

**BOARD OF REGENTS
BRIEFING PAPER**

AGENDA ITEM TITLE: Dandini Group, LLC Land Donation Acceptance – DRI Reno Campus

MEETING DATE: December 1-2, 2016

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

The Dandini Group LLC has offered to donate a 25.99 acre parcel adjoining the southwest edge of the Dandini Research Park to the Desert Research Institute. An independent appraisal conducted in June, 2016 estimated the value of the parcel at \$55,000. DRI estimates that approximately 10 acres of the land may be suitable for future development by the Dandini Research Park, as it is contiguous with developable property within the Park boundary. The DRI Research Parks Board of Trustees voted in support of this donation at their last regular board meeting.

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

Accept donation of the 25.99 acre parcel for use by DRI or the Dandini Research Park, and authorize the Chancellor to execute documents necessary to the transaction.

4. IMPETUS (WHY NOW?):

The current owner, Dandini Group LLC, has offered to donate the land to DRI.

5. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

The land is immediately adjacent to land currently owned by the Board of Regents. An analysis of the land undertaken during the latest master planning effort in 2010 indicates that approximately 10 acres of the parcel are suitable for development. There are no known costs associated with holding the land for future development by DRI or by the Dandini Research Park.

6. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

There are no immediate plans for development by DRI or the Dandini Research Park.

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

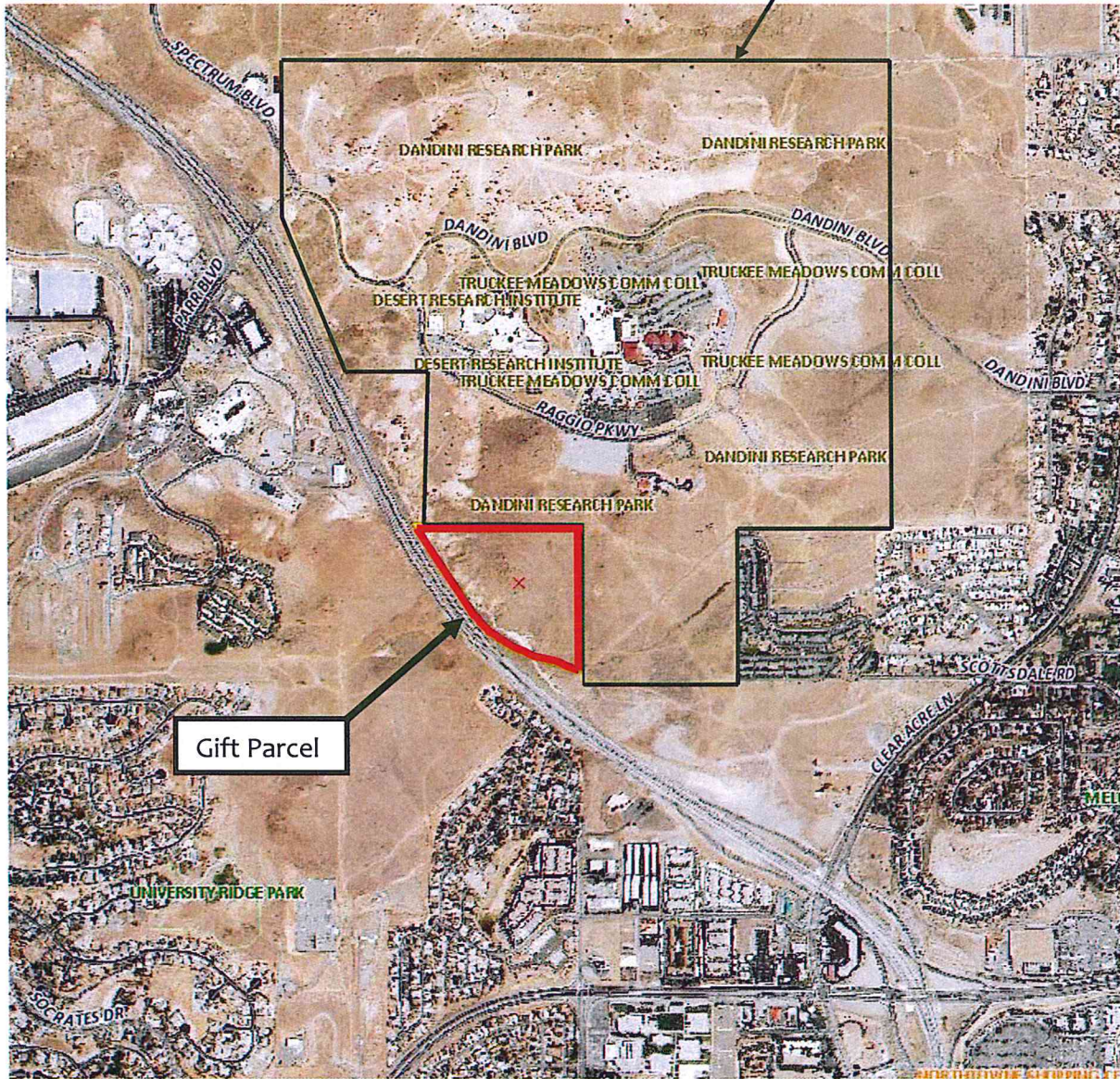
Decline donation offer.

8. COMPLIANCE WITH BOARD POLICY:

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

Offered Property Location:

Current DRI, TMCC & Dandini Research Park Lands



10 Acre Area in Gift Parcel Suitable for Development:

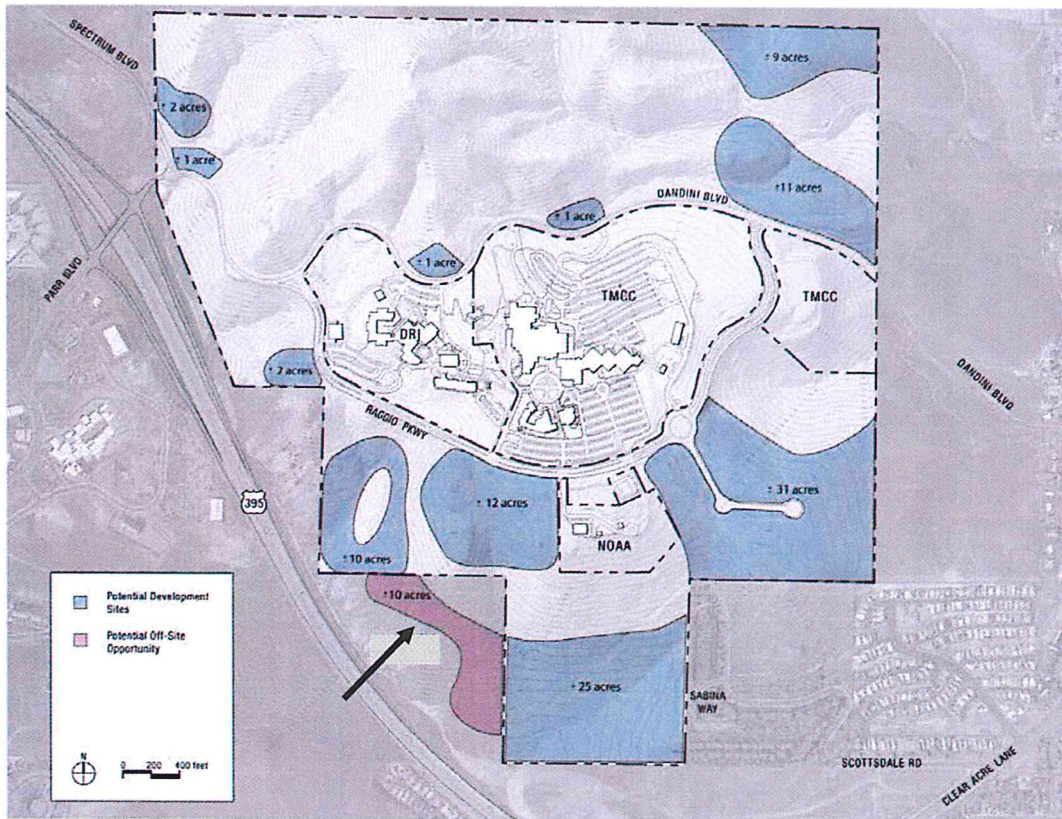


Figure 2.81 Opportunity Sites

24 | DANDINI RESEARCH PARK master plan



James Urmston



APPRAISAL REPORT
REAL ESTATE
APPRAISAL

Of
McKenzie Site



0 Raggio Pkwy, Reno
Washoe County
NV, 89512

As of
June 15, 2016

Prepared For
Mr. Peter Ross
DRI Research
2215 Raggio Parkway
Reno, NV, 89512

Prepared by
JAMES E. URMSTON, MAI, SRA, CCIM
James Urmston, MAI, SRA, CCIM, Nevada-A.0000080-CG

File Name:
C16-12

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June 28, 2016

Mr. Peter Ross
DRI Research
2215 Raggio Parkway
Reno, NV 89512

Re: Appraisal Report, Real Estate Appraisal
McKenzie Site
0 Raggio Pkwy, Reno,
Washoe County, NV, 89512

File Name: C16-12

Dear Mr. Ross:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The property that is the subject of this report involves a roughly triangular shaped parcel in the Dandini Regional Center of the North Valleys District of Reno. The total site area is estimated at 25.99 acres, has a moderate to steeply sloping topography and has public utilities in close proximity to the subject's boundaries. Of primary importance is the lack of public access, the site is considered landlocked.

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.



Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The “As Is” market value of the Fee Simple estate of the property, as of June 15, 2016, is

Fifty-Five Thousand Dollars (\$55,000)

The market exposure time preceding June 15, 2016 would have been 12 months and the estimated marketing period as of June 15, 2016 is 12 months.

Respectfully submitted,

James E. Urmston, MAI, CCIM, SRA

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Summary of Important Facts and Conclusions

GENERAL

Subject: McKenzie Site
Raggio Pkwy, Reno,
Washoe County, NV, 89512

The property that is the subject of this report involves a roughly triangular shaped parcel in the Dandini Regional Center of the North Valleys District of Reno. The total site area is estimated at 25.99 acres, has a moderate to steeply sloping topography and has public utilities in close proximity to the subject's boundaries. Of primary importance is the lack of public access, the site is considered landlocked.

Owner: Dandini Group Inc.

Legal Description: Fraction of Lot 10, Section 25, Township 20, Range 19

Date of Report: June 28, 2016

Intended Use: The intended use is for the owners and clients personal use for portfolio management and/or estate planning.

Intended User(s): The client and property owner.

Assessment:

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Tax Rate	Tax Rate	Taxes
035-012012	\$77,268	\$0	\$0		\$0.01	\$0.01	\$0.01	\$0.04	\$2,829
Totals	\$77,268	\$0	\$0	\$0					\$2,829

Notes:

Sale History: The subject has not sold in the last three years, according to public records.

Current Listing/Contract(s): The subject is not currently listed for sale, or under contract.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
035-012-12	25.99	1,132,124	10.00	435,600	See narrative	Roughly Triangular

Notes:

Zoning: MUDC - Mixed Use Dandini Regional Center

Highest and Best Use of the Site: Possible DRI expansion of Dandini Research Park.

Type of Value: Market Value

VALUE INDICATIONS

Sales Comparison Approach: \$55,000

Reconciled Value(s): As Is
Value Conclusion(s) \$55,000
Effective Date(s) June 15, 2016
Property Rights Fee Simple

Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of James E. Urmston, MAI, SRA, CCIM. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) James E. Urmston, MAI, SRA, CCIM's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. James E. Urmston, MAI, SRA, CCIM has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Mr. Peter Ross, 0 DRI Research. The problem to be solved is to estimate the current 'As Is' market value for asset management purposes. The intended use is for Personal. This appraisal is intended for the use of client and property owner.

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the assessors' parcel number and legal description.
Inspection:	A limited exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value
<u>Valuation Analyses</u>	
Cost Approach:	A cost approach was not applied as subject is vacant land.

Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach: An income approach was not applied as the subject is not an income producing property.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

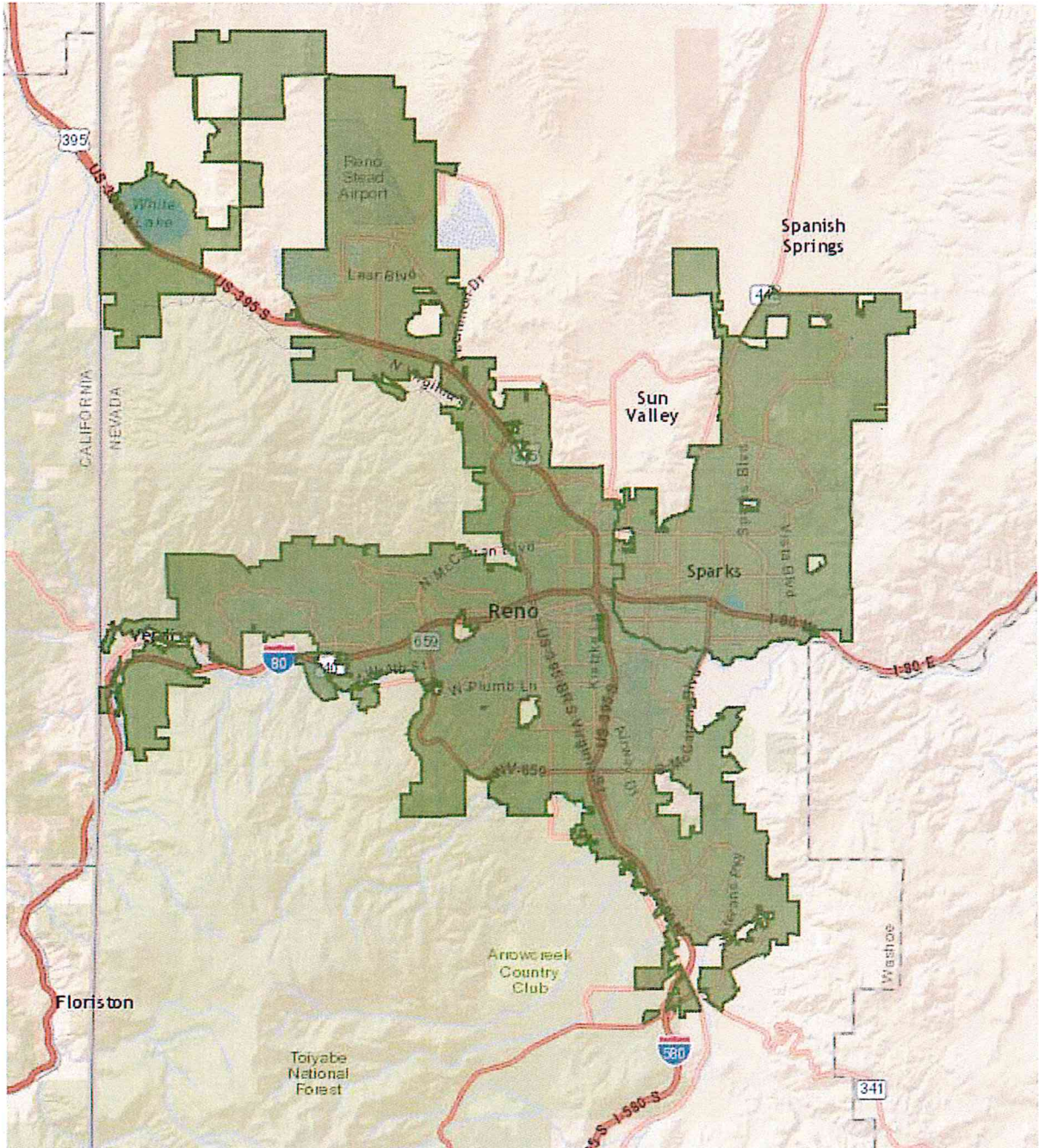
- There are no Extraordinary Assumptions for this appraisal.

Information Not Available:

-
- A recent preliminary title report was not available.

Market Area Analysis

Reno/Sparks Area Map



The Reno/Sparks area is situated in the Northwest Region of the State of Nevada in the metropolitan area generally known as the Truckee Meadows. The Truckee Meadows is

the second largest population center in Nevada and includes the cities of Reno and Sparks plus several adjoining townships. The Reno/Sparks area is located approximately 30 miles north of Carson City and 14 miles east of the California border on the eastern slopes of the Sierra Nevada Mountains. The Reno/Sparks area is considered a strategic hub for distribution of materials throughout Western United States. There is direct access I-80 East/West and US 395 North-South. The region lies amid an extensive transportation network, and able to reach percentage of the Western population with-in a two-day period. The Reno-Sparks Metropolitan Statistical Area (MSA), as defined by the United States Census Bureau, includes two counties, Washoe and Storey County with two principal cities, Reno and Sparks. The Combined Statistical Area (CSA) includes two additional counties, Lyon and Douglas and Carson City labeled as an independent City. The inclusion of Lyon County brings the City of Fernley thought to be a bedroom community of Reno/Sparks.

Reno Sparks sits at an altitude of 4,500 feet above sea level with four distinct seasons. Average temperatures range from the low 20s in the winter 90s in the summer. Rain is scarce with fewer than 8 inches average annually. The area's major water source is from the Sierra snowpack that averages 23.5 inches per year. The sun shines more than 300 days per year.

Air services provided by the Reno-Tahoe International Airport with nine airlines, 96 daily flights (to and from) and 17 nonstop destinations. There are three major cargo carriers approximately 12 departures per day. Over 65 trucking companies provide overnight delivery to 80% of the 11 Western contiguous states. The remaining 20% can be reached in two days. Finally, service by Union Pacific Railroad, linking 23 states, plus every major West Coast and Gulf Coast port.

Reno is governed by a mayor and six councilmembers, five representative Wards and one at-large. Sparks is governed by a mayor and five councilmembers. All our elected and typically have staggered terms. Finally, is governed with a five-member Board of Commissioners all are elected by their constituents within their districts.

Police and fire protection are provided by the Washoe County Sheriff's Department, Nevada Highway Patrol, Reno Police Department and the Sparks Police Department. Education agencies include UNR Police Department, Truckee Meadows community College Police Department and Washoe County Police Department. Fire protection in the

Reno area is provided by the Reno Fire Department with 14 stations. The Sparks fire department has five stations and the Washoe County residents have the Truckee Meadows Fire Protection District. Both police and fire protection departments are considered adequate.

The Reno Sparks area has three major hospitals including Renown, St. Mary's and Northern Nevada Medical Centers. Renown is a general medical and surgical with trauma center that includes 608 beds. St. Mary's is a 380 bed acute care hospital and Northern Nevada Medical Center, located in East Sparks, is a 108-bed acute care hospital. In addition, there are a number of Urgent Care Facilities located throughout the Reno/Sparks area.

The Washoe County School District operates 104 K-12 schools, 19 are high schools. Total enrollment for 2015/16 was reported at 63,670 students. The School District has requested an increase in the sale tax rate in Washoe County from the current rate of 7.725 to 8.265% in the next General Election to be used for repairs and building new schools in the area. Higher education is provided by Truckee Meadows Community College (TMCC), Desert Research Institute (DRI) and the University of Nevada Reno (UNR). TMCC serves more than 28,000 students each year in credit and non-credit programs. DRI is the environment research component to the Nevada System of Higher Education. UNR is Nevada's only Tier 1 quality institution where students pay 80% less than the average Tier 1 institutions. UNR offers Undergraduate and Graduate degrees with enrollment of 19,934 including 3,387 incoming Freshmen.

Reno was ranked number one in Outdoor Fun by Rand McNally. The national bowling Stadium is the only one of its kind in the world. The Reno Sparks area has over 50 golf courses within 90 minutes, including Montreux Golf Club home to one of only 45 PGA tour stops, the Reno Tahoe open. There are 18 world-class ski resorts in the Tahoe area including Squaw Valley home of the Winter Olympic Games in 1960. There is numerous hiking, rock climbing and biking trails as well as neighborhood and regional parks located though-out the Truckee Meadows and surrounding areas. The Reno Sparks area is known for their annual events that draw visitors to the area to support the tourism industry. The more popular events include Hot August Nights, Nugget Rib Cook Off, Reno Artown, The National Championship Air Races, The Great Balloon Race, the Reno River Festival, Street

Vibrations, and the Reno Rodeo. Professional sports include the Reno Aces Baseball team, the Reno Big Horn's basketball and UNR Wolfpack Athletics.

NV Energy supplies natural gas and power to the Reno/Sparks area. Telephone, cable and internet service is supplied by AT&T and Charter to most of the area. Sewer service is provided by both cities and county, individual wells and septic are still used in some areas of the county. Truckee Meadows Water Authority (TMWA) provides water and Reno Disposal provides weekly garbage pick-up.

The estimated population for the Reno/ Sparks MSA is 445,881 and 595,907 for the CMSA. The cities of Reno and Sparks have an estimated population of 331,012 with 237,063 (72%) in Reno and 93,949 in Sparks for the area outlined in the map above. The population increased approximately 0.96% per year for the past five years and is estimated to increase 1.02% over the next five years. The household count has changed from 90,924 in 2010 to 95,259 in 2015, a change of 0.89%. The projected households are expected to increase by 1.05% for the next five years in the Reno/Sparks area. The average household size is 2.56. EDawn recently released a report that five counties (Washoe, Storey, Carson, Douglas and Lyon) are forecasted to have an additional 42,395 residents for a total of 638,302 by 2019. The increase represents is 7.1% for time period from 2015 thru 2019 or 1.4% per year growth rate. The report also projects 52,370 full and part time jobs, and 16,787 new households. These projections are a result of new business coming to the area since Tesla announced their new gigafactory currently in the construction phase in the Reno-Tahoe Industrial Park.

The Washoe County Wages and Employment figures published 8/10/2015 for the period ending 6/2015 had total employment at 208,500 an increase of 2.2% over the same period in 2014 according to UNR. Base Industries exceeding the national average are Construction at 6% (1.28) of the total employment, Trade & Transportation at 22% (1.12) and Leisure & Hospitality at 18% (1.66). The bracketed numbers are the Location Quotients. The Median Household Income for 2015 is \$51,804, the Average Household Income is \$70,523 and the Per Capita Income is \$27,738. This compares to the U.S. Households at \$53,217, \$74,699 and \$28,597. The 2015-2020 annual increases are estimated at 2.46%, 2.54% and 2.50% respectfully. The largest employers include Washoe County School District, UNR, Renown Medical Center, Peppermill Hotel Casino & IGT.

When Tesla is at full operation they would be the second largest employer with 6,500 employees.

Reno/Sparks gained 7,700 jobs over the year in 2015. Highest increases were in the professional & business services and construction while leisure and hospitality experienced job losses of 3.2%. Unemployment as of December 2015 was 5% for the U.S., 6.4% for Nevada and 5.5% in the Reno/Sparks MSA, lower than Las Vegas at 6.2% and Carson City at 6.7%.

The gaming and tourism industry is the highest revenue producer for the state and Washoe County. Although gaming revenues are still down since the economic downturn of 2006, they are reporting steady gains over the past 24 months. In the last six months, August thru January, statewide revenues increased 0.85% (y/y) while Washoe County had a year to year increase of 1.82%. While gaming is still number one, the local efforts to diversify the economy with the Reno's potential as a hub for warehouse, manufactures and data centers, is bringing new companies to the area including Tesla, Switch, Clear Capital, Apple and Panasonic.

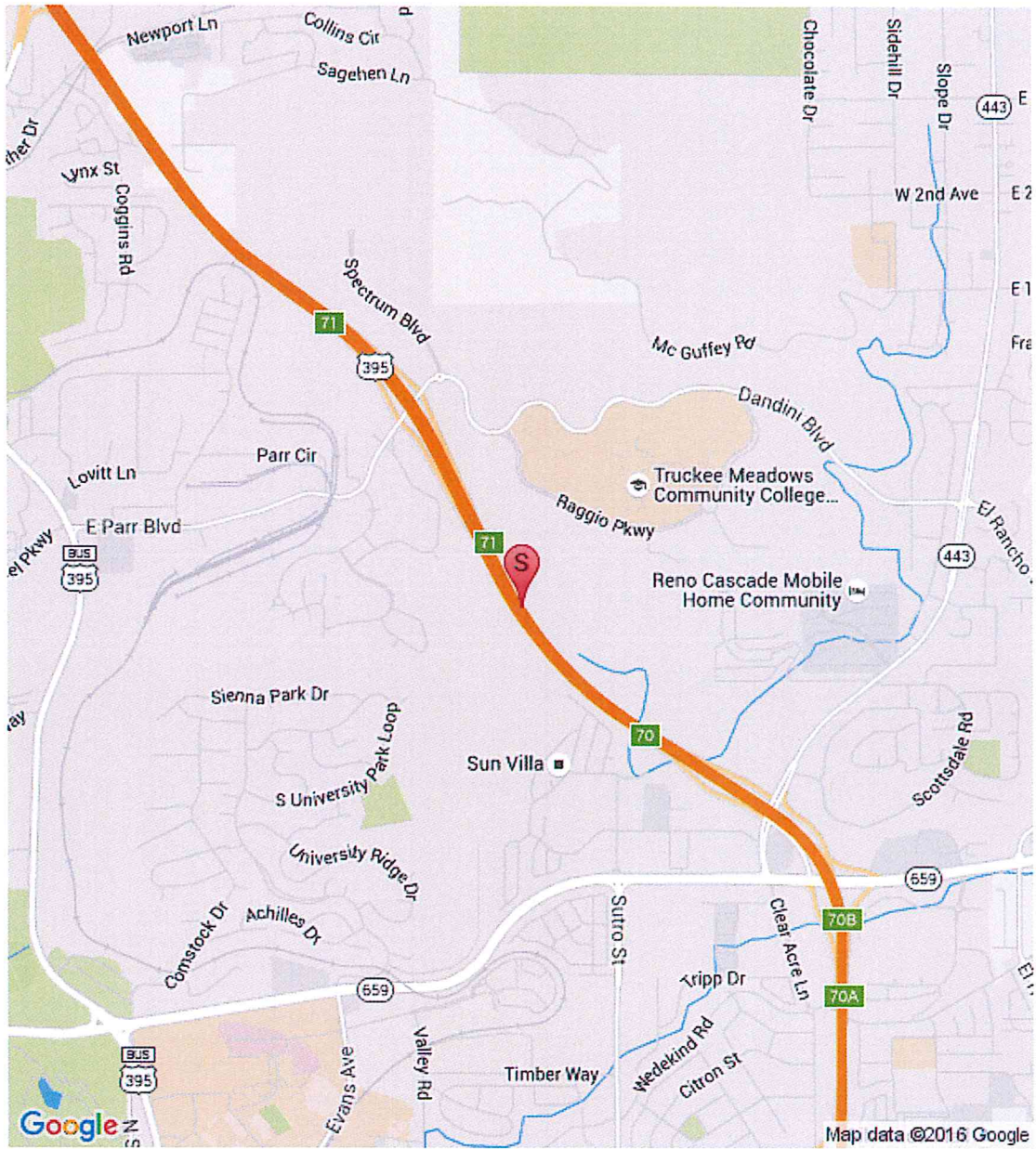
Nevada has been recognized nationwide for its favorable tax advantages such as, no corporate or personal income tax, no inventory tax, no franchise tax, no unitary tax and no special intangible tax. Nevada Free Port Law exempts personal property of interstate and destination from taxes well located within the state. The current sales tax in Washoe County is 7.725% and the county property tax rate 3.5689%.

There are a total of 193,857 housing units in the Reno/Sparks MSA an increase of 7,026 since 2010, 3.71%. The U.S. Census forecasts an increase of 9,825 housing units by 2020, 5.07%. EDawn's projection based on Tesla and other companies is higher at 16,787 for CMSA with the highest percentage occurring in Reno, Sparks and Fernley. The median home value in the MSA is estimated at \$280,600 in Washoe County, \$281,300 in Reno, \$259,200 in Sparks and \$174,900 in Fernley according to Zillow. Annual increases forecasted by the U.S. Census Bureau is 3.81%. It is estimated that 49.1% is owner occupied, 39.8% renter occupied and 11.1% are vacant.

In summary, it is expected that more industry will continue to move into the area due to northern Nevada's western location, favorable tax structure and mild climate as well as Tesla coming into the market. Northern Nevada gaming is not expected to rebound

significantly as the primary market, Northern California, is developing tribal gaming casinos which reduces our tourist numbers. Recovery is expected to improve significantly over the next two to three years. Population and construction will continue to increase, but at a much steadier rate than in the past decade. The housing and office market both continued to show improvement late in 2012 thru 2015. The industrial market was flat in 2009 with positive news in 2010 and steady improvement thru 2015. The retail sector continued to decline in 2010, 2011 and 2012 with slight decreases in the overall vacancy in 2013. With the increasing population the retail vacancies continue to decline. The average rents are still below the prerecession rates at \$1.27 for in-line space and there are still 17 Big Box stores vacant. Whether the federal economic stimulus programs will mitigate the negative trends in 2010 still remains to be seen. The overall economic conditions for 2015 were steady with some improvement that has continued thru the first quarter of 2016. The Reno/Sparks market is largely dependent upon the external economic influences from California's economic recovery and government stimulus programs.

Location Map



Property Description

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
035-012-12	25.99	1,132,124	10.00	435,600	See narrative	Roughly Triangular

Notes:

SITE

Location:	South of Raggio Pkwy. And North East of US 395 Freeway in the Dandini Research Park in North Reno, NV.
Current Use of the Property:	Vacant Land
Site Size:	Total: 25.99 acres; 1,132,124 square feet Usable: 10.00+/- acres; 435,600 square feet Based on the Dandini Research Park Master Plan.
Shape:	Roughly Triangular
Frontage/Access:	The subject is currently a landlocked parcel created by the Department of Transportation in the construction of US Highway 395. There is possible future access with the development of the Dandini research Park.
Visibility:	Good
Topography:	Moderate to steep sloping.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: Available in the park Sewer: Available in the park Water: Available in the park Natural Gas: Available in the park Underground Utilities: Underground Utilities Adequacy: See Comments
Site Improvements:	<ul style="list-style-type: none"> None
Flood Zone:	The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone Area not mapped, which is not

classified as a flood hazard area.

FEMA Map Number: 32031C3029G

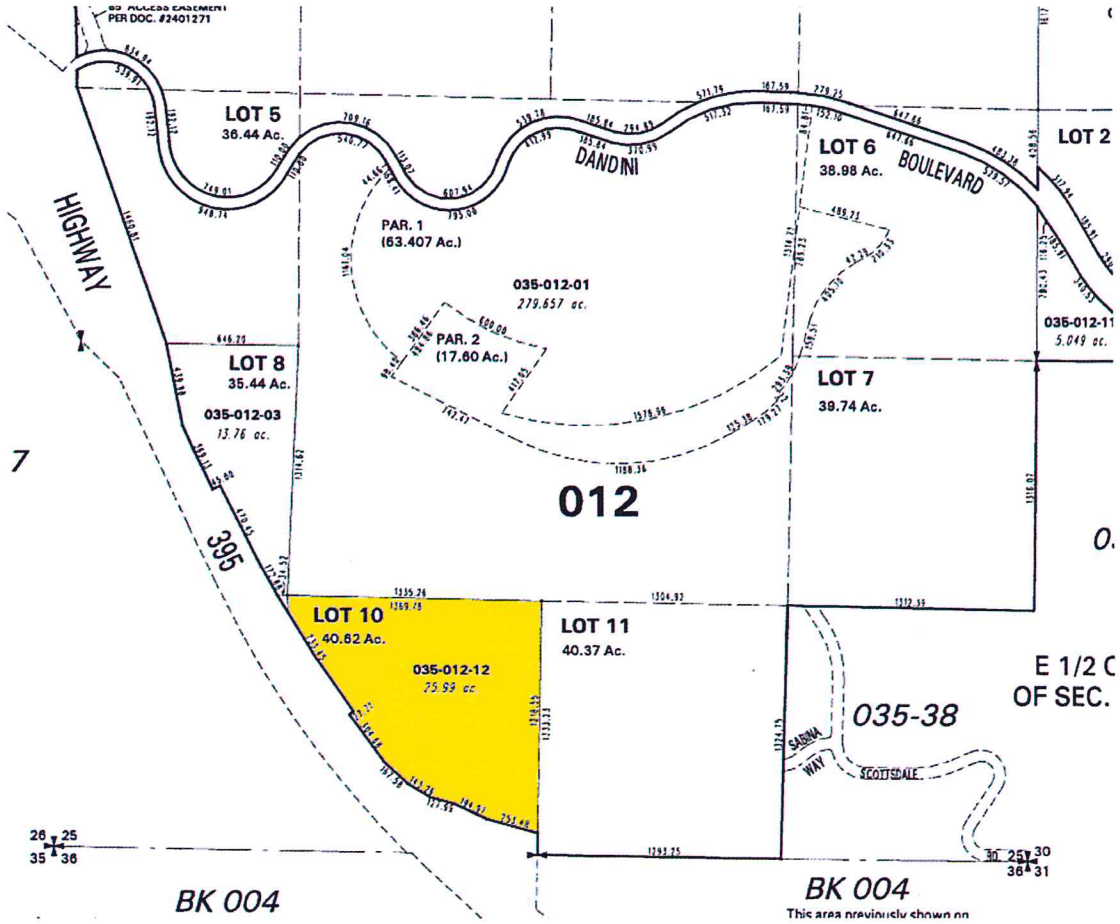
FEMA Map Date: 3/16,2009

Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

Encumbrance / Easements: There no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Site Comments: The site is a triangular shaped parcel located in the southwest corner of the Dandini Research Park with frontage on US Highway 395 however with no direct access from any public roadway or by private easement as of the effective date of the appraisal. Currently the parcel is not part of the Dandini Research Park however is considered a potential off-site opportunity at some point in the future. The site has a moderate to steeply sloping topography limiting the development potential. The total site area is 25.99 acres and based on the Master plan for the Dandini Research Park approximately 10 acres or 40% of the site is usable. Public utilities have been developed throughout the park but have not been developed on the subject site. It's likely the subject site will have access to all public utilities when the parcels to the north and east are developed.

Site Plan/Tax Map/Survey



Americans with Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

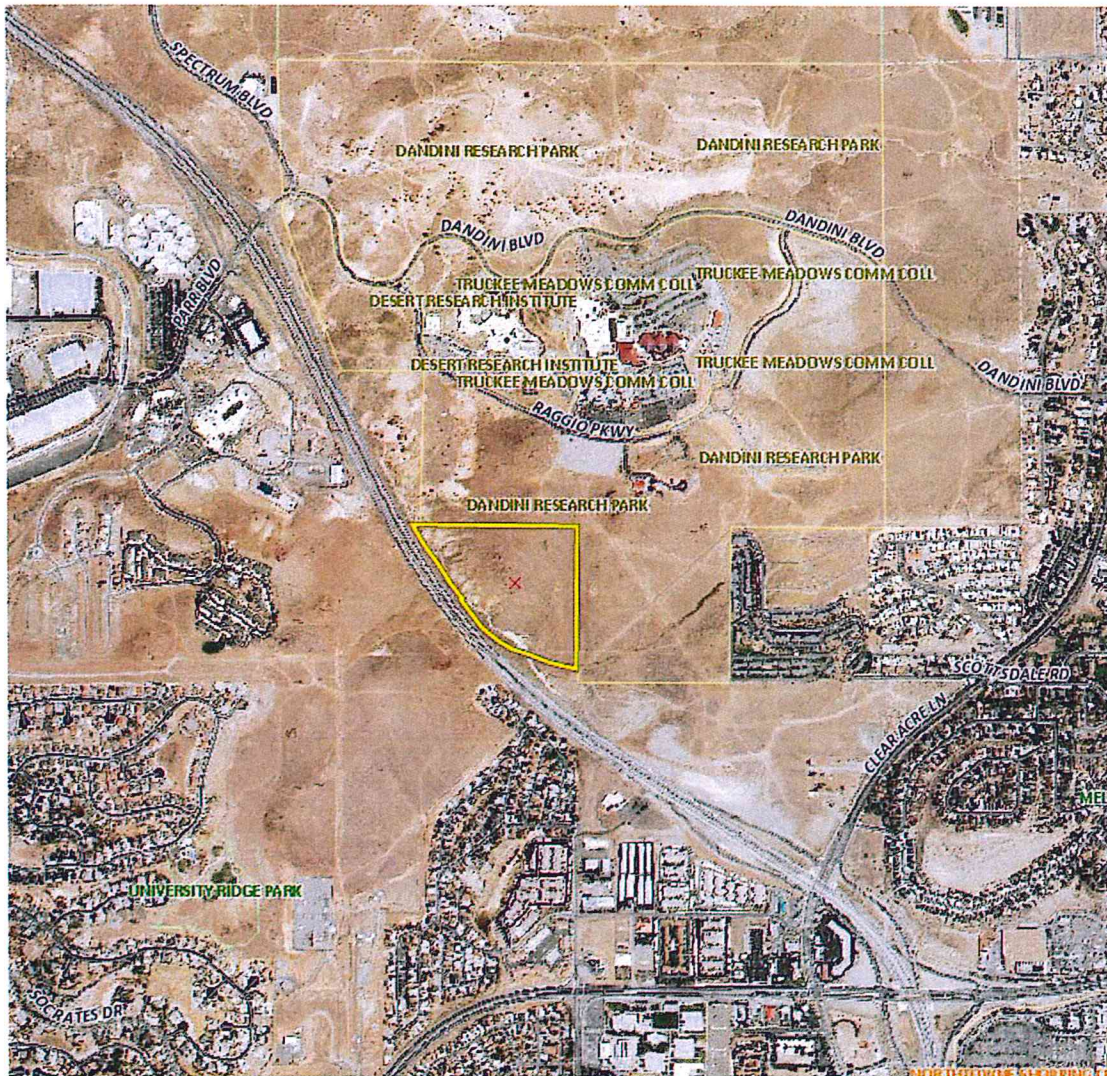
Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

Subject Photographs







Assessment and Taxes

Taxing Authority County

Assessment Year 2015/16

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Rate	Tax Rate	Taxes
035-012012	\$77,268	\$0	\$0		\$0.01	\$0.01	\$0.01	\$0.04	\$2,829
Totals	\$77,268	\$0	\$0	\$0					\$2,829

Notes:

During the 1981 “tax shift” Nevada was taken off of a market approach to value and replaced with a modified cost approach. Under Nevada’s modified cost approach, land is valued at “full cash value” (market value) and the improvements are valued at their replacement cost new, less 1.5% per year depreciation based on the age of the improvements. Combining the full cash value of the land with the depreciated replacement cost of the improvements renders a parcel’s “Taxable Value” and this taxable value can’t exceed the market value of the property. The computed “taxable value” is then converted to an “assessed value” by simply applying a .35 factor to the taxable value. Simply put, assessed value represents 35% of taxable value.

Assessed values and taxes are typical for the area and property type.

Zoning

LAND USE CONTROLS

Zoning Code

MUDC - Mixed Use Dandini Regional Center

Zoning Description

City of Reno's Dandini Regional Center Plan was established to promote higher intensity of development in identified centers and transit corridors.

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site

The first consideration in the highest and best use of the subject property is a legally permissible uses of the property as if vacant. Primarily, this is directed at the zoning of the property, the covenants, conditions and restrictions of the property as well as the development standards of the subdivision in which the subject property is located. The subject property is located within the city of Reno and is zoned MUDC-mixed use Dandini Regional Center. Although the mixed use designation allows for commercial, office and/or industrial, the DRI would likely limit the use to a conforming development that would benefit the park.

The physically possible uses are limited by the steep terrain, location of utilities and most importantly lack of access. It is unlikely the subject would be developed without 1st developing the adjacent parcels to the north and east of the subject.

For the same reason the adjacent parcels would need to be developed prior to the subject site being financially feasible to develop.

In the final analysis, it is the appraiser's opinion the highest and best use the subject site is to remain vacant until such a time utilities and access have been extended to the site making a physically possible and financially feasible to develop. Further considering the adjacent parcels are owned by the DRI, any future development would best be satisfied by some sort of research and development project that conforms to the master plan of the Dandini Research Park.

The highest and best use of the site, as vacant, is for Possible DRI expansion of park..

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{r} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because subject is vacant land.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because the subject is not an income producing property.

Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Land Comparables

I have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address City	Date Price	Land Units Price Per Land Unit	Acres Price Per Acre	Land SF Price Per Land SF	Notes
Subject	0 Raggio Pkwy	1/0/1900	1/0/00	\$26	\$1,132,124.40	
	Reno	\$0	\$0	\$0	\$0.00	
1	0 Red Rock Road	7/30/2014	3/20/22	\$59	\$2,564,813.00	
	Reno	\$5,123,754	\$2	\$87,020	\$2.00	
2	0 Technology Drive	5/29/2015	4/9/41	\$4	\$161,172.00	
	Reno	\$90,000	\$1	\$24,324	\$0.56	
3	5401 N. Virginia Street	4/6/2016	6/9/36	\$3	\$122,883.00	
	Reno	\$115,000	\$1	\$40,780	\$0.94	
4	0 Bennie Lane	6/27/2016	11/17/78	\$30	\$1,307,160.00	
	Reno	\$1,700,000	\$1	\$56,648	\$1.30	
5	1700 Mount Rose hwy.	6/15/2016	8/18/92	\$10	\$435,601.00	
	Reno	\$1,200,000	\$3	\$120,000	\$2.75	

Land Comparable 1



Transaction

ID	960	Date	7/30/2014
Address	0 Red Rock Road	Price	\$5,123,754
City	Reno	Price per Acre	\$87,020
State	NV	Financing	Cash to Seller
Tax ID	090-030-33	Property Rights	Fee Simple
Grantor	Peter Echeverria Family	Days on Market	Unknown
Grantee	MCA Wildhorses, LLC	Verification Source	
Legal Description	--		

Site

Acres	58.9	Topography	Level & sloping, below
Land SF	2,564,813	Zoning	PUD/City
Road Frontage	N. Red Rock Road	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	Typical PUE's
Utilities	Reasonably available	Environmental Issues	None Known

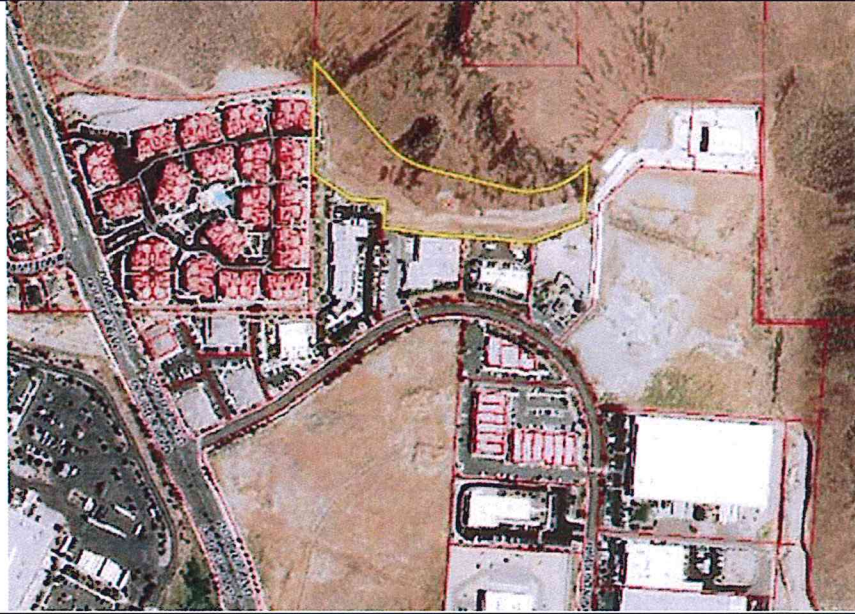
Improvements

GBA	--	Condition	--
GLA	--	Ancillary Buildings	--
No. of Stories	--	Parking	--
Year Built	--		

Comments

The sale property is the location of the Petco Distribution Warehouse, which was recently completed and contains approximately 770,650± square feet. This is a build to suit investment for Panattoni Development. As a result of the sale property's topography, extensive fill material was required. In addition, the buyers were required to annex the sale property into the Truckee Meadows Water Authority service district. Finally, the buyers provided slope and drainage easements to open space properties located adjacent. The purchase price did not include water rights. Water rights for development of the property were transferred separately.

Land Comparable 2



Transaction

ID	962	Date	5/29/2015
Address	0 Technology Drive	Price	\$90,000
City	Reno	Price per Acre	\$24,324
State	NV	Financing	Cash to Seller
Tax ID	163-090-31	Property Rights	Fee Simple
Grantor	Heritage Bank	Days on Market	--
Grantee	Hope Holdings LLC	Verification Source	
Legal Description	--		

Site

Acres	3.7	Topography	Moderate to Steep slope
Land SF	161,172	Zoning	PUD - Planned Unit
Road Frontage	None	Flood Zone	None
Shape	Irregular	Encumbrance or	Typical for area
Utilities	--	Environmental Issues	None Known

Improvements

GBA	--	Condition	--
GLA	--	Ancillary Buildings	--
No. of Stories	--	Parking	--
Year Built	--		

Comments

This sale is located in the South Meadows Business Park in south Reno behind Technology Drive. The site contains 3.7 acres, has a moderate to steep hillside topography and an irregular elongated shape. There is legal access but no road frontage and utilities are available at a reasonable distance. The site was purchased by an adjacent landowner with the front moderate sloping topography plan for additional parking. Development of the balance the site would be at some point in the future and with high excavation and grading costs. The property was bank owned by Heritage Bank and of all the cash transaction. The properties on the market for over 2 years listed at \$125,000 and finally selling at \$90,000 or \$.56 per square foot.

Land Comparable 3



Transaction

ID	958	Date	4/6/2016
Address	5401 N. Virginia Street	Price	\$115,000
City	Reno	Price per Acre	\$40,780
State	NV	Financing	c
Tax ID	082-540-04	Property Rights	Fee Simple
Grantor	Kaufory Armstrong & Co.	Days on Market	--
Grantee	Martinez Raul & Maria	Verification Source	
Legal Description	--		

Site

Acres	2.8	Topography	Moderate to Steep Slope
Land SF	122,883	Zoning	MUNV-Mixed Use North
Road Frontage	North Virginia Street	Flood Zone	None
Shape	Trapezoid	Encumbrance or	Typical PUE's
Utilities	Typically available to the	Environmental Issues	None Known

Improvements

GBA	--	Condition	--
GLA	--	Ancillary Buildings	--
No. of Stories	--	Parking	--
Year Built	--		

Comments

This sale is located on the west side of N. Virginia St. just south of Park Boulevard in the North valleys area of Reno. The site contains 2.821 acres, has a moderate to steeply sloping topography with utilities including electric and telephone, water and sewer would be supplied by private well and septic although city services are available in the area. The site appears to have direct access from N. Virginia St. in the appraiser is not aware of any adverse easements or encumbrances that would affect the development of the property to its highest and best use. Although the east side of N. Virginia St. is predominantly industrial use properties improvements on the west side and the location of the subject are primarily residential and multi family residential.

Land Comparable 4



Transaction

ID	959	Date	6/27/2016
Address	0 Bennie Lane	Price	\$1,700,000
City	Reno	Price per Acre	\$56,648
State	NV	Financing	Cash to Seller
Tax ID	035-672-02, 03, 04 & 10	Property Rights	Fee Simple
Grantor	Reno Development Group	Days on Market	2 Years
Grantee	Not Disclosed	Verification Source	
Legal Description	--		

Site

Acres	30.0	Topography	Moderate to steep
Land SF	1,307,160	Zoning	IC - Industrial Commercial
Road Frontage	Hwy 395 North	Flood Zone	None
Shape	Irregular	Encumbrance or	Typical PUE's
Utilities	All Typically Available	Environmental Issues	None Known

Improvements

GBA	--	Condition	--
GLA	--	Ancillary Buildings	--
No. of Stories	--	Parking	--
Year Built	--		

Comments

This comparable is located in the Parr Boulevard area of Northeast Reno, a secondary industrial neighborhood. The site has frontage and visibility along U.S. Highway 395. There is an interchange at Parr Boulevard and U.S. 395 a short distance north of the property. The site consists of 4 adjacent parcels containing a gross land area of 30.01± acres. Due to steeply sloping topography, the broker has indicated that the site is estimated to contain approximately 12.08 acres of net useable land area. All utilities are reasonably available. The property has no direct street frontage and is access from Bennie Lane via an access easement. This property recently went into contract for \$1,700,000 with the buyer's intent to build apartments.

Land Comparable 5



Transaction

ID	961	Date	6/15/2016
Address	1700 Mount Rose hwy.	Price	\$1,200,000
City	Reno	Price per Acre	\$120,000
State	NV	Financing	Cash to Seller
Tax ID	049-392-05	Property Rights	Fee Simple
Grantor	Refuse Inc.	Days on Market	--
Grantee	n/a	Verification Source	
Legal Description	--		

Site

Acres	10.0	Topography	Level & gentle sloping,
Land SF	435,601	Zoning	MURR - Mixed Use
Road Frontage	Power Plant Drive	Flood Zone	None
Shape	Square	Encumbrance or	Typical for area
Utilities	Electric & Telephone	Environmental Issues	None Known

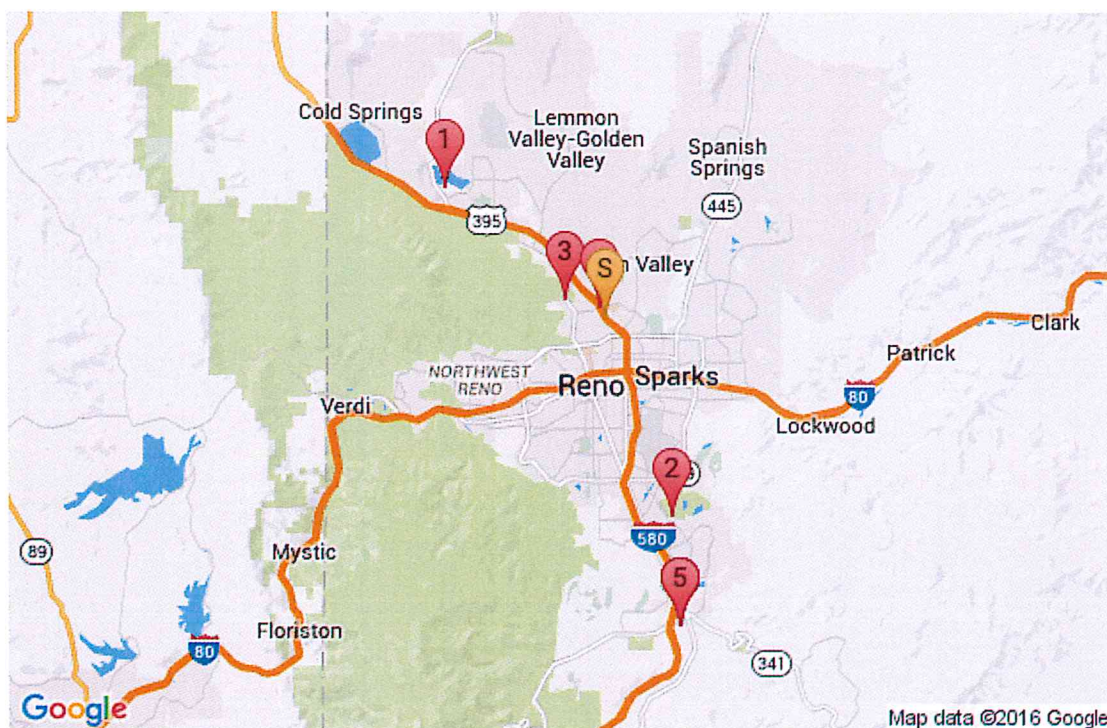
Improvements

GBA	--	Condition	--
GLA	--	Ancillary Buildings	--
No. of Stories	--	Parking	--
Year Built	--		

Comments

This comparable is the current listing of a 10± acres site located on the east side of Power Plant Drive, approximately 1,000 feet south of the Mt. Rose Highway in south Reno. Power Plant Drive is a 50 foot wide access easement which has been improved with an asphalt paved two way roadway. This property is located a short distance north of the Oromat Geothermal Plant and electrical substation site. This parcel does include a three sided block storage garage that was built in 1966 and a 720± square foot block storage garage that was built in 1987. The property is being marketed as land. The listing broker indicated that he has had the site in escrow twice, but both sales were cancelled due to off-site costs associated with developing the property.

Comparables Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Address	0 Raggio Pkwy	0 Red Rock Road	0 Technology Drive	5401 N. Virginia Street	0 Bennie Lane	1700 Mount Rose
City	Reno	Reno	Reno	Reno	Reno	Reno
State	NV	NV	NV	NV	NV	NV
Date	6/15/2016	7/30/2014	5/29/2015	4/6/2016	6/27/2016	6/15/2016
Price	\$0	\$5,123,754	\$90,000	\$115,000	\$1,700,000	\$1,200,000
Acres	26	59	4	3	30	10
Acre Unit Price	\$0	\$87,020	\$24,324	\$40,780	\$56,648	\$120,000
Transaction Adjustments						
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple
Financing	Conventional	Cash to Seller	0.0%	Cash to Seller	0.0%	Cash to Seller
Conditions of Sale	Cash	Arms Length	0.0%	Arms Length	0.0%	Pending Sale
						Listing
Adjusted Acre Unit Price		\$87,020	\$24,324	\$40,780	\$56,648	\$90,000
Market Trends Through	6/15/2016	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Acre Unit Price		\$87,020	\$24,324	\$40,780	\$56,648	\$90,000
Subsequent Trends Ending	6/15/2016	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted Acre Unit Price		\$87,020	\$24,324	\$40,780	\$56,648	\$90,000
Location	Dandini Research	Red Rock	South Meadows	N. Virginia Street	Dandini Research	Mt. Rose Hwy.
% Adjustment		10%	-10%	0%	0%	0%
\$ Adjustment		\$8,702	-\$2,432	\$0	\$0	\$0
Acres	25.99	58.88	3.70	2.82	30.01	10.00
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Topography	See narrative	Level & sloping,	Moderate to Steep	Moderate to Steep	Moderate to steep	Level & gentle
% Adjustment		-25%	0%	0%	0%	-25%
\$ Adjustment		-\$21,755	\$0	\$0	\$0	-\$22,500
Shape	Roughly Triangular	Irregular	Irregular	Trapazoid	Irregular	Square
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Utilities	Reasonably Available	Similar	Similar	Typically available to	All Typically	Electric & Telephone
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Zoning	MUDC - Mixed Use	PUD/City	PUD - Planned Unit	MUNV-Mixed Use	IC - Industrial	MURR - Mixed Use
% Adjustment		0%	0%	0%	0%	0%
\$ Adjustment		\$0	\$0	\$0	\$0	\$0
Usable Acreage	40%	80%	40%	80%	40%	100%
% Adjustment		-20%	0%	-20%	0%	-25%
\$ Adjustment		-\$17,404	\$0	-\$8,156	\$0	-\$22,500
Access	Land Locked	Adequate	Adequate	Adequate	Adequate	Easement
% Adjustment		-75%	-75%	-75%	-75%	-50%
\$ Adjustment		-\$65,265	-\$18,243	-\$30,585	-\$42,486	-\$45,000
Adjusted Acre Unit Price		-\$8,702	\$3,649	\$2,039	\$14,162	\$0
Net Adjustments		-110.0%	-85.0%	-95.0%	-75.0%	-100.0%
Gross Adjustments		130.0%	85.0%	95.0%	75.0%	100.0%

Comparable Land Sale Adjustments

Property Rights

The transaction price of the sale is always based on real property interest conveyed. In this instance, an adjustment for this attribute was not considered necessary.

Financing

All sales were cash or cash equivalent transactions. In reviewing the comparables and adjustment was not required for atypical financing

Conditions of Sale

An adjustment made for conditions of sale usually reflect atypical motivations of the buyer and seller at the time of conveyance. Comparable sales one through four all involved arm's length transactions and adjustment was not considered necessary. Comparable #5 is a listing that warrant a downward adjustment. Listings typically sell between 10 and 25% of their asking price. In this instance a -25% adjustment was reasonable as the land sales market is still depressed, high discounts are typically needed to attract buyers.

Economic Trends

Market conditions may change between the time of sale of a comparable property and the date of the appraisal of the subject property. The market for vacant land sales has been slow for the past 5 to 6 years. The real estate market for most property types has improved past 24 months. Land values have remained steady as the cost to build still exceeds market value in areas where there is an abundance of vacant land. In this instance, an adjustment for this attribute was not considered necessary.

Location

Location considerations include such factors as proximity to surrounding land use plus accessibility to supporting development and transportation routes. The subject in the comparable land sales are all located in the Reno/Sparks area. The subject is located in the North valleys area near the Parr Industrial Park. Comparable sale 1 is also located in North valleys area hours approximately 5 miles further north in an area considered inferior to the subject. Comparable sale 2 is located in the South Meadows business Park in area considered superior to the subject. The sales were adjusted accordingly

Acres

An adjustment for size is typically necessary when a larger parcel is compared to a smaller parcel of equal utility as the unit value for the smaller parcel is typically higher and conversely a larger parcels unit value is typically lower. The subject property is 25.99 acres in the sales ranged from a low of 2.82 acres to 58.88 acres with no clear indication that the unit price was affected by the size of the parcel. In this case an adjustment for site size was not warranted.

Topography

With most commercial and industrial development a level site has the best development potential and will achieve a higher price and the market when compared to a sloping or steeply sloping topography. The subject has a moderate to steeply sloping topography and as previously mentioned, only 40% of the site is usable. Sales 2, 3 and 4 had similar topography and ratio of developable land area. Sales 1 and 5 were level to moderately sloping superior to the subject requiring a substantial downward adjustment.

Shape

The comparable sales did not require an adjustment for shape.

Utilities

All the sale comparables had reasonably available utilities to the area similar to the subject property. For the most part the sales required extension of the utilities to the site before they can proceed with development. The sales did not include any water rights.

Zoning

Although the zoning varied each site was considered to have similar development potential as the subject based on their particular zoning. An adjustment for zoning was not warranted.

Access

the subject property is a landlocked parcel that has the potential of legal access in the future if the adjacent parcels are developed as described in the Master plan for the Dandini Research Park. Considering there is some potential for future development, it's the appraiser's opinion the lack of legal access is not 100% damaging to the value of the site however it is the appraiser's opinion that a substantial downward adjustment is necessary as there is no timeframe for development. Typically, landlocked properties sell for pennies on the dollar and are often discounted as much as 90% to reflect the lack of access. In this case the appraiser would just 75% for the potential of having access in the future.

Sales Comparison Approach Conclusion – Land Valuation

Land Value Ranges & Reconciled Value				
Number of Comparables:	5	Unadjusted	Adjusted	% Δ
Low:		\$24,324	-\$8,702	-136%
High:		\$120,000	\$14,162	-88%
Average:		\$65,755	\$2,230	-97%
Median:		\$56,648	\$2,039	-96%
Reconciled Value/Unit Value:			\$2,100	
Subject Size:			25.99	
Indicated Value:			\$54,579	
Reconciled Final Value:			\$55,000	
Fifty Five Thousand Dollars				

All of the value indications have been considered. The average adjusted price per acre was to \$2,230 in the median adjusted price was \$2,039. My final reconciled per acres value is \$2,100 or \$54,579 rounded to \$55,000.

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indication

Sales Comparison Approach – Land Value: \$55,000

Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of June 15, 2016, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: As Is
Interest: Fee Simple
Value Conclusion: \$55,000
Fifty-Five Thousand Dollars

Certification Statement

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- 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 estimate, 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 (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Jim Urmston, MAI has made an inspection of the subject property.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Jim Urmston, has completed the continuing education program of the Appraisal Institute.



James E. Urmston, MAI, CCIM, SRA
A.0000080-CG

Addenda

QUALIFICATIONS OF JAMES E. URMSTON, MAI, SRA, CCIM

REAL ESTATE APPRAISER AND CONSULTANT

BORN: April 21, 1950

BACKGROUND: Resided in Reno since 1953 until present (except for a 4-year period from 1960 to 1964). Graduated from Reno High School in 1968. Joined U.S. Naval Reserve in 1968, Honorably Discharged in 1974.

EDUCATION AND QUALIFICATIONS:

DEGREES:

Associates Degree
Reno Business College
Business Administration

PROFESSIONAL DESIGNATIONS:

MAI - Member Appraisal Institute
SRA - Membership in Appraisal Institute
CCIM - Certified Commercial Investment Member of the commercial
Investment Real Estate Institute

COURSES, SEMINARS AND WORKSHOPS COMPLETED:

APPRAISAL COURSES:

SREA 102 - 1987
SREA 201 - 1984
SREA 202 - 1985
SREA 302A - 1990
Highest and Best Use & Market Analysis 303 - 1993, 2000 & 2006
Standards of Professional Practice A, B & C - 1992, 1999, 2001, 2003,
2005, 2007, 2009, 2010, 2012
AI Course 550 - Advanced Applications - 6/2001

REAL ESTATE COURSES COMPLETED:

Truckee Meadows Community College
Real Estate Principles
Real Estate Brokerage
Real Estate Finance

Taxation

NAR CI-101 1978 Fundamentals of Real Estate Investment and
 NAR CI-102 1978 Analysis, Selection & Development of Income
 Producing Properties
REAL ESTATE COURSES COMPLETED (CONTINUED)
 NAR CI-103 1979 Advanced Real Estate Taxation
 NAR CI-104 1979 Case Studies in Commercial Investment Real
 Estate
 NAR CI-105 1979 The Impact of Human Behavior on Commercial-
 Investment Decision Making
 (List of Continuing Education on Request)

EXPERIENCE:

1) Nevada Real Estate licensee since January 1975-2007
 2) Licensed Real Estate Broker since July 1977-2007
 3) Salesman with Pete Walters, 2 years, 1975-1977
 4) Broker/Owner of Reno Station Real Estate, 2.5 years.,
 1977-1980
 5) Broker/Partner of Urmston, Pieretti, Berman & Co. years,
 1980-1982
 6) Commercial/Investment Manager of Allstate Realty, 2
 years, 1982-1983
 7) Owner of James E. Urmston & Co. Real Estate Appraising
 and Consulting, 1983-2010
 8) Owner of James E. Urmston, MAI, SRA, CCIM Real Estate
 Appraiser/Consultant

LECTURES:

1) Instructor of Real Estate Appraising, Truckee Meadows
 Community College
 2) Instructor of Investment Real Estate, Western Nevada
 Community College
 3) Instructor of Real Estate Exchanging, Western Nevada
 Community College
 4) Guest Speaker for numerous Real Estate and Appraising
 affiliations

MEMBERSHIPS:

1) Appraisal Institute
 2) Commercial Investment Real Estate Institute
 3) NAR-National Association of Realtors

REPRESENTATIVE APPRAISAL CLIENTS

BANKS:

Wells Fargo Bank
Nevada State Bank
Meadows Bank
First Independent Bank of Nevada
Heritage Bank
Nara Bank

Bank of Hawaii
Umpqua Bank
Banc of California
Torrey Pines Bank
PVC Murcor

OTHER:

City of Reno
City of Sparks
Regional Transportation Commission
John Hancock R.E.F.
University of Nevada
J.D. Mercer & Company
Cushman Wakefield

GEOGRAPHIC AREAS:

Washoe County (Reno/Sparks)
Carson City County (Carson City)
Douglas County (Gardnerville/Minden)
Lyon County (Fernley)
Churchill County (Fallon)
Elko County
Pershing County

PROPERTY TYPES:

Apartments
Retail
Office
Industrial
Special Purpose

Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

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. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that 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. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the

existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest,

and assuming that neither is under duress.

2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates

and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)

5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for

Federal Land Acquisitions)
(Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time).
(Dictionary, 5th Edition)

Scope of Work

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)