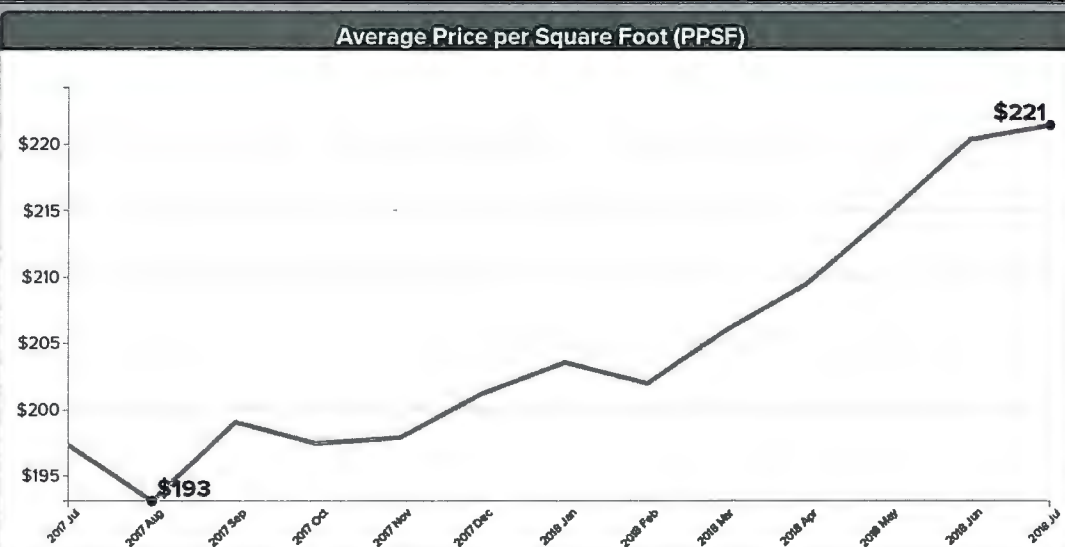


### RENO-SPARKS JULY 2018 NEW LISTINGS



New Listings (PM%) <b>690</b> -13.2% ▼	New Listings prior mo. <b>795</b>	New Listings (PY%) <b>690</b> 3.9% ▲	New Listings prior year <b>664</b>
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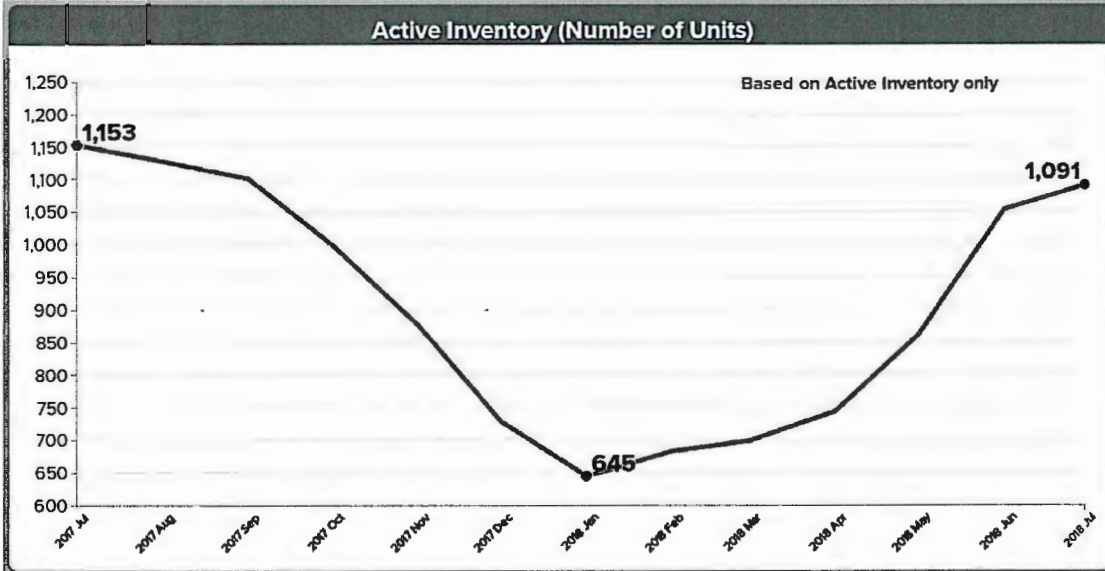
### RENO-SPARKS JULY 2018 PRICE PER SQUARE FOOT



Price / SF (PM%) <b>\$221</b> 0.5% ▲	Price / SF prior month <b>\$220</b>	Price / SF (PY%) <b>\$221</b> 12.2% ▲	Price / SF prior year <b>\$197</b>
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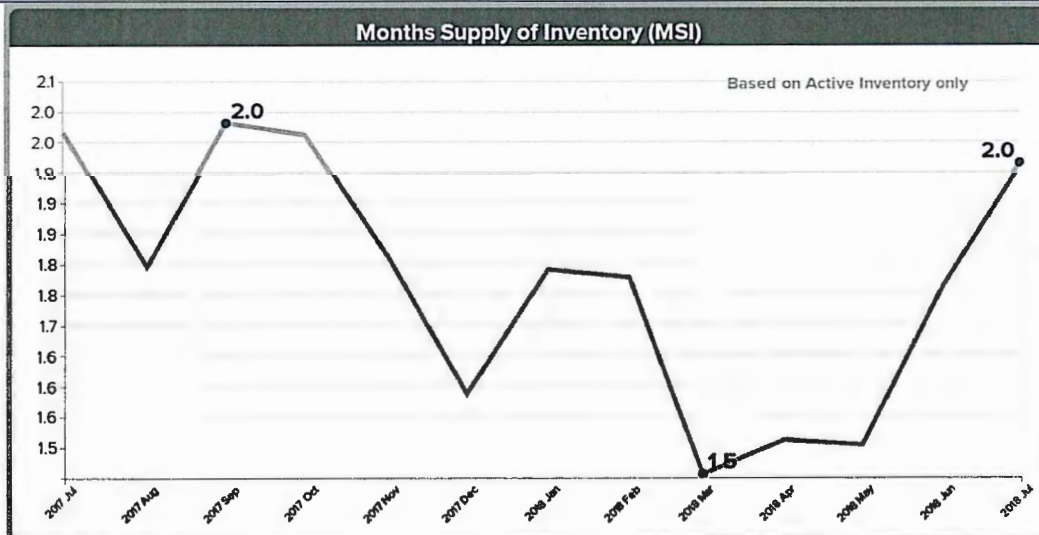


**RENO-SPARKS JULY 2018 INVENTORY**



Inventory (PM%) <b>1,091</b> 3.5% ▲	Inventory prior month <b>1,054</b>	Inventory (PY%) <b>1,091</b> -5.4% ▼	Inventory prior year <b>1,153</b>
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**RENO-SPARKS JULY 2018 MONTHS SUPPLY OF INVENTORY**



MSI (PM%) <b>2.0</b> 11.3% ▲	MSI prior month <b>1.8</b>	MSI (PY%) <b>2.0</b> -2.5% ▼	MSI prior year <b>2.0</b>
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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 recession. 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 2<sup>nd</sup> Quarter 2018 *Apartment Survey*, which is a quarterly survey conducted by Johnson Perkins Griffin, LLC.

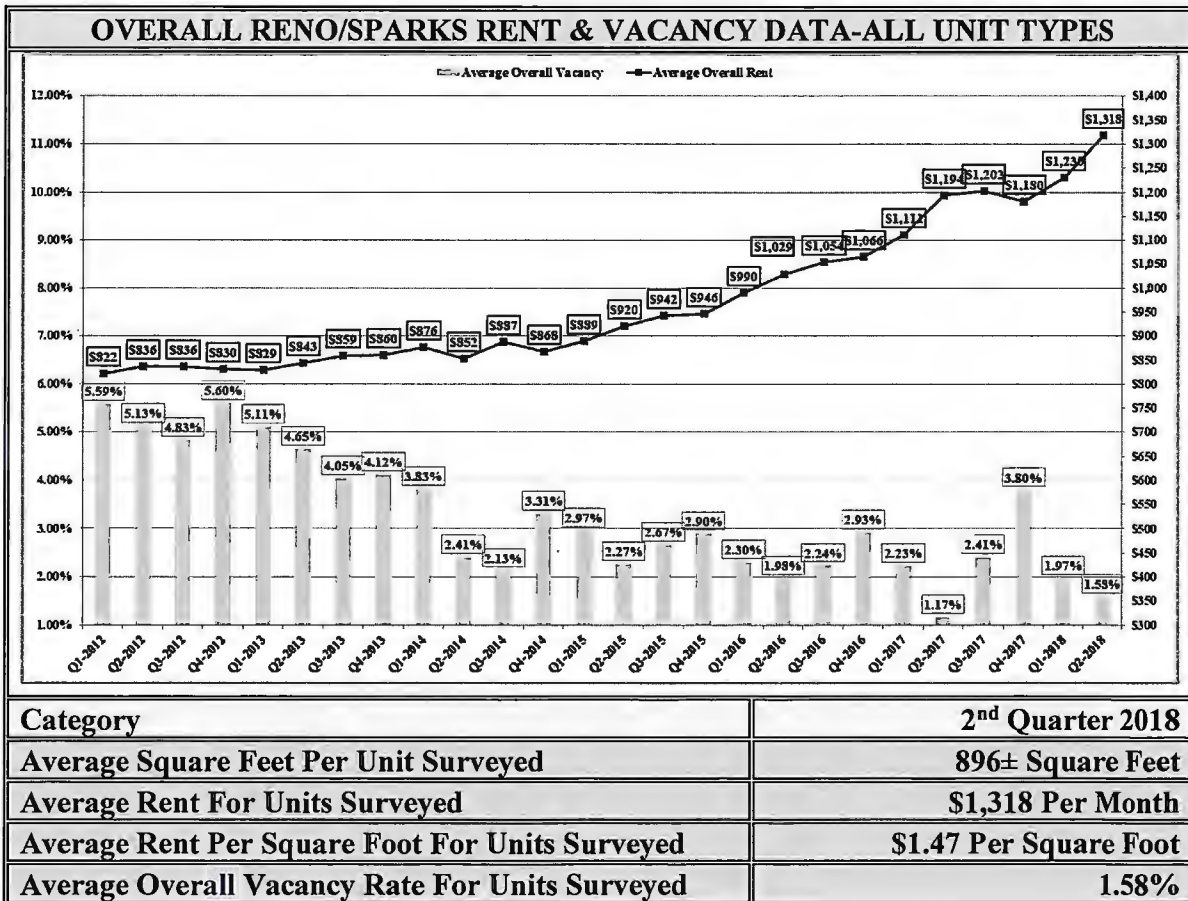
AVERAGE SIZE, RENT & VACANCY RATE BY UNIT TYPE							
CATEGORY	STUDIOS	1 BED/1 BATH	2 BED/1 BATH	2 BED/2 BATH	3 BED/2 BATH	TOWNHOME	TOTALS
Average SF-By Unit Type	404 SF	724 SF	862 SF	1,047 SF	1,283 SF	1,256 SF	896 SF
Average Rent-By Unit Type	\$781	\$1,170	\$1,210	\$1,475	\$1,754	\$1,508	\$1,318
Average Rent/SF-By Unit Type	\$1.93	\$1.62	\$1.40	\$1.41	\$1.37	\$1.20	\$1.47
Indicated Vacancy Rate-By Unit Type	1.76%	1.86%	1.25%	1.46%	1.40%	1.35%	1.58%

OVERALL AVERAGE RENT & VACANCY-PRIOR & CURRENT QUARTER			
Category	1 <sup>st</sup> Quarter 2018	2 <sup>nd</sup> Quarter 2018	Change
Average Vacancy	1.97%	1.58%	-39 Basis Points
Average Rent	\$1,230	\$1,318	+\$88 or +7.15%

COMPARISON OF RENTAL RATES & VACANCY RATES TO PRIOR QUARTER						
UNIT TYPE	AVERAGE RENT			AVERAGE VACANCY		
	1st Qtr. 2018-	2nd Qtr. 2018	Result	1st Qtr. 2018	2nd Qtr. 2018	Result
Studio	\$744	\$781	+\$37	1.17%	1.76%	+0.59%
1 Bedroom/1 Bath	\$1,092	\$1,170	+\$78	2.11%	1.86%	-0.25%
2 Bedroom/1 Bath	\$1,122	\$1,210	+\$88	1.93%	1.25%	-0.68%
2 Bedroom/2 Bath	\$1,387	\$1,475	+\$88	2.04%	1.46%	-0.58%
3 Bedroom/2 Bath	\$1,631	\$1,754	+\$123	0.89%	1.40%	+0.51%
Townhouse	\$1,436	\$1,508	+\$72	2.70%	1.35%	-1.35%
<b>TOTALS</b>	<b>\$1,230</b>	<b>\$1,318</b>	<b>+\$88</b>	<b>1.97%</b>	<b>1.58%</b>	<b>-0.39%</b>



RENTAL AND VACANCY RATES BY SUB-MARKET AREA							
Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		1st Qtr. 2018	2nd Qtr. 2018	Result	1st Qtr. 2018	2nd Qtr. 2018	Result
1	Northwest Reno	\$1,304	\$1,386	+\$82	1.91%	1.74%	-0.17%
2	Northeast Reno	\$1,115	\$1,198	+\$83	1.44%	3.12%	+1.67%
3	W. Sparks/N. Valley	\$1,067	\$1,140	+\$73	2.04%	0.99%	-1.05%
4	East Sparks	\$1,440	\$1,553	+\$114	2.65%	3.08%	+0.44%
5	West Reno	\$1,095	\$1,103	+\$8	0.44%	0.00%	-0.44%
6	Southwest Reno	\$1,123	\$1,215	+\$93	2.16%	0.88%	-1.28%
7	Brinkby/Grove	\$898	\$912	+\$14	0.83%	0.33%	-0.50%
8	Airport	\$1,089	\$1,164	+\$74	0.54%	1.07%	+0.54%
9	Lakeridge	\$1,284	\$1,375	+\$92	3.67%	2.24%	-1.44%
10	Southeast Reno	\$1,254	\$1,353	+\$99	1.53%	0.62%	-0.91%
11	Downtown Urban	\$1,387	\$1,429	+\$41	3.14%	3.38%	+0.24%
<b>Overall Reno-Sparks</b>		<b>\$1,230</b>	<b>\$1,318</b>	<b>+\$88</b>	<b>1.97%</b>	<b>1.58%</b>	<b>-0.39%</b>





### **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 was fast-tracked; this \$43 million project extended 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 2<sup>nd</sup> Quarter 2018 Report* indicates the following:



**COMMENTARY-CBRE RENO INDUSTRIAL MARKET VIEW 2<sup>ND</sup> QUARTER 2018**

Industrial leasing demand surged in Q2 2018 logging over 1.8 million sq. ft. of net absorption and 2.5 million sq. ft. of gross absorption. This pattern is very similar to what played out in the first half of 2017. While this alone is impressive, what is just around the corner will reinforce the attractiveness and health of the Northern Nevada industrial market and the continued need for expansion of the industrial base.

It is important to note that a large volume of the overall demand was small in scale. In fact, only five transactions registered over 100,000 sq. ft. totaling 837,000 sq. ft. The remaining million sq. ft. of net absorption was accounted for by 34 separate transactions (over 5,000 sq. ft.). This niche market represents the most critically underserved from a supply standpoint and not surprisingly the property size experiencing the most dramatic rent growth. Furthermore, given the scarcity of new development projects in the construction pipeline designed to satiate the market demand, the forecast is for continued aggressive rent growth and a highly competitive landscape for the foreseeable future.

Polaris acquired 43 acres of land in Fernley to construct a 515,000 sq. ft. cross-docked distribution

facility. Additionally, as previously mentioned, there are two to three transactions at or above 600,000 sq. ft. on the horizon as large tenants are looking to call Northern Nevada home. The prospective transactions will have an impact on both projects currently under construction, or shadow inventory, as well as planned projects. The result of which will surely trigger another phase of speculative development of scale to meet the mid to long range demand pipeline.

Northern Nevada is certainly the focal point of developers (locally as well as new to the market) and investors alike. Several new industrial developers and capital sources will join the active ranks locally, as Reno/Sparks/Northern Nevada has been embraced as a Tier 1 west coast market by most institutions. Investor demand was also robust in Q2 2018 with Prism Realty Corporation acquiring over 1.0 million sq. ft. from Panattoni in North Reno. The assets were 100% leased to four tenants and the sale equates to \$76.56 per sq. ft. With extraordinary competition in core markets, it is forecasted the +/- 5% capitalization rate mark becoming a "new norm" for underwriting and acquisition of Class A industrial product locally.

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 2<sup>nd</sup> Quarter 2018*.





### INDUSTRIAL RENTS & VACANCIES BY SUBMARKET

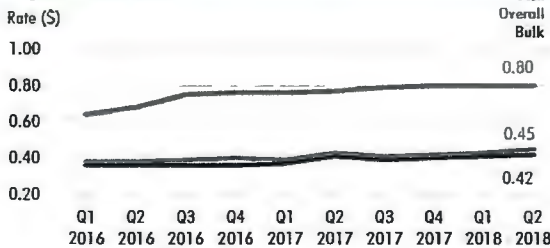
Figure 2: Reno Industrial Market Statistics

Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
<b>Central / Airport</b>	<b>9,269,884</b>	<b>2.5</b>	<b>7.1</b>	<b>171,067</b>	<b>159,787</b>	<b>0.73</b>
Bulk	6,691,754	3.0	8.6	169,824	158,544	0.67
Flex	2,578,130	1.3	3.2	1,243	1,243	0.92
<b>East Valley</b>	<b>19,358,824</b>	<b>0.9</b>	<b>4.3</b>	<b>0</b>	<b>0</b>	<b>0.38</b>
Bulk	19,236,137	0.9	4.3	0	0	0.35
Flex	122,687	0.0	11.4	0	0	0.70
<b>North Valley</b>	<b>18,968,710</b>	<b>3.7</b>	<b>6.2</b>	<b>263,550</b>	<b>179,600</b>	<b>0.38</b>
Bulk	18,644,698	3.7	6.2	263,550	179,600	0.38
Flex	324,012	2.0	2.0	0	0	0.60
<b>South Reno</b>	<b>9,607,281</b>	<b>1.8</b>	<b>3.7</b>	<b>57,125</b>	<b>120,412</b>	<b>0.52</b>
Bulk	7,588,912	1.6	3.5	48,539	111,547	0.42
Flex	2,018,369	2.3	4.3	8,586	8,865	0.85
<b>Sparks</b>	<b>28,607,627</b>	<b>2.6</b>	<b>9.5</b>	<b>823,409</b>	<b>913,181</b>	<b>0.42</b>
Bulk	25,504,599	2.9	10.5	816,809	899,981	0.41
Flex	3,103,028	0.5	1.6	6,600	13,200	0.71
<b>West Reno</b>	<b>1,954,791</b>	<b>2.0</b>	<b>2.1</b>	<b>224,970</b>	<b>243,940</b>	<b>0.58</b>
Bulk	1,585,369	0.8	0.8	206,000	206,000	0.55
Flex	369,422	7.2	7.7	18,970	37,940	0.60
<b>Market Total</b>	<b>87,767,117</b>	<b>2.2</b>	<b>6.4</b>	<b>1,838,756</b>	<b>1,915,555</b>	<b>0.45</b>
Bulk	79,251,469	2.2	6.7	50,950	1,555,672	0.41
Flex	8,515,648	1.5	3.1	25,849	61,248	0.79

Source: CBRE Research, Q2 2018.

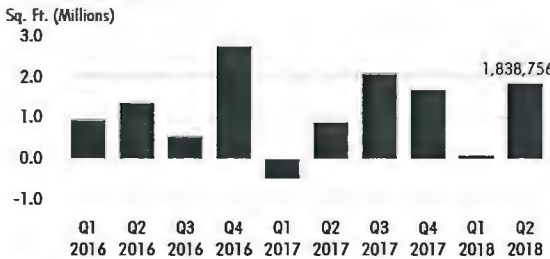
### HISTORICAL INDUSTRIAL DATA

Figure 4: Lease Rates



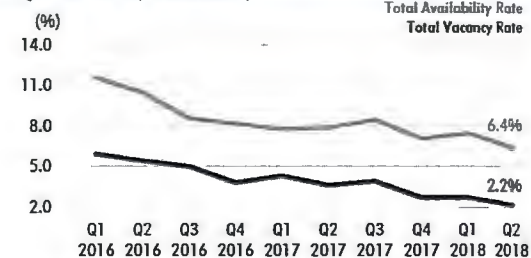
Source: CBRE Research, Q2 2018.

Figure 5: Net Absorption



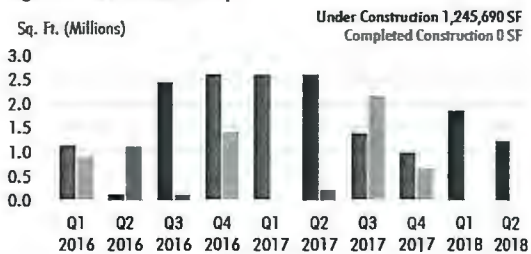
Source: CBRE Research, Q2 2018.

Figure 6: Vacancy & Availability



Source: CBRE Research, Q2 2018.

Figure 7: Construction Activity



Source: CBRE Research, Q2 2018.





**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 2016/2017 fiscal taxable sales show an increase from year-to-date numbers for each of the past six years. The following chart summarizes taxable sales totals for Washoe County from 1997/1998 (fiscal years).

<b>WASHOE COUNTY TAXABLE SALES HISTORY</b>		
<b>Fiscal Year</b>	<b>Taxable Sales</b>	<b>Percentage Change</b>
1997/1998	\$4,377,547,590	3.22%
1998/1999	\$4,679,515,860	6.90%
1999/2000	\$4,966,612,920	6.14%
2000/2001	\$5,194,146,044	4.58%
2001/2002	\$5,292,178,588	1.89%
2002/2003	\$5,481,582,915	3.47%
2003/2004	\$6,003,368,280	9.52%
2004/2005	\$6,660,263,045	10.6%
2005/2006	\$7,268,593,250	9.13%
2006/2007	\$7,202,640,557	-0.91%
2007/2008	\$6,823,700,706	-5.3%
2008/2009	\$5,707,791,051	-16.35%
2009/2010	\$5,176,981,699	-9.30%
2010/2011	\$5,282,936,232	2.05%
2011/2012	\$5,522,605,351	4.54%
2012/2013	\$5,824,726,136	5.47%
2013/2014	\$6,370,684,534	9.37%
2014/2015	\$6,817,588,648	7.02%
2015/2016	\$7,550,466,734	10.70%
2016/2017	\$7,989,009,111	5.81%

**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 2<sup>nd</sup> Quarter 2018 Report* indicates the following:



**COMMENTARY-CBRE RENO RETAIL MARKET VIEW 2<sup>ND</sup> QUARTER 2018**

The Reno retail market wrapped up Q2 2018 with 32,829 sq. ft. of positive net absorption, its 13th straight quarter with positive net absorption. The vacancy rate continued to drop and closed the quarter at 7.5% after decreasing by 10 basis points (bps). The average asking lease rate suggests that the market is still thriving, increasing by \$0.02 and ending the quarter at \$1.44 NNN. This trend is expected to continue in the near term as tenant demand remains prevalent across the market.

Reno currently has three projects under construction, two of which are scheduled for delivery in Q3 2018 providing 11,740 sq. ft. of new product to the market. The most substantial of these projects is 1370 Big Fish Drive (6,940 sq. ft.), which is located in the Sparks submarket. Healthy construction activity is likely to continue during the near term as demand from retailers show no signs of slowing down.

Q2 2018 provided plenty of leasing activity, most of which came from larger leases. The quarter's most significant lease was Harbor Freight Tools and Tractor Supply signing a 53,105 sq. ft. lease in the Ironhorse Shopping Center. Big Lots was another contributor to the positive net absorption as the company leased a space in the Spanish Springs Shopping Center (28,799 sq. ft.).

The year started off with steady sales activity and Q2 2018 was even more robust. The most notable sale of the quarter occurred with Canon Commercial, Inc. purchasing The Commons, a 106,772 sq. ft. center. A similarly noteworthy deal was the purchase of Parkside Center (102,832 sq. ft.) by the Realty Income Corporation. During Q2 2018, the Reno retail market expanded upon a solid start to the year. It is expected that both leasing and sales activity will continue to be strong during the remainder of the year.

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 2<sup>nd</sup> Quarter 2018*.



**RETAIL RENTS & VACANCIES BY SUBMARKET**

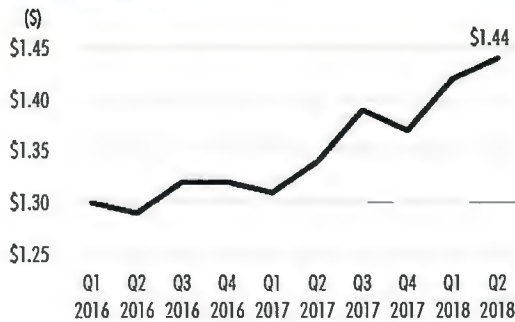
Figure 2: Reno Retail Market Statistics

Submarket	Gross Leasable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
Central/Airport	1,757,965	17.2	19.0	21,352	49,715	1.33
Downtown	385,397	19.6	19.6	0	0	2.28
Meadowood	3,285,664	5.5	6.6	(69,233)	(63,625)	1.23
North Valleys	791,887	4.2	4.5	0	4,917	1.38
Northwest Reno	1,813,641	3.0	3.2	0	8,708	1.41
South Reno	2,523,397	6.5	6.6	0	16,816	1.53
Southwest Reno	757,064	7.3	8.7	(1,194)	(3,044)	1.39
Spanish Springs	1,612,633	9.3	9.3	28,799	28,799	1.38
Sparks	3,728,556	6.2	6.5	53,105	61,387	1.44
<b>Market Total</b>	<b>16,656,204</b>	<b>7.5</b>	<b>8.1</b>	<b>32,829</b>	<b>103,673</b>	<b>1.44</b>

Source: CBRE Research, Q2 2018.

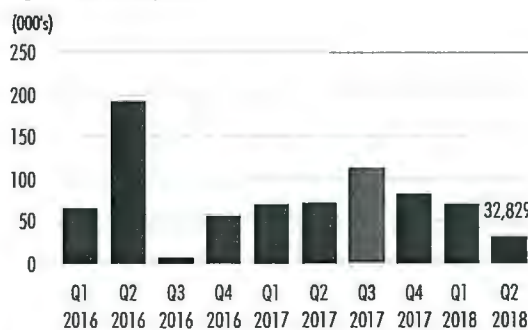
**HISTORICAL RETAIL DATA**

Figure 6: Lease Rates



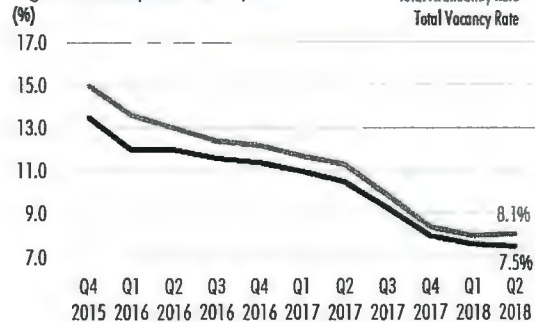
Source: CBRE Research, Q2 2018.

Figure 7: Net Absorption



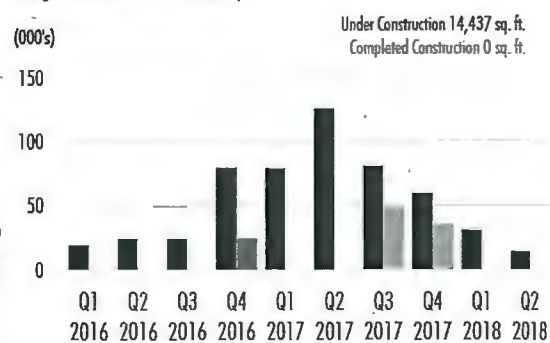
Source: CBRE Research, Q2 2018.

Figure 8: Vacancy & Availability



Source: CBRE Research, Q2 2018.

Figure 9: Construction Activity



Source: CBRE Research, Q2 2018.





## 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 2<sup>nd</sup> Quarter 2018 Report* indicates the following:

### COMMENTARY-CBRE RENO OFFICE MARKET VIEW 2<sup>ND</sup> QUARTER 2018

The Reno office market continued to see decreasing vacancy and while the net absorption numbers were not as high as the previous quarter, the market still ended with 10,471 sq. ft. of positive activity. The vacancy rate decreased 160 basis points (bps) to close the quarter at 9.2%. This represents a 320 bps decrease from Q2 2017. The average asking lease rate experienced a \$0.04 dip, closing at \$1.53 FSG; with the Class A lease rate averaging \$1.84 FSG.

The vacancy rate among Class A office product continued to drop with a 140 bps decrease this quarter, closing at 6.6%. This represents a 500 bps decrease from the same time last year. The positive performance experienced during the first half of year is a clear illustration of the desirability of the Reno office market. Class A product posted strong net absorption numbers yet again, with Meadowood totaling 25,739 sq. ft. of positive net absorption for the quarter. While Meadowood posted positive numbers, Reno also had a few submarkets with negative activity, leading to the relatively modest positive net absorption overall.

The largest sale transactions of the quarter belonged to Lansing Companies, who purchased the 106,463 sq. ft. U.S. Bank Centre on 5190 Neil Road for \$14.8 million. For lease transactions, Reno experienced increased activity during Q2 2018, mainly coming out of the South Reno submarket. The largest lease during Q2 2018 was a renewal and expansion by TriNet USA, taking approximately 38,000 sq. ft. at 9805 Double R Blvd.

Following last quarter, McKenzie Properties is continuing to construct a Class A office building located at 5520 Kietzke Lane. With a starting lease rate of \$2.75 per sq. ft. and completion has been rescheduled to October of this year. Incidentally, despite no new leases in the building this quarter, it is expected that McKenzie Properties will be fully leased by the completion date.

Given the region's current and projected growth, investment activity is expected to remain strong, with two of the biggest sales being investment. CAP rates have decreased in the past year, enticing some landlords to bring stabilized properties to market, this remain even with the minor rent drop.



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 2<sup>nd</sup> Quarter 2018*.

<b>OFFICE RENTS &amp; VACANCIES BY SUBMARKET</b>						
Figure 2: Reno Office Market Statistics						
Submarket	Net Rentable Area	Total Vacancy %	Total Availability %	Q2 Net Absorption	YTD Net Absorption	Average Asking Rate \$
<b>Airport</b>	557,145	8.3	9.8	(2,650)	5,548	1.24
Class A	32,376	-	-	-	-	-
Class B	351,247	7.1	8.9	-	3,794	1.36
<b>Central</b>	715,639	17.8	39.2	(20,872)	(23,654)	1.25
Class A	-	-	-	-	-	-
Class B	334,444	16.0	30.6	(214)	3,753	1.36
<b>Downtown</b>	1,366,328	8.2	9.5	9,546	36,178	1.72
Class A	810,695	6.9	8.3	985	20,615	1.87
Class B	273,830	12.4	14.8	3,045	10,047	1.76
<b>Meadowood</b>	1,781,520	9.4	14.5	25,739	48,255	1.60
Class A	1,100,707	6.9	14.7	31,985	52,243	1.82
Class B	482,573	9.6	10.2	(8,992)	(8,992)	1.51
<b>South Reno</b>	1,399,415	6.5	10.6	(3,452)	(3,397)	1.73
Class A	1,112,924	6.5	10.5	(2,012)	(8,830)	1.84
Class B	286,491	6.5	10.6	(1,440)	5,433	1.38
<b>Sparks</b>	162,423	7.0	9.1	2,160	3,020	1.05
Class A	-	-	-	-	-	-
Class B	93,693	9.5	9.5	-	-	1.25
<b>West Reno</b>	37,495	-	-	-	-	-
Class A	14,493	-	-	-	-	-
Class B	23,002	-	-	-	-	-
<b>Market Total</b>	<b>6,019,965</b>	<b>9.2</b>	<b>14.7</b>	<b>10,471</b>	<b>65,950</b>	<b>1.53</b>
Class A	<b>3,071,195</b>	<b>6.6</b>	<b>11.3</b>	<b>30,958</b>	<b>64,028</b>	<b>1.84</b>
Class B	<b>1,845,280</b>	<b>10.1</b>	<b>14.2</b>	<b>(7,601)</b>	<b>14,035</b>	<b>1.47</b>

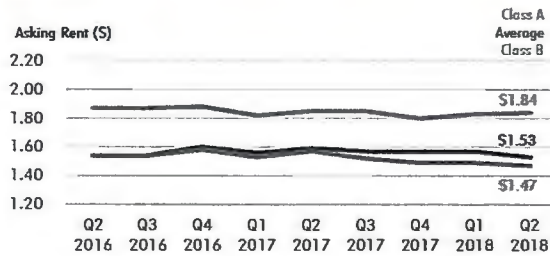
Source: CBRE Research, Q2 2018.





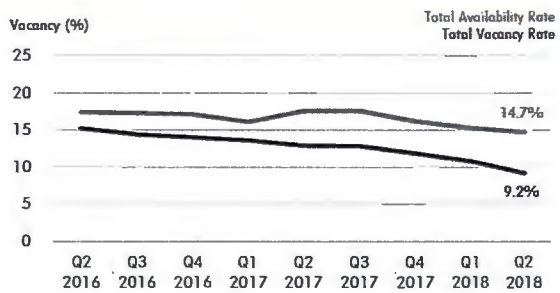
**HISTORICAL OFFICE DATA**

**Figure 4: Lease Rates**



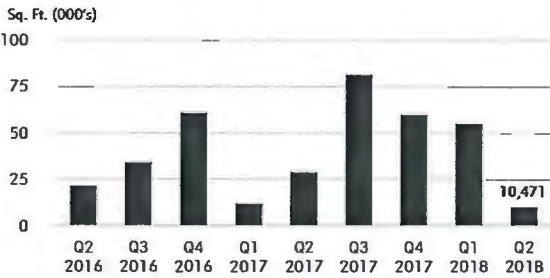
Source: CBRE Research, Q2 2018.

**Figure 6: Vacancy & Availability**



Source: CBRE Research, Q2 2018.

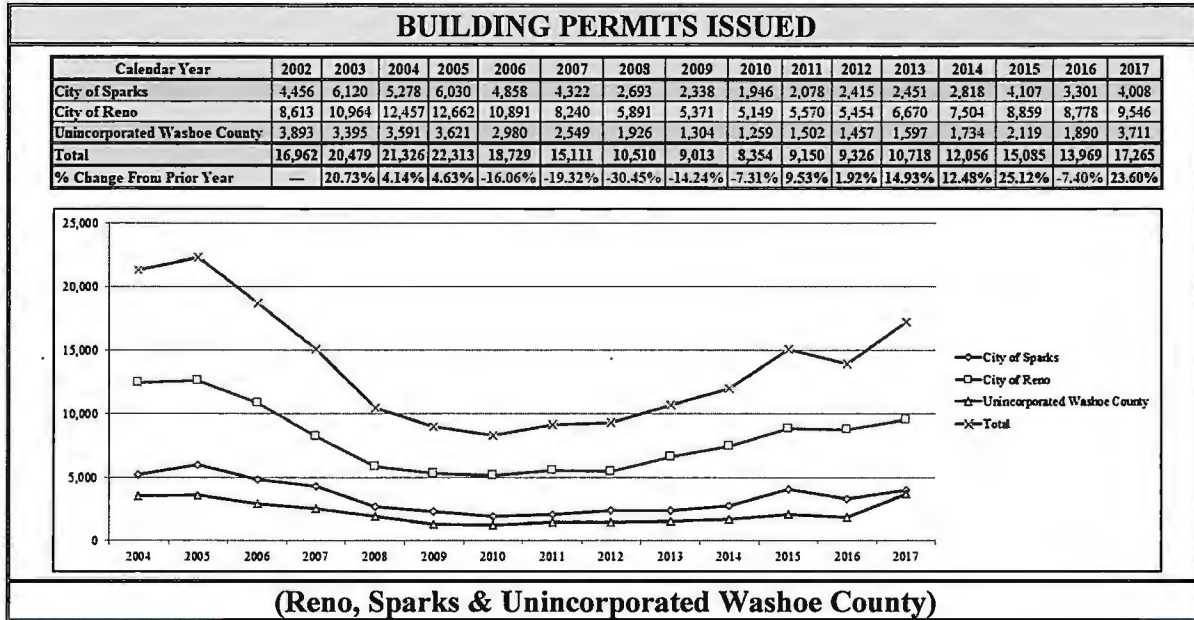
**Figure 5: Net Absorption**



Source: CBRE Research, Q2 2018.

**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 through 2010; beginning in 2011, building permit activity 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 2016, the latest full calendar year, 14,487 building permits, or 35% less than 2005, were issued.



**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.





### **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 21,300 students currently enrolled at the University. The area is also served by the Truckee Meadows Community College, which has an enrollment of approximately 11,600 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.

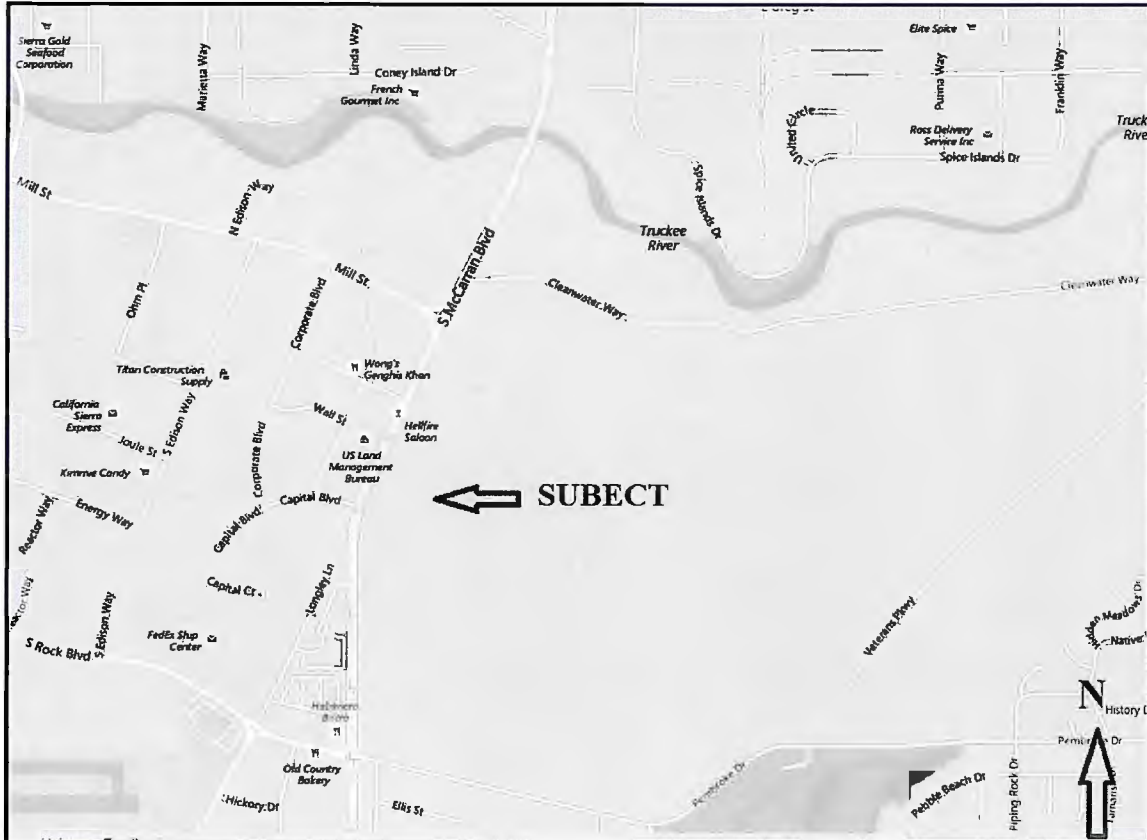
### **Summary**

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.



### NEIGHBORHOOD MAP







**NEIGHBORHOOD PHOTOGRAPHS**



**VIEW OF MILL AT MCCARRAN INDUSTRIAL FLEX COMPLEX FACING  
SOUTHWESTERLY FROM MILL STREET AND MCCARRAN BOULEVARD**



**VIEW OF MILL STREET FACING WESTERLY FROM SOUTH  
MCCARRAN BOULEVARD**



**NEIGHBORHOOD PHOTOGRAPHS**



**VIEW OF THE NORTHWEST CORNER OF SOUTH MCCARRAN BOULEVARD  
AND MILL STREET**



**VIEW OF EMIGRANT STORAGE MINI WAREHOUSE COMPLEX LOCATED TO  
THE SOUTH OF THE SUBJECT PROPERTY**



**NEIGHBORHOOD PHOTOGRAPHS**



**VIEW OF THE COTTAGES, A DENSITY RESIDENTIAL SUBDIVISION FACING  
SOUTHWESTERLY**



**VIEW OF BRISTOL POINT APARTMENT COMPLEX FACING NORTHWESTERLY  
FROM SOUTH MCCARRAN BOULEVARD**



**NEIGHBORHOOD PHOTOGRAPHS**



**VIEW OF WOLF PACK MEATS, LOCATED ON THE NORTH SIDE OF CLEAN WATER WAY AND TO THE NORTH THE SUBJECT PROPERTY**



**VIEW OF BICYCLE PATH ABUTTING SUBJECT'S WESTERLY PROPERTY LINE FACING SOUTHERLY ALONG SOUTH MCCARRAN BOULEVARD**



### NEIGHBORHOOD DESCRIPTION

The subject property is located in southeast Reno. The neighborhood is generally bounded on the west by the Reno-Tahoe International Airport, on the north by East Greg Street, on the east by the foothills of the Virginia Mountains and on the south by Pembroke Drive. The utilizations within the subject neighborhood include the Reno-Tahoe International Airport, industrial and office developments along Mill Street, Rock Boulevard and McCarran Boulevard, the University Stations farm property, the residential subdivisions east of Longley Lane and in the Hidden Valley and Rosewood Lakes areas.

Primary access to the subject neighborhood is provided by McCarran Boulevard. McCarran Boulevard is one of the principle arteries in the Reno-Sparks area and has been designed to encircle the cities of Reno and Sparks. In the subject neighborhood, South McCarran Boulevard is a divided, six-lane, two-way, asphalt-paved roadway with left center turn lanes at all intersections. Approximately two miles north of the subject neighborhood, McCarran Boulevard intersects with Interstate 80, which is a limited-access freeway that connects the San Francisco Bay Area with the eastern United States.

Mill Street, which terminates at McCarran Boulevard in the northeast portion of the subject neighborhood, is an east/west major four-lane, two-way, asphalt-paved roadway. Portions of Mill Street are also improved with center turn lanes. Mill Street is primarily developed with industrial-commercial and retail-commercial utilizations. Access to the U.S. 395 Freeway is by means of an interchange at Mill Street, approximately two miles west of the subject neighborhood.

Longley Lane is a major arterial roadway, which traverses the south portion of the neighborhood in a north-south direction. Longley Lane is a four-lane, two-way, asphalt paved roadway which is improved with center turn lanes. Longley Lane connects with Rock Boulevard to the north and S. McCarran Boulevard and S. Virginia Street to the south. Properties in the vicinity of Longley Lane are improved with a variety of office-warehouse and distribution facilities, as well as neighborhood shopping centers and single family residential developments.

Rock Boulevard is a major four-lane, two-way, asphalt-paved roadway, which extends in a northwesterly to southeasterly direction. This roadway terminates at the intersection of Pembroke Drive and McCarran Boulevard in the east portion of the subject neighborhood. South Rock Boulevard is primarily developed with light industrial, industrial-commercial, and retail-



commercial utilizations. Rock Boulevard does have a full interchange with Interstate 80 to the northwest of the subject neighborhood.

Pembroke Drive extends in an east-west direction through the south portion of the subject neighborhood. This roadway is a two-lane asphalt paved-roadway with a graded gravel shoulder. Pembroke Drive provides access to the Hidden Valley area from South McCarran Boulevard.

Interstate 580/U.S. 395 runs in a north-south direction to the west of the subject neighborhood. Interstate 580 connects the Reno/Sparks area with Oregon and Washington to the north and Los Angeles to the south. There are interchanges with Interstate 580 at Mill Street, Plumb Lane, Moana Lane and South McCarran Boulevard. Overall, the subject neighborhood has good highway access.

The Reno-Tahoe International Airport generally forms the west boundary of the subject neighborhood. The airport facility is located approximately four miles from downtown Reno and is within a twenty-minute drive of virtually anywhere in the Reno-Sparks area. Two dedicated freeway ramps serve the airport from U.S. 395.

Due to its proximity to the Reno-Tahoe International Airport, the subject neighborhood is impacted by aircraft noise from commercial and military flights. As a result of the aircraft noise, a portion of the subject neighborhood has been designated as being incompatible for residential development; however, industrial or other non-residential uses which are not likely to be affected by the aircraft noise are allowed. Essentially, the industrial uses in the central portion of the neighborhood provide a buffer between the airport and the residential utilizations to the east.

The Sierra Pacific Industrial Park is located in the north portion of the neighborhood. This park is an older established industrial park with the predominant form of construction being concrete tilt-up. Industrial uses within the park include light manufacturing, warehousing and distribution and some research and development uses. Located in the Sierra Pacific Industrial Park is an operations center for Sierra Pacific Power Company.

The Dermody Business Park is located at the southwest corner of Mill Street and McCarran Boulevard. This park, which was established in 1983, contains 190± acres of total land area. The buildings in this development include a mixture of good-quality professional office and office warehouse utilizations.

The Dermody Aircenter is a 195± acre site located on both sides of Longley Lane, north of McCarran Boulevard in the south portion of the subject neighborhood. Development within the Dermody Aircenter is light industrial uses, including office-warehouse, light manufacturing and distribution warehouses. These improvements generally range in size from 40,000± square feet to 200,000± square feet. The majority of the buildings, which consist of both multi-unit and freestanding facilities, are tenant occupied. This park was established in 1980.

The subject neighborhood is a portion of a larger industrial market identified as the Airport market. The Airport market is one of the largest industrial neighborhoods in the Reno-Sparks service area. Typically, a majority of the buildings in the Airport market area are warehouses or warehouse distribution facilities, with the remaining buildings typically utilized as multi-tenant or single tenant office-warehouses.

The subject neighborhood will continue to face increased competition from newer developing areas in the Reno-Sparks area. In particular, the South Meadows Business Park, Dermody Business Park and the Vista area of Sparks are considered to be the most competitive markets for industrial space to the subject. On the other hand, the subject neighborhood has good accessibility, is reasonably close to Interstate 80 and Interstate 580, and has good access to the Reno-Tahoe International Airport. Generally, properties within the subject neighborhood are adequately maintained and in average condition.

Residential uses are located throughout the subject neighborhood including multi-family and single-family utilizations. The southwestern portion of the neighborhood proximate to Peckham Lane has a mixture of primarily older fair-to-average quality single family residences and smaller apartment complexes. Newer single family and multi-family residential properties are located in the southeasterly portion of the subject neighborhood. The Hidden Valley area, located toward the southeast portion of the neighborhood, generally has average to very good quality single-family residences.

Schools and busing are provided by the Washoe County School District. RTC Ride provides regional transportation to the Reno-Sparks area, and does maintain bus stops throughout the subject neighborhood.

All utilities are immediately available to the subject neighborhood. Sewer service is provided by the City of Reno and the City of Sparks. Electricity and natural gas are provided by

NV Energy. Telephone service is provided by various carriers. Water service is provided by the Truckee Meadows Water Authority. Police and fire protection are provided by Reno and Sparks within the neighborhood.

Recreational facilities include the Mira Loma Park located on the northeast corner of Mira Loma Drive and South McCarran Boulevard. Improvements include playground equipment, tennis courts, skate park and a baseball field. Additional recreational amenities include the Rosewood Lakes Golf Course and the private Hidden Valley Country Club and Golf Course.

The Truckee River meanders through the north portion of the subject neighborhood. The properties on both sides of McCarran Boulevard, north of the Truckee River, are improved with a variety of light industrial and industrial-commercial uses. The banks of the Truckee River have been designated as a greenbelt area featuring parks, lawns and jogging paths. Due to the close proximity of the Truckee River, the subject neighborhood is prone to flooding. Additionally, the Boynton Slough is located in the south portion of the subject neighborhood and the Steamboat Creek traverses the central and easterly portions of the neighborhood. Portions of the subject neighborhood have been designated by the Federal Emergency Management Agency (FEMA) as being Floodways. This floodway designation limits the development within some portions of this neighborhood; any improvements that would either impede the flow of water during a flood, or add to the debris are prohibited.

Overall, the subject neighborhood primarily includes office, commercial and industrial developments along the major roadways. Agricultural and residential uses are located in the easterly and southeasterly portions of the neighborhood. The neighborhood has good access from a number of arterials including McCarran Boulevard, a major arterial roadway which encircles the cities of Reno and Sparks. The central portion of the subject neighborhood is dominated by the presence of the Reno-Tahoe International Airport, and as a result, there is a significant amount of light industrial and warehousing distribution developments with this portion of the neighborhood.



**SUBJECT AERIAL MAP**



**A.P.N. 021-010-07**  
**Subject Property Outlined In Yellow**



**SUBJECT PHOTOGRAPHS**



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHEASTERLY FROM  
SOUTH MCCARRAN BOULEVARD AND CLEAN WATER WAY**



**VIEW OF SOUTH MCCARRAN BOULEVARD FACING SOUTHERLY FROM  
CLEAN WATER WAY**





**SUBJECT PHOTOGRAPHS**



**OVERALL VIEW OF SUBJECT PROPERTY FACING SOUTHWESTERLY FROM  
CLEAN WATER WAY**



**VIEW OF CLEAN WATER WAY FACING WESTERLY TOWARD  
SOUTH MCCARRAN BOULEVARD**



**SUBJECT PHOTOGRAPHS**



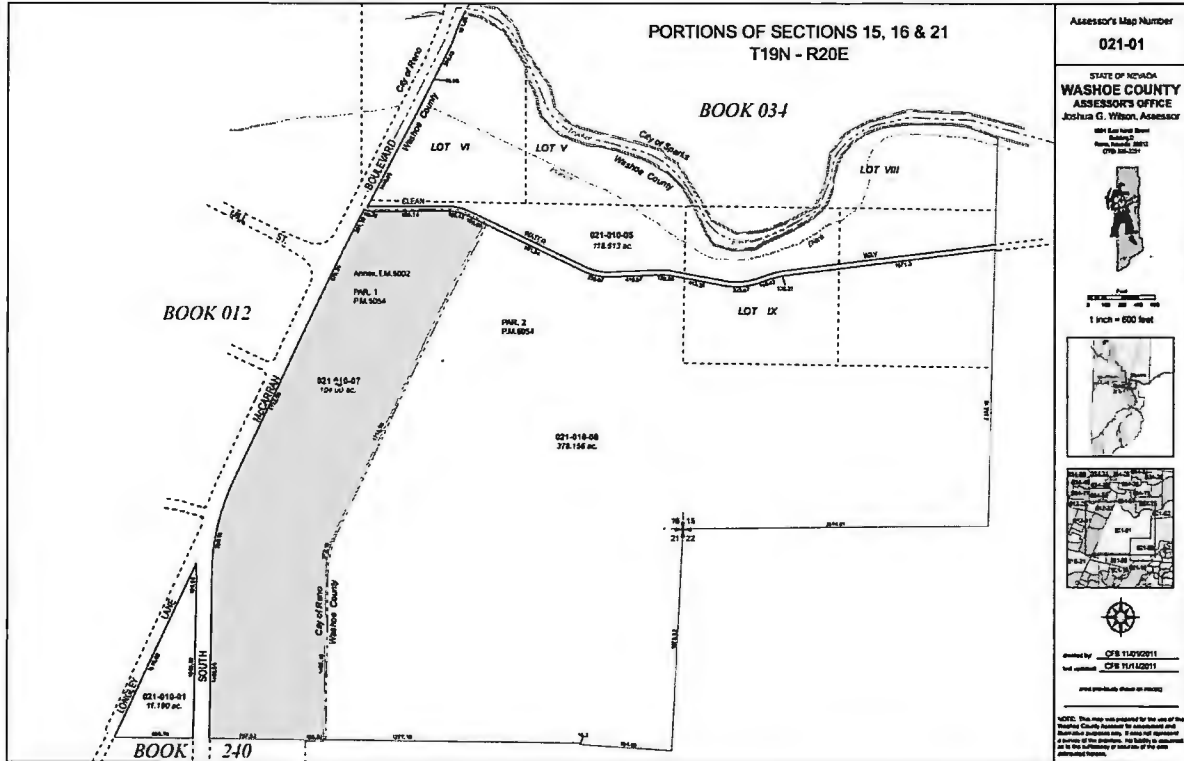
**OVERALL VIEW OF SUBJECT PROPERTY FACING NORTHEASTERLY FROM  
THE SOUTHWESTERLY PROPERTY CORNER**



**VIEW OF SOUTH MCCARRAN BOULEVARD FACING NORTHERLY FROM NEAR  
THE SOUTH PROPERTY LINE OF THE SUBJECT**



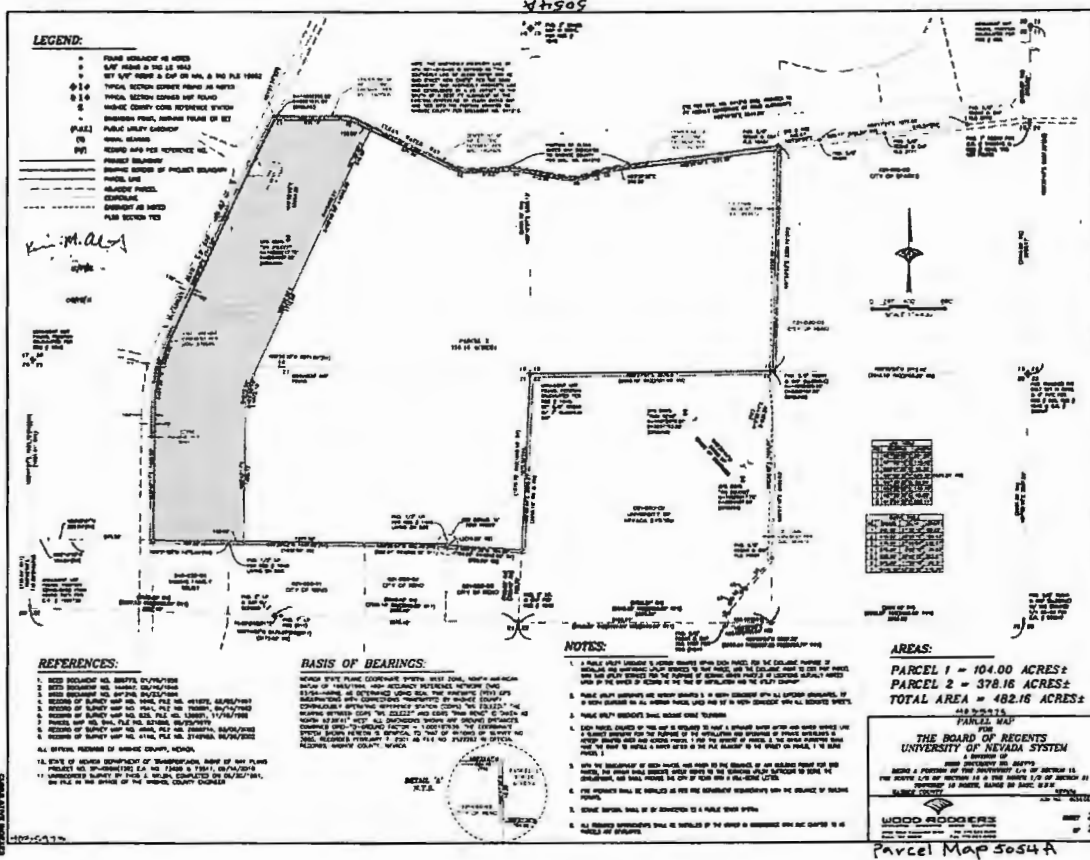
**SUBJECT PLOT PLAN**



Assessor's Parcel Number	Gross Land Area	
	Acres	Square Feet
021-010-07	104± Ac.	4,530,240± SF



**SUBJECT PARCEL MAP**  
**PARCEL MAP 5054A**







**SUBJECT ZONING MAP**

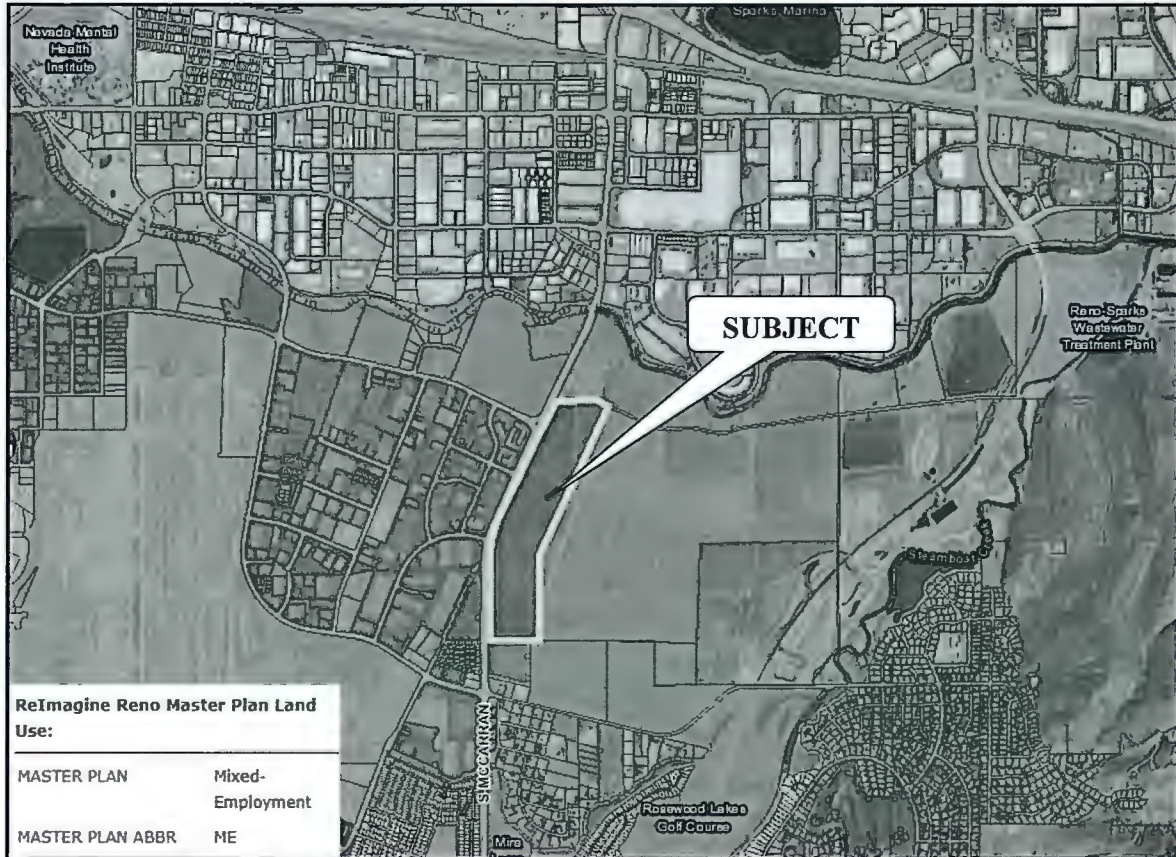


**CITY OF RENO: PUD – MSFL MCCARRAN CENTER**





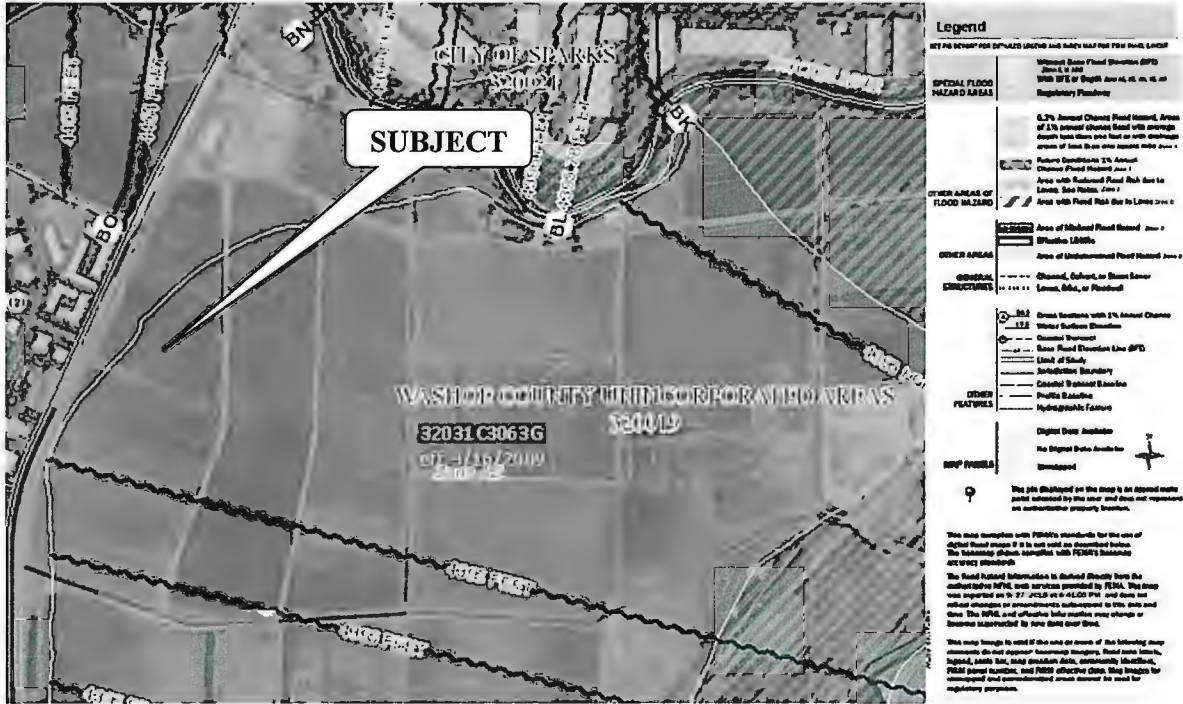
**SUBJECT MASTER PLAN MAP**



**CITY OF RENO: MIXED EMPLOYMENT**



**SUBJECT FLOOD ZONE MAP**



**FEMA COMMUNITY PANEL NUMBER: 32031G3063G**  
**EFFECTIVE DATE: MARCH 16, 2009**  
**FLOOD ZONE: SHADED "X" AND "AE"**

**PROPERTY IDENTIFICATION AND SITE DESCRIPTION**

<b>Name of Property</b>	MSFL McCarran Center
<b>Property Type</b>	Industrial/Commercial/Mixed-Use Parcel of Land
<b>Address</b>	7300 Clean Water Way, Reno, Nevada
<b>Location</b>	The southeast corner of S. McCarran Boulevard and Clean Water Way, Reno, Washoe County, Nevada.
<b>Legal Description</b>	Parcel 1, Parcel Map 5054
<b>Assessor's Parcel Number</b>	021-010-07
<b>Owner of Record</b>	University of Nevada Board of Regents
<b>Land Area</b>	104± Acres (4,530,240± SF)
<b>Shape</b>	Generally trapezoidal, with a dog leg to the northeast

**Street Improvements/Access**

The subject's easterly property line abuts S. McCarran Boulevard, a two-way, six-lane, asphalt paved roadway, with center concrete median. A bicycle/walking path is located between the subject's westerly property line and S. McCarran Boulevard.

Clear Water Way, abutting the subject's northerly property line, is a two-way, two-lane, asphalt paved roadway, which extends in an easterly direction from its intersection with S. McCarran Boulevard. In its "As-Is" condition, access to the subject property is from Clean Water Way, via a gravel roadway which extends in a southerly direction near the subject's easterly property line.

According to the MSFL McCarran Center PUD Handbook, access to the subject property, upon development, will be from S. McCarran Boulevard at Mill Street, Clean Water Way as realigned, Capital Boulevard, Equity Avenue and an existing median opening at the southerly boundary of the property. The intersection of McCarran Boulevard and Mill Street is currently signalized. It is anticipated that the McCarran Boulevard – Capital Boulevard intersection will be signalized.

The handbook further indicates that right-in, right-out access will be provided at a location to the south of the Yori Drain.

Ultimately, Mill Street will be extended to the southeast connector, currently construction. Capital Boulevard will extend through the subject property, and may be extended to the east in the future.

Traffic exiting Clean Water Way is required to make a right turn in a northerly direction.

**Master Plan** **M-E (Mixed Employment)**

The primary uses within this Master Plan designation include light manufacturing, processing, wholesaling, flex space, research and development, and offices. In some locations, may also include high quality, large employment facilities, such as corporate offices and educational campuses.

Secondary uses include support services, such as small-scale retail, restaurants, indoor, and other commercial uses, may also include airport related uses.

The characteristics of this Master Plan Designation provide for concentrated areas of employment and supporting uses, such as small-scale commercial uses. Typically, smaller facilities, building footprints than those found in industrial; however, may also include employment facilities, such as office and educational facilities in a planned, campus like setting.

**Zoning** **PUD (Planned Unit Development-MSFL McCarran Center)**

On March 27, 2013, the Reno City Council approved a request for a zoning amendment on the subject property within the City of Reno to PUD-Planned Unit Development, to allow development of 10.37 acres of office /commercial flex uses; 33.62± acres of office/commercial flex or business park uses; 47.90± acres of business park uses; 11± acres for roadways, and 1.11± acres for drainage.

The approval was made subject to a number of required modifications to the PUD Handbook, including:



- a) Disclosures to project property owners and tenants of the adjacent agricultural uses and slaughter house;
- b) A 30' setback from the northern perimeter;
- c) A change to industrial uses in the northernmost planning area;
- d) Insuring better than 1:1 flood mitigation;
- e) A handbook provision insuring that agricultural uses will continue to be allowed within the project area.

In addition, the approval was subject to a number of engineering, traffic and health department conditions which are set forth below.



**EXHIBIT B**



**ENGINEERING, TRAFFIC AND HEALTH DEPARTMENT CONDITIONS**

1. Prior to the approval of each permit, the applicant shall have an approved Sanitary Sewer Report in accordance with the Public Works Design Manual. Adequate easements and access shall be provided for all sanitary sewer improvements per the Public Works Design Manual. All required on-site and off-site sanitary sewer improvements necessary to serve the project shall be complete and functional prior to the issuance of any certificate of occupancy.
2. Prior to the approval of each permit, the applicant shall have an approved Hydrology Report addressing development in Critical Flood Zone 1, on-site and off-site storm water flows, detention, and facility capacities for the pre-development and post-development site conditions. Additionally, the applicant shall demonstrate that all grading and proposed storm water collection and discharge facilities, including infrastructure, access, and easements, are consistent with pre-development conditions as specified in the Reno Municipal Code and Public Works Design Manual.
3. The applicant shall provide sidewalks and demonstrate accessible and ADA compliant pedestrian routes from all adjacent public rights-of-way to the on-site buildings.
4. Project accesses, including ingress and egress limitation controls, shall be located and designed in conformance with the MSFL McCarran Center Traffic Analysis (prepared by Solaegui Engineers dated September 2011 with all addenda and updates thereto) on file for the project and in accordance with the geometric standards of the Public Works Design Manual.
5. All traffic study updates shall provide analyses and review of the site plan and proposed mitigations for project generated impacts, with regards to project and the trip generation distribution estimates included in the Traffic Analysis, on the adjacent roadway network, site accesses and pedestrian routes.
6. Prior to approval of each permit, the applicant shall provide a written response from RTC defining transit requirements for this project and shall dedicate rights-of-way or grant appropriate easements and construct transit improvement in accordance with RTC's requirements prior to the approval of any certificate of occupancy to the satisfaction of the Community Development Department staff.
7. The applicant shall provide a copy of executed encroachment permits from NDOT prior to the issuance of any City permit for applications proposing site access, grading, drainage, sanitary sewer, utility, or roadway improvements within the State right-of-way for McCarran Boulevard.

Attachment: LDC12-00015 (PUD-MSFL McCarran Center-University Farms) - January 2, 2013 Planning Commission Staff Report (1900 : LDC12-

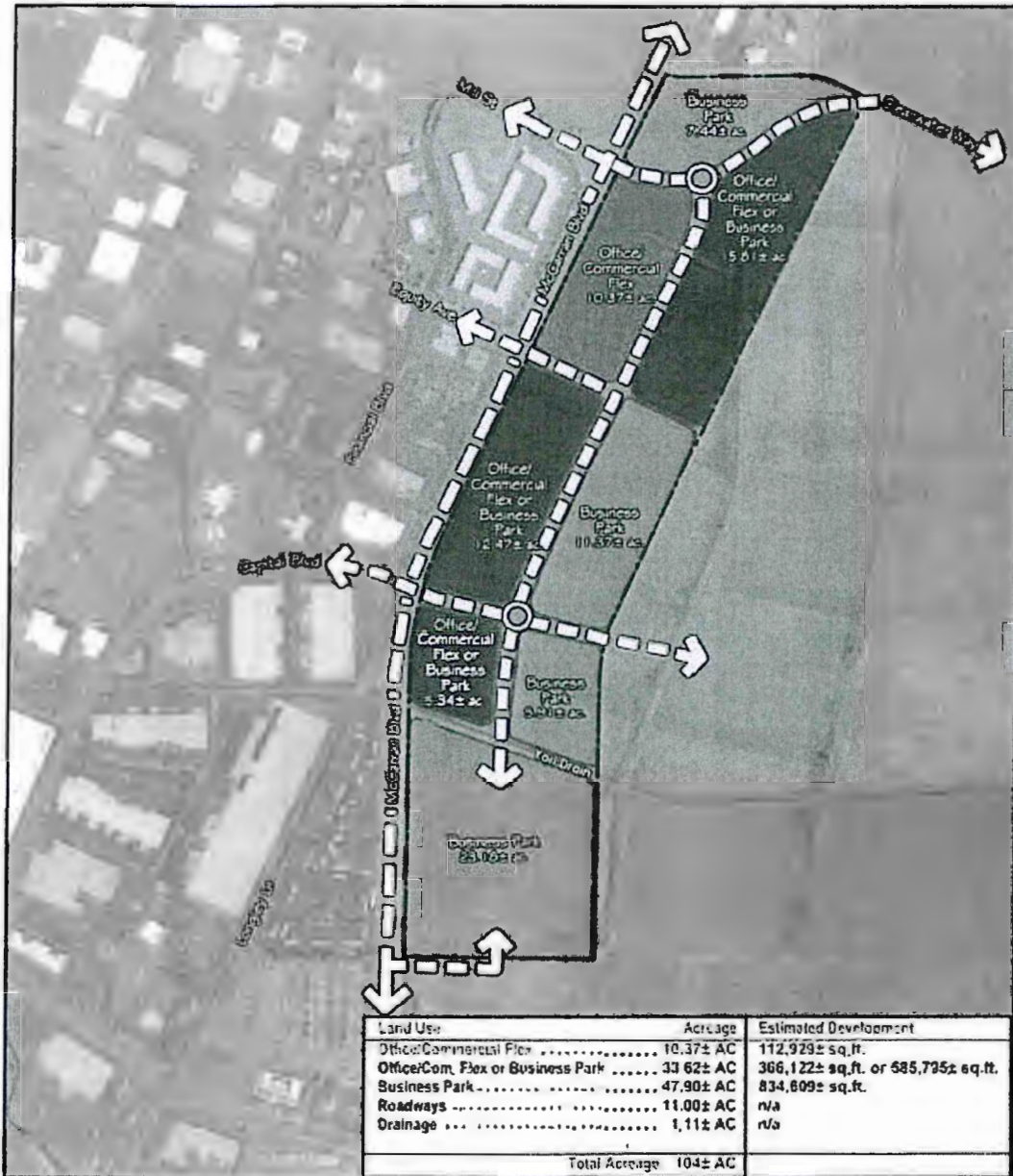


8. Any proposed detention, retention basins, and design of new channels shall have a low flow channel constructed with these facilities to allow summer nuisance water flows.
9. Low Impact Development (LID) practices are encouraged to allow storm and nuisance water infiltration on site. The placement of 4-6 inch cobble rock in the flow line of the bio and infiltration swales shall be required in order to reduce the accumulation of sediment build up in any applicable LID facilities.
10. The landscape design of turf for front yards, parking areas and islands shall require a Low Impact Development (LID) xeriscape buffer of 18 inches from the back face of impervious surfaces to allow on site infiltration as well as minimizing storm and summer nuisance flows from entering the public infrastructure while reducing the downstream effect of these flows.
11. The Traffic Analysis, submitted as an Appendix of EXHIBIT A shall be amended to include the modifications listed in the attached letters from Solaequi Engineers dated October 14 and 19, 2011, to the satisfaction of the Engineering Division.

Attachment: LDC12-00015 (PUD-MSFL McCarran Center-University Farms) - January 2, 2013 Planning Commission Staff Report (1900 : LDC12-

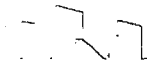


**MSFL MCCARRAN CENTER – LAND USE PLAN**



**Exhibit 10**  
**MSFL McCarran Center PUD**  
**Land Use Plan**

**WOOD RODGERS**  
 DEVELOPING INNOVATIVE DESIGN SOLUTIONS  
 8448 Roma Corporate Drive Tel: 775 823 4000  
 Reno, NV 89511 Fax: 775 823 4000



### **Topography**

The subject property has generally level topography to gently sloping topography in an easterly and south easterly direction from the westerly property line, which is below grade with S. McCarran Boulevard.

### **Environmental and Soils Data**

In the preparation of this appraisal, I was provided with a due diligence letter prepared by Wood Rogers, dated June 27, 2018, which was prepared on behalf of Reno Land, Inc. The due diligence letter indicates that the subject property site mostly consists of low plasticity silts and silty sands to five feet below the existing ground surface. The Vista Quadrangle Geologic Map, Bell and Bonham, (1987), indicates the site is mapped in an area of Truckee River Flood Plain Deposits. Flood plain deposits can be poorly consolidated and porous and can present the potential hydro-collapse resulting in excessive settlements. The report further indicates that soils that present the potential for hydro-collapse contain micropores and voids partially supported by clay, silt and mild cementation. When wetted, the soil grains undergo rearrangement resulting in notable settlement. Common mitigation approaches for hydro-collapsible soils include: use of a structural slab on grade, or removal and re-working of the native soils and/or replacement with structural fill.

In a letter dated July 19, 2018 prepared by Wood Rogers for Reno Land, Inc., it is recommended that over excavation of at least two feet be made. As a result of the poor soil conditions, on-site soil that is excavated to gain flood volume cannot be utilized as fill material elsewhere on the property without significantly working the soil to moisture condition it, for example, with lime treatment.

### **Hazardous Substances**

I have reviewed the Phase I Environmental Site Assessment prepared by McGinley and Associates, dated June 14, 2018, Project Number RLD024. As indicated in that report, McGinley and Associates has concluded that the assessment revealed no evidence of recognized environmental condition or controlled recognized environmental conditions in connection with the subject property. 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**

According to the Federal Emergency Management Agency's Flood Insurance Rate Map, Community Panel Number 32031C3063G, effective date of March 16, 2009, the westerly portion of the subject property is located in a shaded Flood Zone "X", while a majority of the subject property is located in a Flood Zone "AE".

As indicated in the MSFL McCarran Center Planned Unit Development Handbook, a majority of the subject property is within the 1% annual chance (100% year flood event), Federal Fema Regulatory Flood Plain of the Truckee River and its tributaries, but is entirely outside the floodway. However, the subject property is located within the City of Reno Critical Flood Pool Area and is designated as a Critical Flood Zone 1. As a result, mitigation options to elevate the site and protect future development from flooding, as well as excavating adjacent areas to provide flood storage will be required.

Reference is made to the MSFL McCarran Center Preliminary Hydrology Study, prepared by Wood Rogers, Inc., August 2011 (updated October 20, 2011) which is set forth in the PUD Handbook. The hydrology study indicates that the finished floor elevation of all habitable structures constructed within the flood plain on the property must be at a minimum of one foot above the regulatory flood elevation.

The study further identifies the Yori Drain, which is a City of Reno owned and maintained open air storm drainage channel, which traverses the southern portion of the site, connecting to Steamboat Creek. The hydrology study indicates that it is anticipated that the drain will remain in its current configuration upon development of the project site.

The subject property is located in a Critical Flood Zone 1 as identified by the City of Reno. Any placement of fill or construction of floodproof buildings on the site on ground that is below the 1997 flood elevation (4397.36NAVD'88) would require mitigation in order to create one unit of volume of flood storage for each one unit of volume of storage that the construction displaces.



The hydrology study identifies four mitigation options to comply with the City of Reno's Critical Pool Regulations. These are as follows:

- Mitigate within site;
- Mitigate within storage area #8 and #9 to the east;
- Mitigate within UNR/Flood Control property to the north;
- Mitigate with UNR property to the east.

An additional requirement for development within the City of Reno Critical Flood Pool/Critical Flood Zone 1, is that the post development peak runoff flows be less than or equal to predevelopment peak runoff flows, as is typical with any development in the City of Reno.

The following diagram summarizes the Hydrology Study Vicinity Map, Fema Delineation Map, Mitigation Area Map and a cross section diagram depicting the elevation required for building construction.

Finally, the Truckee River Flood Project Index Map is included.



**JOHNSON | PERKINS | GRIFFIN**  
REAL ESTATE APPRAISERS & CONSULTANTS

### VICINITY MAP



Figure 1 - Vicinity Map  
UNR Master Hydrology Study  
Reno, Nevada  
May 2011



**PRELIMINARY**

**WOOD ROGERS**  
ENGINEERING ARCHITECTURE DESIGN SOLUTIONS  
3642 North Corporate Drive Tel: 775.823.4666  
Reno, NV 89511 Fax: 775.823.4666

NOTES

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**FEMA DELINEATION MAP**







### MITIGATION AREA MAP



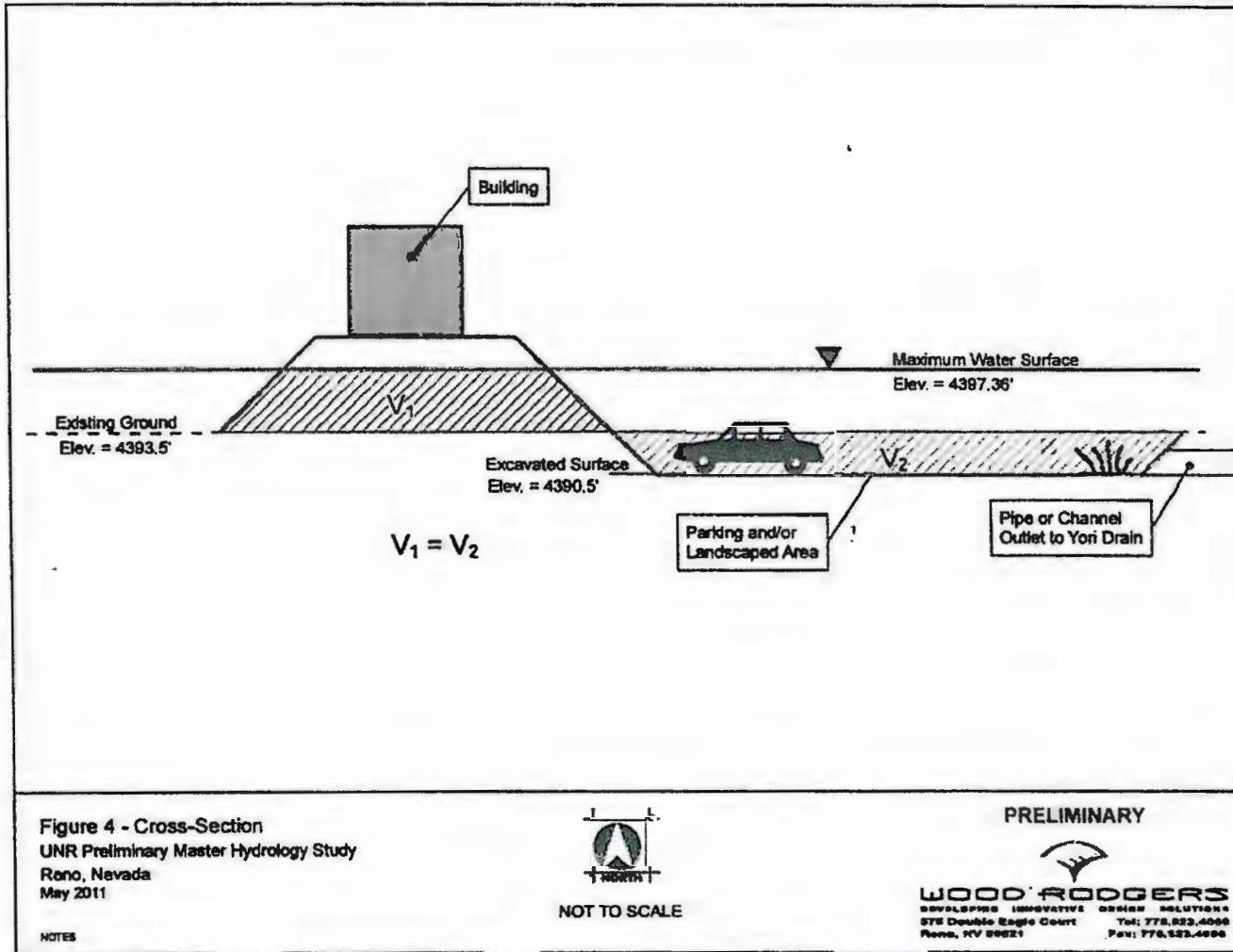


Figure 4 - Cross-Section  
 UNR Preliminary Master Hydrology Study  
 Reno, Nevada  
 May 2011

NOTES

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CROSS SECTION MAP





**INDEX MAP**





**Easements and Encumbrances**

Reference is made to a preliminary title report prepared by Ticor Title of Nevada, Inc., Order Number 10039008-CD, dated March 21, 2018, a copy of which is set forth in the addenda to this appraisal report. As indicated, the subject property is subject to a number of utility easements. For this purpose of this appraisal, it is assumed that the subject property is subject to normal public utility easement and encumbrances which would not have an adverse impact on the overall usability or value of the 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 currently being marketed by ArchCrest Commercial Partners, LLC. This is an open-ended listing with no asking price. It is my understanding that requests for proposals will be accepted by the University of Nevada, Reno, in a competitive bidding process.

**Utilities & Public Services**

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

Presently, the subject property does not have direct electrical service, however is adjacent to existing NV Energy overhead transmission lines running parallel with McCarran Boulevard and within Clean Water Way. The PUD Handbook indicates that electrical service will be provided by connecting to these overhead transmission lines.

There are two existing NV Energy gas mains running within McCarran Boulevard parallel to the subject property in the eastern shoulder of the roadway. Although one is a high-pressure transmission main that cannot be tapped, the second main is a large diameter distribution main which should be available for tapping and service to development within the subject property. There are no exiting gas facilities within Clean Water Way.

The subject property is located within the Truckee Meadows Water Authority service area. Located to the south of the subject property within Pembroke Drive is a 14' distribution water main. In addition, there is a 20" transmission main running parallel to McCarran Boulevard in the easterly shoulder of the roadway.

According to the PUD Handbook, the subject property will be served by the Truckee Meadows Water Reclamation Facility located to the northeast at the end of Clean Water Way. A 60" City of Reno sewer interceptor traverses the northern portion of the subject property in an easterly direction and in proximity of the intersection of Mill Street. Upon development of the subject property, it is assumed that a direct connection to the existing 60" public main will be made with a gravity flow sewer network within the project itself.

A requirement of the Planned Unit Development, as approved by the City of Reno, is that a technical sanitary sewer study will be required with each development permit/application on the subject property in order to ensure that adequate facilities are provided to service each project.

### **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.

### **Surrounding Development**

The subject property is located on the east side of McCarran Boulevard and to the south of Clean Water Way. Property to the north and east of the subject property is owned by the



University of Nevada Board of Regents and is used by UNR for instruction, research and agricultural purposes.

A business park is located at the southwest corner of the intersection of S. McCarran Boulevard and Mill Street, while multi-family residential development and single-family residential development are located on the west side of McCarran Boulevard further to the south. Emigrant Storage owns and operates a mini-warehouse/RV storage complex to the south of the subject property.

**ASSESSMENT, TAXABLE VALUE & SPECIAL ASSESSMENT DATA**

At the present time the subject property is owned 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.

<b>Assessor’s Parcel Number</b>	<b>021-010-07</b>
Land Assessed	\$2,438,800
Improvement Assessed	\$9,332
Total Assessed Value	\$2,448,132
2018-2019 Real Estate Tax	\$803.92
2018-2019 Taxable Value	\$6,994,663

Although the subject property is exempt from real property taxation, the owner is required to pay a water district fee in the amount of \$803.92. Assuming the subject property were in private ownership, the total real estate tax would be \$90,405.54.

**Summary**

To summarize, the subject property is generally trapezoidal in shape, with a dog leg extending to the northeast. The subject property, which contains 104± acres, has approximately 4,738 feet of frontage on S. McCarran Boulevard, which abuts the subject’s westerly property line. The subject property has an average depth of approximately 958 feet. South McCarran Boulevard is a portion of a ring-road, which encircles the cities of Reno and Sparks. In the vicinity of the subject property, S. McCarran Boulevard two-way, six-lane, asphalt paved roadway with a center concrete median. The intersection of S. McCarran Boulevard and Mill Street is fully signalized.



The subject property is zoned PUD-MSFL McCarran Center and has been approved for a planned unit development which would allow for development of 10.37 acres of office/commercial flex uses; 33.62± acres of office/commercial flex or business park uses; 47.9 acres of business park uses, approximately 11 acres for roadways and 1.11± acres for drainage. The principal constraints to development of the subject property are its location within FEMA designated flood zones and the City of Reno Critical Flood Pool Area – Critical Flood Zone 1. As a result, mitigation options to elevate the site and protect future development from flooding, as well as excavating adjacent areas to provide flood storage will be required. In addition, it is anticipated that as a result of the potential for hydro collapse, certain mitigation may be required, including over excavation, the use of structural slab on grade, as well as the removal and re-working of native soils and/or replacement with structural fill. The scope and extent of mitigation is dependent upon the ultimate build-out of the subject property.

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



## 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 for an improved property, which is physically possible, appropriately supported, financially feasible, and 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

The subject property is located at the southeast corner of South McCarran Boulevard and Clean Water Way in southeast Reno. The subject property is generally trapezoidal in shape with a dog leg to the northeast, has generally level topography and all utilities are reasonably available. The subject property contains 104± acres. The subject property has approximately 4,738 feet of frontage on South McCarran Boulevard, which abuts the subject’s westerly property line. McCarran Boulevard is a major arterial within the cities of Reno and Sparks. The subject property has adequate physical features to support a variety of development. The subject’s topography, location and availability of utilities are considered to be positive factors affecting the development potential of the subject site. The principal constraints to development of the subject property are its location in a Shaded Flood Zone “X” and Flood Zone “AE”. In addition, the subject property is located in a Critical Flood Pool Area – Critical Flood Zone 1. As a result, mitigation will be required to elevate the site and protect future development from flooding, as well as excavating adjacent areas to provide flood storage.

In addition, it is anticipated that as a result of the potential for hydro collapse, certain mitigation may be required, including over excavation, the use of structural slab on grade, as well as the removal and re-working of native soils and/or replacement with structural fill. The scope and extent of mitigation is dependent upon the ultimate build-out of the subject property.

### Legally Permissible

The subject property is zoned PUD-MSFL McCarran Center, and has an approved PUD Handbook which allows development of the subject property with a variety of office, commercial flex and business park uses. The subject’s legally permissible uses include a variety of office, commercial and business park utilizations. These uses are consistent with the subject’s Master Plan Designation of Mixed-Employment (M-E).

### **Financially Feasible**

The highest and best use of the subject site must be financially feasible. To be financially feasible, there must be adequate demand to support the highest and best use of the subject property. The subject property is located in southeast Reno and on a major arterial which encircles the cities of Reno and Sparks. The subject property is located to the south of Interstate 80, and has access to a number of east-west arterials, including Mill Street, South Rock Boulevard, Greg Street and Glendale Avenue. As indicated in the CBRE Reno Industrial Market View, the industrial market is experiencing rising net absorption levels and decreasing vacancy rates. As a result, it is anticipated the market will experience additional expansion and market growth. Rental rates are increasing for all size ranges, and as a result, demand continues to exceed supply.

There is a relatively small inventory of larger industrial and mixed use industrial parcels available for development in the Reno-Sparks area.

In estimating the financial feasibility of development on the subject site, consideration is given to the subject's physical characteristics and legally permissible uses. The subject property has received approval from the City of Reno for a planned unit development including mixed use, commercial, office and business park uses. On the other hand, it is recognized that certain development costs will be incurred to elevate portions of the site above the flood elevation, and to provide for flood storage mitigation. However, given the strong demand for industrial and mixed-use industrial utilizations, and the dwindling supply of available vacant land for development, it is this appraiser's opinion that development of the subject property with a mixed use industrial/commercial, business park is the most financially feasible use of the site.

### **Maximally Productive**

To be maximally productive, the highest and best use of the subject must be the most intense use to which the site could be developed and remain financially feasible. The subject's physically possible, legally permissible and financially feasible uses indicate a mixed use industrial/commercial/business park development. It is my opinion that the highest and best use of the subject property is a mixed use industrial/commercial/business park development in conformance with the subject's PUD Handbook.



### **INTRODUCTION TO VALUATION ANALYSIS**

There are three approaches to value which an appraiser considers in estimating the value of a property. These approaches include the Cost Approach, the Sales Comparison Approach and the Income Approach to value. As the subject property involves vacant land, the Cost Approach and the Income Approach to Value were not considered applicable and were not utilized in this appraisal assignment.

In this appraisal, the Sales Comparison Approach to land value will be utilized to estimate the fee simple Market Value of the subject property.

#### **Sales Comparison Approach to Value**

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

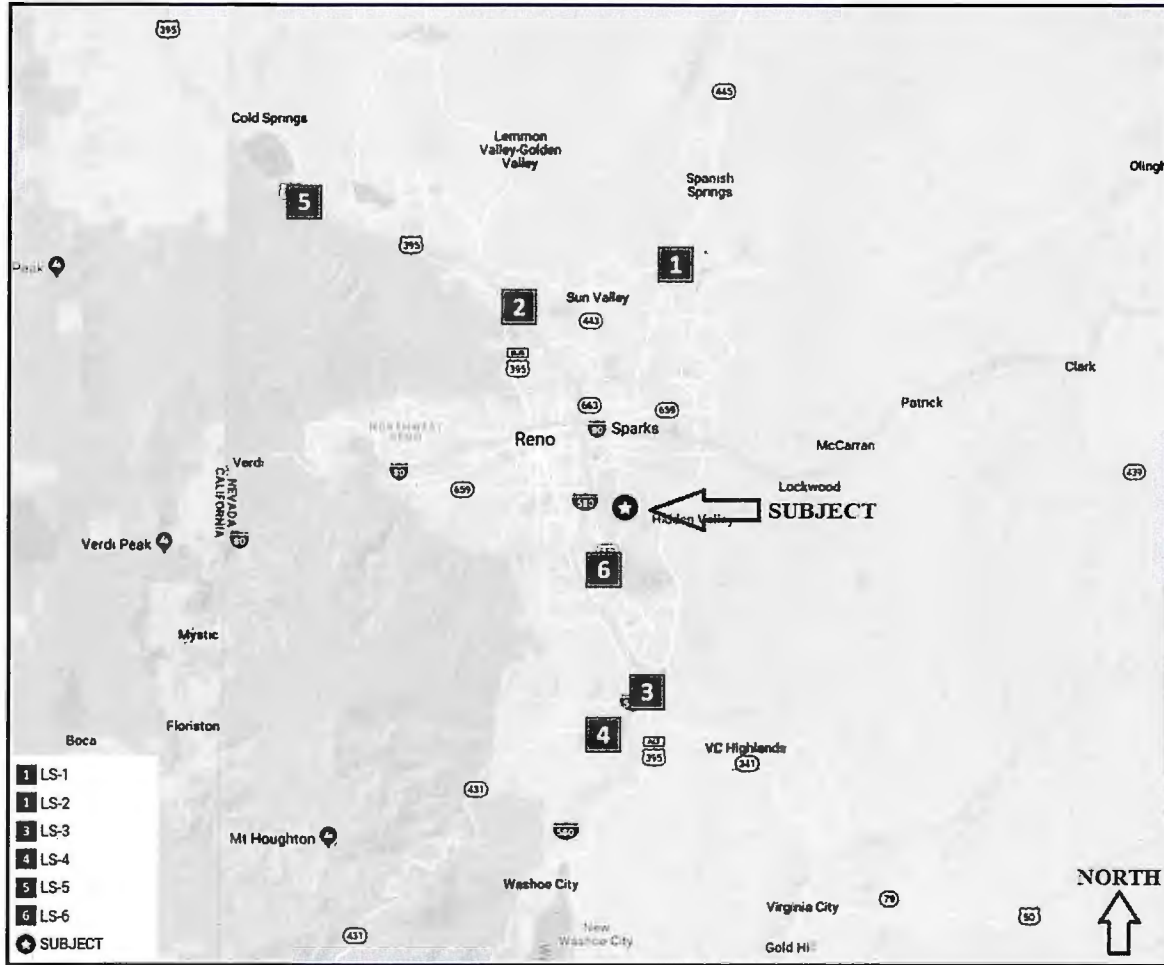
The sales set forth on the following chart were considered to be indicative of the Market Value of the subject property. The comparable sales will be compared to the subject property on a price per square foot basis.

**COMPARABLE LAND SALES CHART**

Sale Number	A.P.N. Location City, State	Recording Date Sale Price	Zoning Topography Flood Zone	Land Area Acres Square Feet	Price/SF
LS-1	536-040-01 Future School Site in Kiley Ranch North NEC David Allen Pkwy & Windmill Farms Pkwy E. of Pyramid Way, Sparks (Spanish Springs)	8/23/2017 \$8,128,340	NUD (New Urban Development) Level/Gentle "X"	31.838 Acres 1,386,863 SF	\$5.86
LS-2	035-681-01 & 02 S/S Dandini Blvd., Betwn. Spectrum Dr. & U.S. Highway 395, North Valleys, Reno	9/29/2017 \$4,152,500	MUDR Undulating Level/Moderate "X"	25.66 Acres 1,117,750 SF	\$3.72
LS-3	017-011-26 South side of Geiger Grade, on the East Side of S. Virginia Street Southeast Suburban Reno, NV	10/3/2017 \$4,356,000	MUSV (Mixed Use South Virginia Street) Level to Moderate/Below Grade "X" & "A"	18.42 Acres 802,375 SF	\$5.43
LS-4	049-402-02 & 07 (Colina Rosa) South Side of Edmonton Drive, Between the Mt. Rose Hwy & Butch Cassidy Drive Southwest Reno	10/6/2017 \$6,500,000	NC Neighborhood Commercial Level to Gentle "X"	20.13 Acres 876,863 SF	\$7.41
LS-5	082-101-49 NEC of N. Virginia Street (Old U.S. 395) & Doubleback Rd North Valleys - Reno	11/13/2017 \$4,221,078	MUNV Undulating Level/Moderate "X"	44.01 Acres 1,917,076 SF	\$2.20
LS-6	025-480-44 Longley Commerce Center SWC Longley Lane & Airway Drive Southeast Reno	3/8/2018 \$4,238,823	IC Industrial-Commercial Level to Gentle "X"	14.86 Acres 647,302 SF	\$6.55
Subject Property	021-010-07 Southeast Corner of So. McCarran Boulevard and Clean Water Way Reno	Date Of Value 9/26/2018	PUD Level to Gentle Slope Shaded "X", "AE" Critical Flood Zone 1	104± Acres 4,530,240± SF	---



### COMPARABLE LAND SALES MAP







**COMPARABLE LAND SALE MAP AND DISCUSSION  
 SALE LS-1**



<b>Property ID:</b>	Vacant Land - Future Washoe County School Site	<b>Submarket</b>	Spanish Springs
<b>Location:</b>	North side of Windmill Farms Pkwy, between David Allen Pkwy & Kiley Pkwy	<b>City:</b>	Sparks
<b>A.P.N.:</b>	536-040-01	<b>County:</b>	Washoe
<b>Topography:</b>	Level to Gentle	<b>State:</b>	Nevada
<b>Zoning:</b>	NUD (New Urban Dev.) Business Park/Medium-High Residential	<b>Flood Zone:</b>	"X", Minimal Risk Areas
<b>Parcel Acreage:</b>	31.838± Acres	<b>Utilities:</b>	All Reasonably Available
<b>Parcel Square Feet:</b>	1,386,863± Square Feet	<b>Shape:</b>	Slightly Irregular
<b>Recording Date:</b>	August 23, 2017	<b>Proposed Use:</b>	Public School
<b>Sale Price:</b>	\$8,128,340	<b>Price/Acre:</b>	\$255,303
<b>Document Number:</b>	4736967	<b>Price/Square Foot:</b>	\$5.86
<b>Grantor:</b>	KM2 Development, Inc.	<b>Terms Of Sale:</b>	Cash to Seller
<b>Conditions of Sale:</b>	None Known	<b>Grantee:</b>	Washoe County School District
		<b>Verification:</b>	Public Records & Mike Boster, Washoe County School District

The sale property is located on the north side of the proposed Windmill Farms Parkway, between David Allen Parkway, an existing roadway, and Kiley Parkway, a proposed roadway. The parcel is located in the Kiley Ranch North Development. The sale site has generally level to gently sloping topography in a downhill, easterly direction from David Allen Parkway. The westerly portion of the site is traversed by the former Orr Ditch Channel, which has been abandoned. All utilities were stubbed to the property. The intersection of David Allen Parkway and Windmill Farms Parkway is improved with a roundabout. Upon completion, the intersection of Windmill Farms Parkway and Kiley Parkway will also have a roundabout. According to the Grant Bargain & Sale Deed, the Property shall be used for a public school.



**COMPARABLE LAND SALE MAP AND DISCUSSION  
 SALE LS-2**



<b>Property Type:</b>	Future Mixed-Use Development Site	<b>City:</b>	Reno
<b>Location:</b>	The Northeast Corner U.S. 395 North and Parr Boulevard/Dandini Boulevard	<b>County:</b>	Washoe
<b>A.P.N.:</b>	035-681-01 & 02	<b>State:</b>	Nevada
<b>Topography:</b>	Moderate to Steeply Sloping	<b>Flood Zone:</b>	Zone "X"
<b>Zoning:</b>	MU/DRC (Mixed-Use/Dandini Regional Center)	<b>Utilities:</b>	All Available
<b>Parcel Acreage:</b>	25.66± Acres	<b>Shape</b>	Irregular, Long & Narrow
<b>Parcel Square Feet:</b>	1,117,750± Square Feet	<b>Proposed Use:</b>	Mixed-Use Development
<b>Recording Date:</b>	September 29, 2017	<b>Price/SF:</b>	\$3.72
<b>Sale Price:</b>	\$4,152,500	<b>Terms of Sale:</b>	Cash to Seller
<b>Grantor:</b>	Dandini Group, LLC	<b>Grantee:</b>	Dandini-Spectrum, LLC
<b>Document No.:</b>	4749739	<b>Verification:</b>	Tom Fennell, Dickson
<b>Conditions of Sale:</b>	None		Commercial Group; Public Records; CoStar

The sale property is located at the northeast corner of the interchange with U.S. Highway 395 North and Parr Boulevard/Dandini Boulevard. In addition, the sale property's easterly property line abuts Spectrum Boulevard, a two-way, two-lane asphalt paved roadway with center landscaped median. The sale property is proposed to be developed with a mixed-use development including 420 multi-family units, a daycare facility, a hotel with up to 120 room, and approximately 4,800± SF of commercial use and restaurants. As a result of slopes exceeding 15%, a special-use permit will be required of the developer. The westerly property line of the sale property abuts U.S. Highway 395 North and a 345KV transmission line. An existing drainage way runs through a portion of the sale property. The terms of sale of this transaction involves cash to the seller, with a partner in the LLC acquiring the sale property providing a first deed of trust with a principal balance of \$2,250,000.



**COMPARABLE LAND SALE AERIAL MAP  
 SALE LS-3**



<b>Property Type:</b>	Vacant Land	<b>Submarket:</b>	Southeast Suburban
<b>Location:</b>	South side Geiger Grade, east side S. Virginia Street (Old U.S. 395)	<b>City:</b>	Reno
<b>A.P.N.:</b>	Portions of 017-011-20 & 23 Now 017-011-26	<b>County:</b>	Washoe
		<b>State:</b>	Nevada
<b>Topography:</b>	Level to Moderate, Below Grade	<b>Flood Zone:</b>	A, High Flood Hazard Area X, Minimal Flood Hazard Area
<b>Zoning:</b>	MU (Mixed Use)	<b>Utilities:</b>	Reasonably Available
<b>Parcel Acreage:</b>	18.42± Acres	<b>Water Rights:</b>	75± Acre Feet
<b>Parcel Square Feet:</b>	802,375± Square Feet	<b>Proposed Use:</b>	Mixed Use Development - Multi-Family/Commercial Uses
<b>Recording Date:</b>	October 3, 2017	<b>Sale Price/SF:</b>	\$5.43
<b>Sale Price:</b>	\$4,365,000	<b>Terms of Sale:</b>	Cash to Seller
<b>Grantor:</b>	Steamboat Commerce Center, LLC	<b>Grantee:</b>	Steamboat by Vintage, LP
<b>Document Number:</b>	4750898	<b>Verification:</b>	Dan Oster, NAI Alliance And Public Records
<b>Conditions of Sale:</b>	None		

This comparable is located in Washoe County on the outskirts of south Reno. The property is located on the east side of U.S. 395 (South Virginia Street) and the south side of Geiger Grade (State Route 341), a short distance southeast of the Mt. Rose Highway. The primary constraint to development of the larger ownership is the fact that it is traversed by the Steamboat Creek and the Crane and Chandler Ditches, which are located within a floodway. According to the listing broker, the sale property contains a land area of 18.42± acres which is net of the floodway land. The property is an irregular shaped site. The topography of the site ranges from level to moderately sloping, portions of which are below street grade. It is our understanding that, in addition to the sale price, the buyer purchased \$1,635,000 in prepaid sewer credits from the seller. The property is zoned for mixed use development and is currently being improved with a 360-unit affordable housing apartment complex.





**COMPARABLE LAND SALE PROFILE SHEET**  
**SALE LS-4**



<b>Property ID:</b>	Colina Rosa	<b>Submarket:</b>	Southwest Suburban
<b>Property Type:</b>	Raw Land-Zoned NC	<b>City:</b>	Reno
<b>Location:</b>	Mt. Rose Highway & Edmonton Dr.	<b>County:</b>	Washoe
<b>A.P.N.:</b>	049-402-02 & 07	<b>State:</b>	Nevada
<b>Topography:</b>	Level to Gentle-Raw Land	<b>Flood Zone:</b>	"X", Minimal Risk Areas
<b>Zoning:</b>	NC (Neighborhood Commercial)	<b>Utilities:</b>	Along Periphery of Site
<b>Parcel Acreage:</b>	20.13± Acres	<b>Shape:</b>	Rectangle
<b>Parcel Square Feet:</b>	876,863± Square Feet	<b>Proposed Use:</b>	Single Family Residential Lots
<b># of Lots/Units:</b>	94 Lots	<b>Approvals:</b>	Buyer Obtained Approvals
<b>Recording Date:</b>	October 6, 2017	<b>Price/Square Foot:</b>	\$7.41
<b>Sale Price:</b>	\$6,500,000	<b>Terms of Sale:</b>	Cash to Seller
<b>Grantor:</b>	HBT Properties of Nevada LLC	<b>Grantee:</b>	D.R. Horton, Inc.
<b>Document Number:</b>	4751696	<b>Verification:</b>	Public Records
<b>Conditions of Sale:</b>	None Noted		
<b>Comments:</b> This sale involves two parcels totaling 20.13± acres located on the southwest corner of the Mount Rose Highway and Edmonton Drive in the south suburban area of Reno, Nevada. The seller in this transaction had purchased the parcels for \$4,900,000 in July of 2016. In the October 2017 transaction, the buyer D.R. Horton, obtained approvals for a 94-lot subdivision named Colina Rosa prior to close of escrow. This site has level to gently sloping topography, although soils on the site include large boulders. Development of the new subdivision began shortly after close of escrow. The proposed subdivision will include 94 lots with an average lot size of 6,835± square feet, and 1.75± acres of open space.			



**COMPARABLE LAND AERIAL MAP AND DISCUSSION  
 SALE LS-5**



<b>Property Type:</b>	Vacant Land	<b>City:</b>	North Valleys - Reno
<b>Location:</b>	Northeast corner of Doubleback Road & North Virginia Street	<b>County:</b>	Washoe County
<b>A.P.N.:</b>	082-101-49	<b>State:</b>	Nevada
<b>Topography:</b>	Level/Moderate	<b>Flood Zone:</b>	"X", Minimal Flood Hazard
<b>Zoning:</b>	MUNV (Mixed Use)	<b>Utilities:</b>	All Reasonably Available
<b>Parcel Acreage:</b>	44.01± Acres	<b>Shape:</b>	Irregular
<b>Parcel Square Feet:</b>	1,917,076± Square Feet	<b>Proposed Use:</b>	North Valley Commerce Center II
<b>Recording Date:</b>	November 13, 2017	<b>Price/SF:</b>	\$2.20
<b>Sale Price:</b>	\$4,221,078	<b>Terms Of Sale:</b>	Cash to Seller
<b>Grantor:</b>	William & Mary Keenan & the Furman Family 1997 Trust	<b>Grantee:</b>	CP Logistics NVCC II, LLC
<b>Conditions of Sale:</b>	None	<b>Verification:</b>	Public Records & Dr. William Keenan, Seller

This comparable is a 44.01± acre parcel located on North Virginia Street (Old U.S. 395) in the North Valleys area of Reno. Surrounding development includes a combination of industrial-commercial uses, mobile home parks, older single-family homes and large tracts of vacant land. The property a short distance to the east is being developed with the North Valley Commerce Center. This property is planned to be improved with the North Valley Commerce Center- Phase II. The property had been available for approximately two years. The site has level to moderate undulating topography, portions of which are above its street frontage. It is noted that the parcel is traversed by natural drainage ways. It is our expectation that the parcel will require fill due to its undulating topography and the natural drainage ways on the site may need to be perpetuated.





**COMPARABLE LAND SALE PROFILE**  
**SALE LS-6**



<b>Property Type:</b>	Vacant Land	<b>City:</b>	Reno
<b>Location:</b>	Longley Commerce Center, Southwest Corner of Longley Ln & Airway Dr., East Side Quail Manor Ct.	<b>County:</b>	Washoe
<b>A.P.N.:</b>	025-480-44	<b>State:</b>	Nevada
<b>Topography:</b>	Level to Gentle	<b>Flood Zone:</b>	Zone "X"
<b>Zoning:</b>	IC (Industrial Commercial)	<b>Utilities:</b>	All Available
<b>Parcel Acreage:</b>	14.86± Acres	<b>Shape:</b>	Irregular – Long & Narrow
<b>Parcel Square Feet:</b>	647,302± Square Feet	<b>Proposed Use:</b>	271,000± SF Industrial Building
<b>Recording Date:</b>	March 8, 2018	<b>Price/Square Foot:</b>	\$6.55
<b>Sale Price:</b>	\$4,238,823	<b>Terms of Sale:</b>	Cash to Seller
<b>Grantor:</b>	Capurro-Quilici Investments	<b>Grantee:</b>	Longley Commerce Center, LLC
<b>Document No:</b>	4794211	<b>Verification:</b>	J. Michael Hoeck, SIOR, Kidder Mathews & Public Records
<b>Conditions of Sale:</b>	None		

This is the sale of a 14.86± acre site located on the southwest corner of Longley Lane and Airway Drive in southeast Reno. Both Longley Lane and Airway Drive (extension of Moana Lane) are arterial roadways. This parcel has additional access from Quail Manor Court. The buyer in this transaction purchased the property for the development of the Longley Commerce Center and will be improved with a 271,000-square-foot building. The building is expected to be completed by year's end and is designed to meet the needs of smaller industrial tenants. The building will include 5,000 to 10,000 plus square foot flex (industrial space with office or showroom space) and industrial space with dock doors. The site at Longley and Airway Drive is the last remaining parcel of the old Capurro-Quilici Ranch. At the time of sale there were two old homes on the site as well as several large trees which are being removed to make way for the planned improvements. According to Mr. Hoeck, of Kidder Mathews, the homes have been demolished at the expense of the buyer. Mr. Hoeck also indicated that no water rights were included but some concessions for traffic impact were included in the sale price.

## COMPARABLE LAND SALES COMPARISON, CORRELATION AND FINAL LAND VALUE CONCLUSION

The comparable land sales utilized in this analysis range in date of sale from August 23, 2017 to March 18, 2018, in comparison to the subject's effective date of value of September 26, 2018. The comparable sales indicate a range in land area from 14.86± acres to 44.01± acres in comparison to the subject property which contains 104± acres. The comparable sales indicate a range in sale price per square foot from \$2.20 per square foot to \$7.41 per square foot.

The comparable properties utilized in this analysis will be compared and correlated to the subject property based upon several adjustment criteria. These include property rights conveyed, financing terms, conditions of sale, market conditions, location, physical characteristics and zoning. The sales will be analyzed based upon a price per square foot basis.

The purpose of the appraisal is to estimate the Market Value of the fee simple interest in the subject property as of the effective date of value. The comparable sales involved the transfer of a fee simple interest, therefore, no adjustment for property rights is indicated.

The comparable sales involve cash to the seller or cash transactions, and as a result, no adjustment for cash equivalency is indicated.

### Market Conditions

The comparable sales range in date of sale from August 23, 2017 to March 18, 2018, in comparison to the subject's date of value of September 26, 2018.

Market conditions for vacant industrial and mixed-use land have improved significantly over the past few years as demand for new industrial and industrial business space has increased. There are relatively few large mixed-use industrial land properties available for development in the Truckee Meadows surrounding areas. Due to improving market conditions, an upward adjustment for date of sale is indicated to Comparable Sales LS-1, LS-2, LS-3, LS-4 and LS-5, which occurred in 2017. Comparable Sale LS-6 was purchased in March 2018, and as a result, market conditions are considered similar. No adjustment for date of sale is indicated.

### Location

The subject property is located on South McCarran Boulevard in southeast Reno. South McCarran Boulevard is a major arterial ring road encircling the cities of Reno and Sparks. The

subject property is located in an industrial/business park neighborhood which has experienced good market acceptance over the past several years. The subject property has good access to Interstate 80, located to the north, as well as several arterials in the subject neighborhood, including South Rock Boulevard, Mill Street, Greg Street and Glendale Avenue.

Comparable Sale LS-1 is located in the northerly portion of Spanish Springs, and as a result, is considered to have an inferior location in comparison to the subject's South McCarran Boulevard location.

Comparable Sale LS-2 is located at interchange of U.S. Highway 395 North and Parr Boulevard. Due to its exposure and location on a major highway, a downward adjustment for location is indicated.

Comparable Sale LS-3 is located at the intersection of South Virginia Street and Geiger Grade. The location is considered competitive with the subject property.

Comparable Sale LS-4 is located on the Mt. Rose Highway. An upward adjustment is indicated.

Comparable Sale LS-5 is located on Old North Virginia Street, in a secondary industrial neighborhood. An upward adjustment for location is indicated.

Comparable Sale LS-5, although located in an industrial business neighborhood in southeast Reno, is considered to have an inferior location on Longley Lane, in comparison to the subject's location on McCarran Boulevard, a major arterial.

### **Size**

The subject property contains 104± acres, in comparison to the comparable land sales which range from 14.86± acres to 44.01± acres. Generally, a relationship exists between the size of a parcel and the price per unit. Larger parcels tend to have a lower price per square foot while smaller parcels tend to have a higher price per square foot. For the purposes of this appraisal, a qualitative adjustment for size is made.



### **Zoning**

The subject property is zoned PUD-MSFL McCarran Center. The subject property has received approval for a mixed-use development including office/commercial/flex and business park utilizations. Comparable Sales LS-1, LS-2, LS-3 and LS-5 are considered to have similar zoning designations. Comparable Sale LS-4 has an NC (Neighborhood Commercial) zoning designation. A downward adjustment is indicated.

Comparable Sale LS-6 is zoned IC, and did require approvals prior to development. An upward adjustment is indicated.

### **Topography**

The subject property has generally level to gently sloping topography in an easterly and southeasterly direction. Comparable Sales LS-1, LS-4, LS-6 have similar topography. Comparable Sales LS-2, LS-3 and LS-5 have undulating, level to moderately sloping topography, and as a result, do require an upward adjustment in comparison to the subject property.

### **Flood Zone/Critical Flood Zone**

The subject property is located in a shaded “X” and AE flood zone. In addition, and as discussed in the Property Identification, the subject property is located in a Critical Flood Zone 1, as identified by the City of Reno. As a result, mitigation options to elevate the site and protect future development from flooding, as well as excavating adjacent areas to provide flood storage will be required.

Generally, the comparable sales are superior to the subject property as the majority of the comparables are located in an Unshaded Flood Zone X. As a result, a substantial downward adjustment is made to each of the comparable sales for flood zone factors.

### **Highway Frontage**

The subject property has approximately 4,738 lineal feet of frontage on South McCarran Boulevard, a major arterial which encircles the cities of Reno and Sparks. Generally, the comparable sales are considered to be inferior to the subject property with respect to frontage on major roadways. In the case of Comparable Sale LS-2, although it has frontage on U.S. Highway 395, no access is permitted from this roadway. With respect to Comparable Sale LS-5, located on Old North Virginia Street, the sale property has two portions of the site fronting on



the roadway ranging from 177 lineal feet to 356 lineal feet. A substantial upward adjustment is indicated.

**Other Adjustments**

Comparable Sale LS-1, as a condition of the purchase price, will have all utilities stubbed to the property lines. As a result, a downward adjustment is indicated.

The following chart summarizes the adjustments made to the comparable sales in comparison to the subject property.



Sale Number	A.P.N. Location City, State	Price/ Square Foot	Terms of Sale	Market Conditions	Location (Market)	Land Area	Zoning	Topography	Flood Zone	Frontage	Other	Overall
LS-1	536-040-01 Future School Site in Kiley Ranch North NEC David Allen Pkwy & Windmill Farms Pkwy E. of Pyramid Way, Sparks (Spanish Springs)	\$5.86	Cash =	08/23/2017 +	Kiley Ranch North +	31.838 Ac -	NUD =	Level/Gentle = =	X --	Minor Connector 1,489 LF +	Utilities & Streets to Site	High Indicator
LS-2	035-681-01 & 02 S/S Dandini Blvd., Betwn. Spectrum Dr. & U.S. Highway 395, North Valleys, Reno	\$3.72	Cash to Seller =	09/27/2017 +	U.S. Highway 395 North and Parr Boulevard -	25.66 Ac -	MU/DR =	Undulating, Moderately Steep +	X --	U.S. 395 2,267 LF No Access ++	Requires Approval +	Low Indicator
LS-3	017-011-26 South side of Geiger Grade, on the East Side of S. Virginia Street Southeast Suburban Reno, NV	\$5.43	Cash to Seller =	10/3/2017 +	South Virginia Street at Geiger Grade =	18.42 Ac -	MU =	Level/Moderate Below Grade +	X --	So. Virginia Street 1,002 LF +	N/A N/A	High Indicator
LS-4	049-402-02 & 07 (Colina Rosa) South Side of Edmonton Drive, Between the Mt. Rose Hwy & Butch Cassidy Drive Southwest Reno	\$7.41	Cash to Seller =	10/06/2017 +	Mt. Rose Highway +	20.13 Ac -	NC -	Level/Gentle = =	X --	Mt. Rose Highway 1,366 LF +	N/A N/A	Very High Indicator
LS-5	082-101-49 NEC of N. Virginia Street (Old U.S. 395) & Doubleback Rd North Valleys - Reno	\$2.20	Cash to Seller =	11/13/2017 +	Old North Virginia Street + +	44.01 Ac -	MUNV =	Undulating, Level/Moderate ++	X --	No. Virginia Street 177 LF/356 LF +++	N/A N/A	Very High Indicator
LS-6	025-480-44 Longley Commerce Center SWC Longley Lane & Airway Drive Southeast Reno	\$6.55	Cash to Seller =	03/18/2018 =	Longley Lane + +	14.86 Ac -	IC +	Level/Gentle = =	X --	Longley lane 1,357 LF +	N/A N/A	High Indicator
Subject Property	021-010-007 Southeast corner of So. McCarran Blvd. and Clean Water Way Reno	---	Cash	Date of Value 09/26/2018	S. McCarran Boulevard	104 Ac.	PUD-MSFL, McCarran Center	Level To Gentle Slope	Shaded X, AE, Critical Flood Zone 1	McCarran 4,738 L.F.	---	---

LAND SALES ADJUSTMENT CHART

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### **Summary**

To summarize, Comparable Sale LS-1, at \$5.86 per square foot, is considered to be a high indication of a per square foot value applicable to the subject property, primarily due to its smaller land area, location in a flood zone “X”, and available of utilities.

Comparable Sale LS-2, at \$3.72 per square foot, is considered to be a low indication of a per square foot value applicable to the subject property, primarily due to its inferior access and undulating, moderately steep sloping topography.

Comparable Sale LS-3, at \$5.43 per square foot, is considered to be a high indication of a per unit value applicable to the subject property, primarily due to its smaller land area.

Comparable Sale LS-4 at \$7.41 per square foot, is considered to be a very high indication of a per square foot value applicable to the subject property, primarily due to its substantially smaller land area.

Comparable Sale LS-5, at \$2.20 per square foot, is considered to be a very low indication of a per square foot value applicable to the subject property, primarily due to its inferior location, topography and limited frontage.

Comparable Sale LS-6, at \$6.55 per square foot, is considered to be a high indication of a per square foot value applicable to the subject property, primarily due to its smaller land area.

In arriving at an indication of the per unit value applicable to the subject property, as of a current date of valuation, consideration is given to its location on a major arterial, its size, its Planned Unit Development approval, and topography, all of which are considered to be positive factors. On the other hand, it is recognized that the subject property is located in a flood zone Shaded X and AE, and in addition, it is located in a Critical Flood Zone 1 as identified by the City of Reno. As a result, mitigation options to elevate the site and to protect future development from flooding as well as excavating adjacent areas to provide flood storage will be required. As of a current date of valuation, the size and location of future buildings to be developed within the subject property is unknown. The quantity of flood storage which will be required is unknown. As a result, there exists an element of risk with respect to the development potential of the subject property. On the other hand, it is recognized that within the Truckee Meadows, the amount of industrial land available for development is extremely limited.



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 square foot value of \$4.00 per square foot would be applicable to the subject property as of a current date of value. Applying the indicated per unit value to the subject's 4,530,240± square feet, results in an indicated value of \$18,120,960, which is rounded to \$18,000,000.

It is my opinion that the Market Value of the Fee Simple Interest in the subject property, as of September 26, 2018, is \$18,000,000.

**FINAL LAND VALUE CONCLUSION  
(AS OF SEPTEMBER 26, 2018)**

**\$18,000,000**

### **EXPOSURE AND MARKETING TIME**

Exposure time is defined as the length of time that would have been necessary to expose the property on the open market, in order to have consummated the sale at the effective date of valuation. This analysis assumes the property was marketed at the value conclusion contained in this report.

Marketing time, on the other hand, is the time necessary to consummate a sale of the subject property assuming that a marketing effort is begun as of the effective date of valuation and that the property is marketed at the final property value conclusion contained in this report.

In arriving at an estimate of an appropriate exposure and marketing time for the subject property, consideration is given to the subject property's physical characteristics. Consideration is also given to the exposure and marketing times of other property in the market, and interviews with brokers, buyers and sellers familiar with similar properties. In addition, consideration is given to the subject's location, land use designation and current market conditions. Based upon a review of the available data, it is my opinion that an appropriate exposure and marketing time for the subject property would be approximately one year.

**EXPOSURE TIME/MARKETING TIME**

**ONE YEAR**

### APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, unless otherwise noted in this appraisal report:

- 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 not performed 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.





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The fee simple interest in the real property, which is the subject of this appraisal report, was valued as of September 26, 2018, as follows:

**FINAL LAND VALUE CONCLUSION**

**\$18,000,000**

Respectfully Submitted,

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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 4/30/19

**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
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**Appraisal Seminars**

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

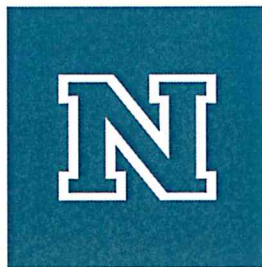
AEGON USA Realty Advisors, Inc.  
Airport Authority of Washoe County  
Alliance Bank of Arizona  
AMB Institutional Realty Advisors  
American Federal Savings Bank  
ARCS Commercial Mortgage Corp.  
AT&T Communications  
Bank of America  
Bank of the West  
BHP Copper  
California Department of Justice  
Carson City  
Caughlin Ranch Partnership  
Centex Real Estate Corporation  
CitiBank  
City of Reno  
City of Sparks  
Coates Field Services, Inc.  
Colonial Bank  
Department of the Navy  
Dermody Properties  
Douglas County  
Douglas County Assessor's Office  
Federal Deposit Insurance Corporation  
First Federal Lincoln

Nevada Department of Transportation  
Nevada Mining Association  
Nevada State Bank  
P.W. Funding  
Redevelopment Agency of the  
City of Reno  
Regional Transportation Commission  
Reno Housing Authority  
Shelter Properties  
Shelter Properties  
Sierra Pacific Power Company  
St Mary's Regional Medical Center  
Summit Engineering Corporation  
Texaco, Inc.  
The CIT Group  
The Howard Hughes Corporation  
The Rouse Company  
Truckee Meadows Community College  
Umpqua Bank  
U.S. Bank  
U.S. Department of Commerce  
U.S. Forest Service  
U.S. Postal Service  
Union Oil Company  
University Of Nevada

First Merit Bank, N.A.  
GMAC Commercial Mortgage Co.  
Great Western Bank  
Granite Construction Co.  
Guardian Life Insurance Co.  
Home Federal Savings Bank  
Internal Revenue Service  
KeyBank  
McDonald's

Accounting Firms  
Washoe County  
Washoe County School District  
Washoe Medical Center  
Wells Fargo Bank  
Williams Communications, Inc.

## Exhibit 8



University of Nevada, Reno

### MEMORANDUM OF UNDERSTANDING - REVISED

This Memorandum of Understanding (“MOU”) is entered into this 1st day of July, 2018 by and between the University of Nevada, Reno (“UNR”) and its College of Agriculture, Biotechnology, and Natural Resources (CABNR) regarding the distribution of proceeds from the sale of 2 parcels (APN 021-010-07 at approximately 104 acres and APN 021-030-14 at approximately 40 acres) at the Main Station Field Lab (MSFL) as approved by the Board of Regents at its June 7/8, 2018 meeting. This MOU will take effect at the close of escrow/receipt of funds of APN 021-010-07/104 acres.

This MOU follows a prior agreement from the fall of 2017 between UNR and CABNR regarding the direction of \$2.5m funds from the anticipated sale of APN 02-030-14/40 acres to the renovation of the Valley Road labs facility. It is a matter of record from the January 19, 2018 Board of Regents meeting that UNR instead utilized the proceeds from a special Operating Pool distribution to fund this construction due to the anticipated long sale and escrow process for the 40 acres, and the urgency to begin renovations on these labs. Both CABNR and UNR acknowledge this \$2.5m contribution to CABNR facilities outside of this MOU.

#### UNR and CABNR agree as follows:

1. A project account has been established (PJ00826) and will be funded with \$1.5m (one-time) at the close of escrow/receipt of funds for payment of costs associated with development of J Dow wetlands. The CABNR Dean will be the signatory for this account.
2. A project account has been established (PJ00828) and will be funded with \$1.5m (one-time) at the close of escrow/receipt of funds for payment of costs associated with design and construction of an ADA-compliant classroom at the Main Station Farm Lab near Wolf Pack Meats. The CABNR Dean will be the signatory for this account.
3. A project account has been established (PF00827) and will be funded with \$1.0m (one-time) at the close of escrow/receipt of funds for payment of costs associated with construction of a Eureka Agricultural Center for Range and Sheep Improvement.

4. In response to the request for “Three million dollars to endow International Center for Sustainable Dryland Agriculture. This would generate ~\$120k per year. The proceeds would be used to fund visiting scientists, scholarships, and international travel from and to dryland countries of the world,” a permanent funding line in the CABNR budget will be established and will be funded with \$120k/ fiscal year (permanent recurring funding) at the close of escrow/receipt of funds for payment of costs associated with the International Center for Sustainable Dryland Agriculture (“Center”). This funding approach is mutually agreed upon to 1) avoid potential future fluctuations in actual returns/spending rate and 2) provide immediate funding rather than wait for income earnings and distribution. Operations will be contingent upon Board of Regents approval of the Center at a future meeting.
5. In response to the request for “Three million dollars for an endowed professorship in Urban/indoor agriculture,” a permanent funding line in the CABNR budget will be established and will be funded with \$120k/ fiscal year (permanent recurring funding based on actual costs) at the close of escrow/receipt of funds, and upon hire, for payment of actual salary and benefit costs associated with a new academic position titled “Professor of Urban/Indoor Agriculture.” Both UNR and CABNR agree that as a permanent position it will be eligible for salary/cola/merit adjustments as approved by the President, Board of Regents, and/or Legislature and that the annual commitment from UNR will increase correspondingly. This funding approach is mutually agreed upon to 1) avoid potential future fluctuations in actual returns/spending rate, 2) provide immediate funding rather than wait for income earnings and distribution, and 3) ensure the position receives future approved salary/benefits adjustments available to all UNR employees which may otherwise exceed available endowment income.
6. This MOU serves as the written commitment to develop, market, and sell a permanent conservation easement on the remaining 700+ acres of the Main Station Field Lab. As with other property sales, this easement will be contingent on Board of Regents approval and sold at or above appraised value or a discounted appraised value standard with conservation easement transactions. At the close of escrow from that sale, UNR and CABNR agree that the proceeds will be divided evenly between CABNR budgets and other UNR budgets. No additional sales of Main Station Field Laboratory land will occur before the conservation easement is in place.
7. UNR will continue to support the CABNR plan to develop a research/Extension facility in Clark County.
8. UNR will utilize the remaining proceeds from the sale of both parcels for the renovation of critical lab facilities on the main UNR campus. These renovated facilities will be for the benefit of all UNR faculty, research staff, and students including, but not exclusively, CABNR.
9. The term of the funds identified in numbers 1 through 3 above is not restricted to a certain fiscal year and these funds will carry forward without expiration, however CABNR will endeavor to proceed with these projects as expeditiously as possible and provide quarterly status updates to the President of UNR.



