

City of Carson City
Agenda Report

Item # 18B

Date Submitted: March 10, 2009

Agenda Date Requested: March 19, 2009

Time Requested: 15 Minutes

To: Mayor and Supervisors

From: Parks and Recreation Department

Subject Title: Action to authorize Mayor Crowell and the Open Space Manager to execute the documents necessary to enter into a conservation easement with Mr. Michael Fagen on approximately 176 acres of land known as Horsecreek Ranch, located 2.5 miles west of the paved terminus of Kings Canyon Road, APNs 7-051-82, -83, and -84.

Staff Summary: This action will result in Carson City purchasing an agricultural conservation easement on 176 acres of Horsecreek Ranch, located at the historic Lincoln Highway. The estimated cost is for \$1,100,000. The easement limits the development of non-agricultural structures; ensures that the water rights remain tied to the irrigation of the meadow; protects the Clear Creek aquifer; and protects scenic, historic, and wildlife habitat values. The easement does not provide public access into the meadow.

Type of Action Requested: (check one)

Resolution Ordinance
 Formal Action/Motion Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: Move to authorize Mayor Crowell and the Open Space Manager to execute the documents necessary to enter into a conservation easement with Mr. Michael Fagen on approximately 176 acres of land known as Horsecreek Ranch, located 2.5 miles west of the paved terminus of Kings Canyon Road, APNs 7-051-82, -83, and -84.

Explanation for Recommended Board Action: The attached conservation easement is the second part of a real estate transaction initiated 5 years ago with Carson City's fee title purchase of 372 acres of land surrounding the meadow. The Board of Supervisors is asked to approve the easement transaction by authorizing the Mayor and Open Space Manager to execute documents to complete the transaction.

Applicable Statute, Code, Policy, Rule or Regulation:

Carson City Open Space Plan and Chapter 13.06 of the Carson City Municipal Code
N.R.S. 111.410, Easements for Conservation

Fiscal Impact: The value of the easement is \$1,100,000 plus miscellaneous escrow related costs to complete the transaction.

Explanation of Impact: There will be a \$1.5 million State of Nevada, Question-1 grant reimbursement for the fee title plus the conservation easement of this project.

Funding Source: The Open Space Acquisition Account with a present balance of \$2.1 million.

Alternatives: Not to approve the easement

Supporting Material:

- Exhibit A - Memorandum to title company
- Exhibit B - Conservation easement and baseline
- Exhibit C - Assessor's email
- Exhibit D - Appraisal Review - John Wright, MAI
- Exhibit E - Appraisal - William Kimmel, MAI

Prepared By: Juan F. Guzman Date: 3/10/09

Juan F. Guzman, Open Space Manager

Reviewed By: Roger Moellendorf Date: 3/10/09

Roger Moellendorf, Parks & Recreation Director

Larry Werner Date: 3/10/09

Larry Werner, City Manager

District Attorney's Office Date: 3/10/09

District Attorney's Office

Finance Department Date: 3/10/09

Finance Department

Board Action Taken:

Motion: _____ 1: _____ Aye/Nay

2: _____

(Vote Recorded By)



Exhibit A

CARSON CITY, NEVADA

CONSOLIDATED MUNICIPALITY AND STATE CAPITAL

March 11, 2009

Ms. Carey Rotoli
Northern Nevada Title
307 W. Winnie Lane, #5
Carson City, NV 89703

Re: Instructions for the Horsecreek Ranch Conservation Easement Escrow

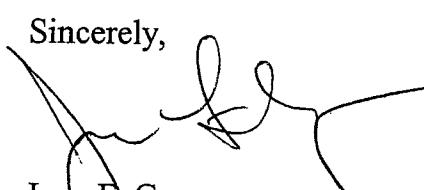
Dear Carey,

Attached for your use please find a conservation easement executed by Mr. Michael Fagen and Carson City. The purchase price for this transaction is \$1,100,000. Escrow may close after approval is granted by the Carson City Board of Supervisors, which is scheduled to occur on March 19, 2009, and no later than Friday, March 27, 2009.

Please provide Ms. Beth Huck of the Carson City Treasurer's Office with written instructions so that the funds can be transferred. As part of the escrow closing, the sum of \$8,382.61 must be paid to Michael Fagen as a reimbursement for costs incurred for drafting, surveying, and map preparation items required by Carson City staff in order to clarify the conservation easement boundaries. This fee is in addition to the purchase price.

Thank you in anticipation for your prompt attention to this transaction. Please do not hesitate to contact me at 887-2115, Extension 1004, if you have any questions regarding this matter.

Sincerely,


Juan F. Guzman
Open Space Manager

PARKS & RECREATION DEPARTMENT • 3303 Butti Way, Building #9 • 89701 • (775) 887-2262

Parks • Recreation • Open Space • Facilities • Lone Mountain Cemetery

From this baseline inventory these photo points are suggested in order to monitor conservation benefits.

General description of photo point location.

A photo point located at the edge of the shrub dominated granitic fan and the irrigated meadow. – see map, photo point 1 –This would be used to monitor shrub invasion into the meadow area indicating irrigation problems.

The coordinates of this photo point are –

N 39 07' 48.6"

W 119 50' 10.9"

Approximate elevation is 6060 feet

A photo point located in bottom of the active stable drainage channel to the south east of the house to monitor side slope stability – see map photo point 2.

The coordinates of this photo point are –

N 39 07' 48.6

W 119 50' 10.7"

Approximate elevation is 5939 feet

A photo point located immediately east of the house in the active channel where rip-rap has been placed for stabilization – see map photo point 3

The coordinates for this photo point are –

N 39 07' 52.0"

W 119 50' 11.9"

Approximate elevation is 5968 feet

A photo point located at the most northern active headcut after required stabilization to monitor effectiveness. - see map photo point 4.

The coordinates for this photo point are –

N 39 07' 55.3"

W 119 50' 10.3"

Approximate elevation is 6000 feet

A photo point on the hillside conveyance ditch at a location where a previous washout has occurred to monitor ditch maintenance- see map photo point 5

The coordinates for this photo point are –

N 39 07' 55.61"

W 119 50' 28.9"

Approximate elevation is 6181 feet

A photo point from the Kings Canyon Road that would provide panoramic views of the ranch from a west to east perspective – see map photo points 6 and 7.

Coordinates for photo point 6 are –

N 39 07' 58.1"

W 119 50' 42.8"

Approximate elevation is 6744 feet

A panoramic photo point of the entire property from Kings Canyon Road to the south.

Photo Point 7 coordinates are –

N 39 08' 20.5"

W 119 50' 10.5"

Approximate elevation is 6500 feet

A photo point overlooking the meadow from the east to the west located near the property corner along the new road. – see map for photo point 8.

The coordinates for this photo point are –

N 39 07' 53.7"

W 119 50' 04.6"

Approximate elevation is 6032

Additionally, a 100 foot by 100 foot area (see map) should be permanently marked to monitor pasture condition. Every year, within the same week in August, a person trained in pasture plant species identification should develop a vegetative inventory of the monitoring site to determine vegetative trend and pasture condition. This annual inventory will be used to monitor not only pasture condition, but irrigation efficiency, vegetative response to drought and appropriate livestock utilization. See photo point 9.

The coordinates are:

N 38 08' 04"

W 119 50' 15.2"

Consultant Recommendations – Prior to finalization of the conservation easement the Consultant recommends that the following issues be addressed.

- **A conservation easement for this property should require the maintenance and operation of this irrigation system due to its multiple benefits.**
- **Water rights should be required to remain in the existing place of use and manner of use.**
- **Currently the spring discharge point – see map - is fenced to protect it from grazing impacts. This protection needs to be maintained into the future.**
- **The uncontrolled water source that occurs on the north-eastern portion of the property needs to be channeled to that portion of the pasture to enhance irrigation water distribution.**
- **Fencing the east-side granitic fan from pasture would better maintain that area for winter deer habitat. Although not a critical issue,**

Carson City and the landowner could consider constructing this fence.

- **Commercial logging of the woodland should be restricted based on its low productivity and value as wildlife habitat.**
- **A new active headcut is occurring at the very northern reach of the main channel. This should be stabilized as a condition of the conservation easement. The method of stabilization should be based on recommendations developed by Natural Resources Conservation Service or a licensed engineer.**
- **Stocking of the pasture should initially not exceed 150 animal unit months, but could be adjusted based upon pasture condition monitoring**
- **Some type of unobtrusive delineation needs to be established between the area of conservation easement and the parcel excluded from the easement.**

Report Developed by

Steve Walker
Walker & Associates
661 Genoa Lane
Minden, NV 89423

Exhibit B

When Recorded Mail To:
William Michael Fagen 2005 Trust
William Michael Fagen, Trustee
15925 Caswell Lane
Reno NV 89511

Juan F. Guzman
Open Space Manager
Carson City Parks & Recreation Department
3303 Butti Way, Building #9
Carson City, NV 89701

DEED OF AGRICULTURAL CONSERVATION EASEMENT

THIS DEED OF AGRICULTURAL CONSERVATION EASEMENT (the "Easement") is made by The William Michael Fagen 2005 Trust, William Michael Fagen, Trustee ("Fagen"), to the city of Carson City, Nevada ("Carson City").

WITNESS THAT:

WHEREAS, Fagen is the owner in fee simple of that certain real property in Carson City, Nevada, comprising Carson City Assessor's Parcel Numbers 007-051-84 (Parcel 1), 007-051-83 (Parcel 2), and 007-051-82 (Parcel 3), and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, the Property possesses significant agricultural, historic, open space, and watershed protection values of great importance to Fagen, the people of Carson City, and the people of the State of Nevada; and

WHEREAS, the modern history of Horse Creek Ranch dates back at least to the mid-1800's when it served as a horse resting, watering, and exchange depot for pioneers traveling to California and the Pacific coast via the original Lincoln Highway, now more popularly known as King's Canyon Road, which forms the northern and western boundaries of the property for almost one mile. Certificated water rights and a still-in-use water flume ("Neal's Flume") similarly date back to this period. This water serves to infiltrate and replenish the City's watershed. In the winter the water is stored in the form of snow and the process of melting and infiltration also serves to replenish Carson City's water aquifer. From Kings Canyon Road looking south, one has a view unparalleled by any

WMF 
WMF CC

other site in Carson City. The meadows of Horse Creek Ranch and the adjacent Schulz Ranch stretch out immediately below, then the Schneider and Ascuaga ranches are visible in the mid-range, and finally Heavenly Valley Peak and Job's Peak, as well as the rest of the Sierra Nevada's reach into the distance. The property has indigenous populations of bear, mountain lions, eagles, great owls, and many other species under human pressure. It contains the headwaters of the north branch of Clear Creek, as well as half a dozen pure mountain springs. In short, Horse Creek Ranch is a unique and stunningly beautiful property, one of very few left like it in the Sierras, and most worthy of conservation; and

WHEREAS, Fagen and Carson City intend that the Property be maintained in agricultural production by the maintenance of the agricultural values thereof and that the open space and scenic values of the Property be preserved by the continuation of the agricultural and ranching uses that have proven historically compatible with such values; and

WHEREAS, Carson City supports the protection and preservation of agricultural land uses, agricultural land, and open land through Objectives, Policies, and Implementation Programs as expressed in the Open Space Element of the Carson City Master Plan, including, *inter-alia*, the permanent protection of lands for agricultural uses by acquisition of perpetual agricultural conservation easements; and

WHEREAS, Fagen intends, as owner of the Property, to convey to Carson City the right to preserve and protect the agricultural, and to the extent consistent with agricultural values, the open space, historic, watershed protection, and scenic values of the Property in perpetuity; and

WHEREAS, Carson City intends, by acceptance of the grant made hereby, forever to honor the intentions of Fagen to preserve and protect the agricultural, open space, historic, watershed protection, and scenic values of the Property in perpetuity; and

WHEREAS, in consideration for funding provided by the State of Nevada to acquire the conservation easement, third party enforcement rights, as defined in Sections 6 and 7 following, are being granted to the State of Nevada as authorized by N.R.S. Section 111.410;

NOW, THEREFORE, for good and valuable consideration, in consideration of the mutual covenants, terms, conditions, and restrictions contained herein, and pursuant to the laws of the State of Nevada including, *inter-alia*, sections NRS 111.390 to 111.440, Fagen does hereby voluntarily grant to Carson City an Agricultural Conservation Easement in gross in perpetuity over all 121 acres (+/-) of Parcel 3, # 007-051-82, and over a portion representing 25.548 acres (+/-) of Parcel 1, # 007-051-83, and over a portion representing 28.785 acres (+/-) of Parcel 2, # 007-051-84 (for at total of 175.333 (+/-) acres

under agricultural conservation) of the nature and character and to the extent hereinafter set forth (the "Easement").

1. Purpose. It is the purpose of this Easement to enable the Property to remain in agricultural uses (as defined in Exhibit B, section 2), by preserving and protecting in perpetuity its agricultural values, character, use and utility, and by preventing any use or condition of the Property that would significantly impair or interfere with its agricultural values, character, use or utility. To the extent that the preservation of the open space and scenic values of the Property is consistent with such use, it is within the purpose of this Easement to protect those values.

2. Affirmative Rights and Interests Conveyed. To accomplish the purpose of this Easement, the following rights and interests are conveyed to Carson City by this Easement:

(a) To identify, to preserve and to protect in perpetuity the agricultural values, character, use and utility, including the agricultural productivity, vegetation, soil and water quality, watershed protection, historic value, and the open space and scenic values of the Property. (The agricultural values, character, use and utility, watershed protection, historic value, and the open space and scenic values of the Property are hereinafter referred to collectively as "the Protected Values".) No identification of new Protected Values which would obligate Fagen in any way shall be made after the signing of this Agreement.

(b) To enter upon, inspect, observe, and study the Property for the purposes of: (i) identifying the current condition of, uses and practices thereon, and the baseline condition thereof; and (ii) monitoring the uses and practices to determine whether they are consistent with this Easement. Such entry shall be permitted upon prior notice to Fagen, and shall be made in a manner that will not unreasonably interfere with Fagen's use and quiet enjoyment of the Property, and shall not occur with undue frequency.

(c) To prevent any activity on or use of the Property that is inconsistent with the purpose of this Easement, and to require the restoration of such areas or features of the Property that may be damaged by any inconsistent condition, activity or use. However, it is the intention of this Easement not to limit Fagen's discretion to employ his choices of farm and ranch uses and management practices, including the development of water and energy supplies for use on Fagen's property, so long as those uses and practices are consistent with the purpose of this Easement.

(d) Subject to Fagen's consent, to erect and maintain a sign or other appropriate marker in a prominent location on the Property, visible from a public road, bearing information indicating that the Property is protected by Carson City. The wording of the information shall be determined by Carson City and approved

by Fagen, and shall clearly indicate that the Property is privately owned and NOT open to the public. Carson City shall be responsible for the costs of erecting and maintaining such sign or marker. Should it become apparent that any signage is a causal factor in inadvertently inviting trespass on the Property, then said signage shall be removed at Carson City's expense.

3. **Uses and Practices.** Fagen and Carson City intend that this Easement shall confine the uses of the Easement portions of the Property to agriculture, renewable energy production restricted to use on the Property and appurtenances, and residential use associated with the agricultural use of the Property, and the other uses which are described herein. Examples of uses and practices which are consistent with the purpose of this Easement and which are hereby expressly permitted, are set forth in Exhibit B, attached hereto and incorporated herein by this reference. Examples of uses and practices which are inconsistent with the purpose of this Easement, and which are hereby expressly prohibited, are set forth in Exhibit C, attached hereto and incorporated herein by this reference. The uses and practices set forth in Exhibits B and C are not necessarily exhaustive recitals of consistent and inconsistent activities, respectively. They are set forth both to establish specific permitted and prohibited activities, and to provide guidance in determining the consistency of other activities with the purpose of this Easement.

4. **Baseline Data.** In order to establish the present condition of the Protected Values, Carson City has examined the Property and prepared a report (the "Baseline Documentation Report," Exhibit D (attached hereto and incorporated herein by this reference) containing an inventory of the Property's relevant features and conditions, its improvements and its natural resources (the "Baseline Data"). A copy of the Baseline Documentation Report has been provided to Fagen, and another shall be placed and remain on file with Carson City. The Baseline Documentation Report has been signed by Fagen and Carson City, and thus acknowledged to represent accurately the condition of the Property at the date of the conveyance of this Easement. The parties intend that the Baseline Data shall be used by Carson City to monitor Fagen's future uses of the Property, condition thereof, and practices thereon. The parties further agree that, in the event a controversy arises with respect to the condition of the Property or a particular resource thereof, the parties shall not be foreclosed from utilizing any other relevant document, survey, or report to assist in the resolution of the controversy. Fagen and Carson City recognize that changes in economic conditions, changes due to climate change such as global warming, in energy supply and availability, in water supply and availability, in agricultural technologies, in accepted farm and ranch management practices, and in the situations of Fagen may result in an evolution of agricultural uses of the Property, provided such uses are consistent with this Easement.

5. **Reserved Rights.** Fagen reserves to himself, and to his personal representatives, heirs, successors, and assigns, all rights accruing from their

ownership of the Property, including the right to engage in or permit or invite others to engage in all uses of the Property that are not prohibited herein and are not inconsistent with the purpose of this Easement. Without limiting the generality of the foregoing, the following rights are expressly reserved: (i) all right, title, and interest in and to all tributary and non-tributary water, water rights, and related interests in, on, under, or appurtenant to the Property, provided that such water rights are used on the Property in a manner consistent with the purpose of this Easement and in accordance with applicable law; (ii) all right, title, and interest in subsurface oil, gas and minerals; provided that the manner of exploration for, and extraction of any oil, gas or minerals shall be only by a subsurface method, shall not damage, impair or endanger the Protected Values, shall be in accordance with applicable law, and shall be approved by Carson City prior to its execution; and (iii) all right title, and interest to the production of any renewable energy supplies of any type, subject to their use on the Property.

6. **Mediation.** If a dispute arises between the parties concerning the consistency of any proposed use or activity with the purpose of this Easement, and Fagen agrees not to proceed with the use or activity pending resolution of the dispute, either party may refer the dispute to mediation by request made in writing upon the other. Within thirty (30) days of the receipt of such a request, the parties shall select a single trained and impartial mediator. If the parties are unable to agree on the selection of a single mediator, then the parties shall, within fifteen (15) days of receipt of the initial request, jointly apply to the American Arbitration Association for the appointment of a trained and impartial mediator with relevant experience in real estate and conservation easements. Mediation shall then proceed in accordance with the following guidelines:

(a) **Purpose.** The purpose of the mediation is to: (i) promote discussion between the parties; (ii) assist the parties to develop and exchange pertinent information concerning issues in the dispute; and (iii) assist the parties to develop proposals which will enable them to arrive at a mutually acceptable resolution of the controversy. The mediation is not intended to result in any express or *de facto* modification or amendment of the covenants, terms, conditions, or restrictions of this Easement.

(b) **Participation.** The mediator may meet with the parties and their counsel jointly or *ex parte*. The parties agree that they will participate in the mediation process in good faith and expeditiously, attending all sessions scheduled by the mediator. Representatives of the parties with settlement authority will attend mediation sessions as requested by the mediator.

(c) **Confidentiality.** All information presented to the mediator shall be deemed confidential and shall be disclosed by the mediator only with the consent of the parties or their respective counsel. The mediator shall not be subject to subpoena by any party. No statements made or documents prepared for mediation sessions shall be disclosed in any subsequent proceeding or

construed as an admission of a party.

(d) Time Period. Neither party shall be obligated to continue the mediation process beyond a period of ninety (90) days from the date of the selection or appointment of a mediator or if the mediator concludes that there is no reasonable likelihood that continuing mediation will result in mutually agreeable resolution of the dispute.

(e) Costs. The cost of the mediator shall be borne equally by Fagen and Carson City; the parties shall bear their own expenses, including attorney's fees, individually.

7. Carson City's Remedies. If Carson City determines that Fagen is in violation of the terms of this Easement or that a violation is threatened, Carson City shall give written notice to Fagen of such violation and demand corrective action sufficient to cure the violation and, where the violation involves injury to the Property resulting from any use, condition or activity inconsistent with the purpose of this Easement, to restore the portion of the Property so injured. If Fagen fails to cure the violation within thirty (30) days after receipt of notice thereof from Carson City, conditions of weather and access permitting, or under circumstances where the violation cannot reasonably be cured within a thirty (30) day period, fails to begin curing such violation within the thirty (30) day period, or fails to continue diligently to cure such violation until finally cured, Carson City may bring an action at law or in equity in a court of competent jurisdiction to enforce the terms of this Easement, to enjoin the violation by temporary or permanent injunction, to recover any damages to which it may be entitled for violation of the terms of this Easement or injury to any Protected Values, including damages for any loss thereof, and to require the restoration of the Property to the condition that existed prior to any such injury. If Carson City believes that circumstances require immediate action to prevent or mitigate significant damage to the Protected Values, Carson City may pursue its remedies under this section without waiting for the period provided for cure to expire, provided that a qualified expert acceptable to both Parties is consulted at Fagen's sole expense and said Party concurs with Carson City's assessment of the need for preemptive action, and further provided that Fagen is notified in advance of such intention to embark on corrective action. In such a case, Carson City shall nominate the qualified expert and Fagen shall have no more than 48 hours after notification to approve said nominee or to nominate an alternative expert. Carson City's rights under this section apply equally in the event of either actual or threatened violations of the terms of this Easement, and Fagen agrees that Carson City's remedies at law for any violation of the terms of this Easement may be inadequate and that Carson City shall be entitled to the injunctive relief described in this section, both prohibitive and mandatory, in addition to such other relief to which Carson City may be entitled, including specific performance of the terms of this Easement, without the necessity of proving either actual damages or the inadequacy of otherwise available legal

remedies. Carson City's remedies described in this section shall be cumulative and shall be in addition to all remedies now or hereafter existing at law or in equity.

7.1 Costs of Enforcement. Any costs incurred by Carson City in enforcing the terms of this Easement against Fagen, including, should Carson City prevail in any action to enforce the terms of this Easement, costs of suit and attorneys' fees, and any costs of restoration necessitated by Fagen's violation of the terms of this Easement, shall be borne by Fagen, amounts not to exceed the sum received for the original procurement of this Easement. If Fagen prevails in any action to enforce the terms of this Easement, Fagen's costs of suit, including, without limitation, attorneys' fees, shall be borne by Carson City, up to the amount paid by Carson City to Fagen.

7.2 Carson City's Discretion. Any forbearance by Carson City to exercise its rights under this Easement in the event of any breach of any term of this Easement by Fagen shall not be deemed or construed to be a waiver by Carson City of such term or of any subsequent breach of the same or any other term of this Easement or of any of Carson City's rights under this Easement. No delay or omission by Carson City in the exercise of any right or remedy upon any breach by Fagen shall impair such right or remedy or be construed as a waiver. However, any condition of which Carson City is aware or should have been aware, and for which no notice of violation and demand for correction has been sent to Fagen on a timely basis, shall not subject Fagen to damages or costs in excess of those which would have been required should such a notice have been given by Carson City upon first learning of said violation.

7.3 Acts Beyond Fagen's Control. Nothing contained in this Easement shall be construed to entitle Carson City to bring any action against Fagen for any injury to or change in the Property resulting from causes beyond Fagen's control, or without his knowledge, including, without limitation, fire, flood, storm, drought, earth movement, trespass, climate change, or from any prudent action taken by Fagen under emergency conditions to prevent, abate, or mitigate significant injury to any person or to the Property resulting from such causes.

7.4 Third Party Enforcement Rights. Pursuant to NRS 111.410, in the event that the Carson City fails to enforce the terms and conditions of the Conservation Easement created by this Deed, as determined in the sole discretion of the State of Nevada, the State of Nevada shall have the same rights and obligations of enforcement as Carson City, and under the same terms and conditions, including the right of access to monitor compliance; provided, however, that the State of Nevada agrees that it shall not exercise the enforcement rights granted herein with respect to any act, conduct, or activity which:

- (a) was the subject of a prior enforcement action by Carson City,

regardless of the resolution of the enforcement action, whether by judgment of a court, order of an administrative body, or through compromise and a written settlement between Carson City and Fagen; or

(b) Carson City approved, or was deemed to have approved, pursuant to the terms and conditions of the Agricultural Conservation Easement.

In the event that Carson City attempts to terminate, transfer, or otherwise divest themselves of any rights, title, or interests of this Agricultural Conservation Easement without the prior consent of the State of Nevada and payment of consideration to the State then, at the option of the State, Carson City shall transfer Carson City's interest in this Easement to the State or another public agency or qualified organization having similar purposes that agrees to assume the responsibilities imposed by this Agricultural Conservation Easement.

8. Costs and Taxes. Fagen retains all responsibilities and shall bear all costs and liabilities of any kind related to the ownership, operation, upkeep and maintenance of the Property. Fagen shall pay any and all taxes, assessments, fees and charges levied by competent authority on the Property or on this Easement. However Carson City shall support Fagen's attempts to have the Property assessed in the lowest possible tax category that the property qualifies for under the Nevada Revised Statues for the duration of this Easement. It is intended that this Easement constitute an enforceable restriction within the meaning of NRS 111.390 to 111.440, inclusive.

9. Hold Harmless. Fagen shall hold harmless, indemnify, and defend Carson City and its directors, officers, employees, agents, and contractors and the heirs, personal representatives, successors, and assigns of each of them (collectively "Indemnified Parties") from and against all liabilities, penalties, costs, losses, damages, expenses, causes of action, claims, demands, or judgments, including, without limitation, reasonable attorneys' fees, arising from or in any way connected with: (a) injury to or the death of any person excepting those persons representing Carson City or its subcontractors, or physical damage to any property, excepting property pertaining to those persons representing Carson City or its subcontractors, resulting from any act, omission, condition, or other matter related to or occurring on or about the Property, regardless of cause, except to the extent of the adjudicated proportionate fault of any of the Indemnified Parties; and (b) the obligations specified in section 8.

9.1 Carson City Not Operator. Nothing in this Easement shall be construed as giving any right or ability to Carson City to exercise physical or managerial control of the day to day operations of the Property, of Fagen's activities on the Property, or otherwise to become an operator with respect to the Property within the meaning of the Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended, or any other federal, state, or local law or regulation making operators of property responsible for

remediation of contamination.

9.2 Notwithstanding Section 9.1 above, Carson City shall have the right, with Fagen's consent, to perform, at Carson City's sole expense, various remediation and/or prevention activities to control erosion (such as road repair and correcting stream bed headcuts), mitigate fire risk, or other such activities as may enhance the conservation values of the Easement and the Property.

10. Access. This easement does not convey to the general public the right to access any portion of the property. Carson City and the State of Nevada are granted limited access rights as described in section 2(b) and 7.4 of this Deed of Agricultural Conservation Easement.

11. Development Rights. The parties acknowledge that under currently applicable zoning regulations of Carson City the Property is so classified. "Conservation Reserve," and that upon receipt of required government approvals, the Property could be developed to a density of up to one single family residential dwelling unit ("the Development Rights") per 20 acres, and, with Carson City's approval, could potentially support greater density than that under a Planned Unit Development (PUD); further, that under certain circumstances the Development Rights may be transferred to and utilized on other property or properties. Fagen agrees that, apart from those approved uses outlined in Exhibit B below, he shall not exercise the Development Rights from Parcel 3, # 007-51-82 nor transfer them or utilize them on other property or properties. Parcels 1 and 2 # 007-051-84 and 007-051-83, respectively, are not subject to the restrictions in this paragraph.

12. Recognition of Existing Easements and Encumbrances on the Property. Carson City agrees and recognizes the existence of recorded easements and other encumbrances upon the Property, as well as recorded easement reserves which may serve to provide physical access as well as water supply(s) to and from adjacent parcels. Carson City and Fagen agree that the existing recorded easements and easement reserves and other encumbrances upon the Property shall not be affected by the Easement and shall continue to be in full force and effect. The existing easements and encumbrances covered by this Paragraph are recorded on the original recorded parcel map 007-051-78 of 2005, the Land Division Map of February 2009 in Exhibit A and are further described in Exhibit E, which are attached hereto and incorporated herein by this reference. Consistent with the goals of this Easement, Carson City and Fagen further agree that said easements for roads and water may be realigned as necessary to improve safety, access, water flow, energy or communications supply, or to facilitate implementation of any other aspect of this Agreement.

13. A. Conveyance of Separate Parcels; Merger. Fagen acknowledges that the Property currently consists of three separate Assessor's parcels: (APNs 007-051-82, 007-051-83, and 007-051-84) which under existing law and

regulations might be sold or conveyed. Subject to all applicable land division and subdivision regulations, there shall be no restrictions on subdivision of Parcels 1 and 2, 007-051-84 and 007-051-83, respectively, due to this Easement, provided that any subdivision that involves the Easement shall carry this Easement in tact, in whole or in part, along with the new parcels. However, it is agreed that the sale or conveyance of one or more parcels separated from or made apart from Parcel 3, # 007-051-82 is inconsistent with the purpose of this Easement. Nevertheless, Fagen may accomplish lot line adjustments with adjacent property owners in order to facilitate management or administration of the land, subject to the approval of Carson City which approval shall not unreasonably be denied. If Fagen receives less acreage than he relinquishes, then Carson City must approve, in its sole discretion, the lot line adjustment agreement.

B. Carson City's Right of First Refusal. As a part of this Agreement, Fagen hereby grants Carson City a "Right of First Refusal" to purchase any or all of the three parcels known collectively as Horsecreek Ranch prior to a public sale of the same, subject to the following conditions: Fagen may sell any part of Horsecreek Ranch to friends or family without a public listing for sale of the property and without Carson City's involvement. Should Fagen wish to list the property for sale with a realtor, he will first offer an "Exclusive Option to Purchase" of the said property to Carson City, the cost of said Option to be 5% of the Listing Price of the property. Carson City will have 45 days from Fagen's offer of Exclusive Option to Purchase in which to accept the offer of the Option and to disburse the 5% funding. Carson City will then have 75 days from the day the Option is executed by both Parties to close on the property and complete the transaction in full. Should Carson City proceed to satisfy on a timely basis all of the conditions of the agreement for sale of the property, including full funding within the 75 day escrow period, then the original 5% exercise price paid for the Option will be credited toward the final purchase price of the property. Should the property be appraised by an independent board certified MAI appraiser for the amount of Fagen's asking price, or should both Parties agree on a different price subsequently confirmed by such an independent appraisal, and should Carson City for any reason not complete the final sales transaction within the specified time period, then Carson City's Exclusive Option to Purchase will expire and it will forfeit the 5% option price to Fagen without additional benefit. Fagen maintains the right within these time periods of 45 days and 75 days, respectively, to offer the property for sale to any third party, known or unknown to him, via realtor or directly himself, for the purposes of taking secondary, "back up" offers, subject to and subordinate to Carson City's failure to perform at any stage of the process described above.

14. Extinguishment. If circumstances other than those caused by natural forces arise in the future such as to render the purpose of this Easement impossible to accomplish, this Easement can only be terminated or extinguished,

whether in whole or in part, by judicial proceedings in a court of competent jurisdiction, and the amount of the compensation to which Carson City shall be entitled from any sale, exchange, or involuntary conversion of all or any portion of the Property subsequent to such termination or extinguishment, shall be determined, unless otherwise provided by Nevada law at the time, in accordance with Section 15.

15. Compensation. This Easement constitutes a real property interest immediately vested in Carson City. For the purpose of this Instrument, the parties stipulate that the Easement has an initial fair market value as determined by a self-contained appraisal conducted by a Nevada licensed appraiser qualified in conservation easements. For the purposes of this section, Fagen and Carson City agree that, for any future valuations of the Property and the Easement, the future value of the Easement shall be calculated at the same ratio as the value of the Easement to the value of the Property unencumbered by the Easement as determined by the appraisal conducted to determine the initial fair market value of the Easement and the Property. The initial ratio of the Easement is agreed by the Parties, based on professional appraisal, to be 52.3% of the value of the unencumbered Property.

16. Condemnation. Should all or part of the Property be taken in exercise of eminent domain by public, corporate, or other authority so as to abrogate the restrictions imposed by the Easement, Fagen and Carson City shall join in appropriate actions at the time of such taking to recover the full value of the taking and all incidental or direct damages resulting from the taking, which proceeds shall be divided in accordance with the proportionate values of Fagen's and Carson City's interests in the Easement portions of the Property as set forth in Section 15, unless otherwise provided by applicable law. All expenses incurred by Fagen and Carson City in such action shall be first paid out of the recovered proceeds. However, should Carson City, or any entity controlled by it, or any subsequent entity or assign which would have both condemnation rights and monetary or other recompense or benefit from such an act of condemnation, be the Authority to take the Property by eminent domain, then Carson City or the successor entity shall be entitled to recover only one-half of the value of Carson City's interest in the Easement portions of the Property in the eminent domain proceedings.

17. Assignment of Carson City's Interest. Carson City may assign its interest in this Easement only to a "qualified organization", within the meaning of section 170(h) of the Internal Revenue Code, as amended, or any successor provision, which is authorized to acquire and hold conservation easements under Nevada law, provided that all of Carson City's other obligations to Fagen, such as, but not limited to, appropriate tax assessment, shall remain in full effect.

18. Executory Limitation. If City shall cease to exist for any reason, or cease to be a qualified organization under section 170(h) of the Internal Revenue

Code, as amended, or cease to be authorized to acquire and hold conservation easements under Nevada law, then Carson City's rights and obligations under this Easement shall become immediately vested in a similarly qualified organization.

19. **Amendment of Easement.** This Easement may be amended only with the written consent of Fagen and Carson City. Any such amendment shall be consistent with the purposes of this Easement and with Carson City's easement amendment policies, and shall comply with section 170(h) of the Internal Revenue Code, or any regulations promulgated in accordance with that section, and with NRS 111.390 to 111.440, inclusive, or any regulations promulgated there under. No amendment shall diminish or affect the perpetual duration or the Purpose of this Easement nor the rights of Carson City under the terms of this Easement. Should Carson City enter into a conservation easement with any adjacent property owners, then Carson City will negotiate in good faith to offer Fagen the same terms and conditions of any such easement via amendment to this Easement.

20. **Applicable Law.** All uses, practices, specific improvements, construction or other activities permitted under this Easement shall be in accordance with applicable law and any permits or approvals required thereby.

21. **General Provisions.**

(a) **Controlling Law.** The interpretation and performance of this Easement shall be governed by the laws of the State of Nevada.

(b) **Liberal Construction.** Any general rule of construction to the contrary notwithstanding, this Easement shall be liberally construed in favor of the grant to effect the purpose of this Easement and the policy and purpose of the Nevada Revised Statutes, as amended. If any provision in this instrument is found to be ambiguous, an interpretation consistent with the purpose of this Easement that would render the provision valid shall be favored over any interpretation that would render it invalid.

(c) **Severability.** If any provision of this Easement, or the application thereof to any person or circumstance, is found to be invalid, the remainder of the provisions of this Easement, or the application of such provision to persons or circumstances other than those as to which it is found to be invalid, as the case may be, shall not be affected thereby.

(d) **Entire Agreement.** This instrument sets forth the entire agreement of the parties with respect to the Easement and supersedes all prior discussions, negotiations, understandings, or agreements relating to the Easement, all of which are merged herein.

(e) No Forfeiture. Nothing contained herein will result in a forfeiture or reversion of Fagen's title in any respect.

(f) Joint Obligation. The obligations imposed by this Easement upon Fagen and Carson City shall be joint and several.

(g) Successors. The covenants, terms, conditions, and restrictions of this Easement shall be binding upon, and inure to the benefit of the parties hereto and their respective personal representatives, heirs, successors, and assigns and shall continue as a servitude running in perpetuity with the Property.

(h) Termination of Rights and Obligations. Except as provided for in Paragraph 16 above, a party's rights and obligations under this Easement terminate upon transfer of the party's interest in the Easement or Property, except that liability for acts or omissions occurring prior to transfer shall survive transfer.

(i) Future Conveyance. Fagen agrees that reference to this Easement will be made in any subsequent deed or other legal instrument by means of which Fagen conveys any interest in the Property (including but not limited to a leasehold interest).

(j) Not Governmental Approval. No provision of this Easement shall constitute governmental approval of any specific improvements, construction or other activities that may be permitted under this Easement.

(k) Limited Liability. Carson City will not waive and intends to assert available Nevada Revised Statutes Chapter 41 liability limitations in all cases. Contract liability of both parties shall not be subject to punitive damages. Liquidated damages shall not apply unless otherwise specified in the incorporated attachments. Damages for any Carson City breach shall never exceed the amount of funds appropriated for payment under this Agreement.

IN WITNESS WHEREOF, Fagen has executed this Deed of Agricultural Conservation Easement this 9th day of March, 2009.

William Michael Fagen, Trustee
Name on Title Report

By:

William Michael Fagen
William Michael Fagen, Trustee for
The William Michael Fagen 2005 Trust

Accepted by
CARSON CITY:

By:

Print Name:

Title:

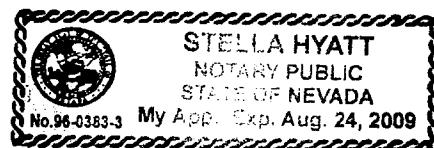
Juan F. Guzman
Juan F. Guzman
Open Space Manager

[Notarization of Fagen's and Carson City's signatures]

State of Nevada
County of Carson City

Signed and sworn to before me on March 9, 2009, by
William Michael Fagen and Juan F. Guzman.

Stella Hyatt
Notary Public



WMF *JL*
WMF *JL*
Dec

EXHIBIT A

All that certain real property situated in Carson City, State of Nevada, described on the following pages as follow:

--Remainder Parcel aka Parcel 3 aka Parcel APN # 007-051-82 which is 121 acres, all 121 acres of which are under this Conservation Easement

--Parcel 1 aka Parcel APN # 007-051-84 which is 40 acres, 25.548 acres of which are under this Conservation Easement

--Parcel 2 aka Parcel APN # 007-051-83 which is 40 acres, 28.785 acres of which are under this Conservation Easement

The pages immediately following contain:

--Land Division Map recorded February 2009 with new Parcel Numbers and recorded easements

--Preliminary Land Division Map identifying the 3 parcels, existing easements, and new easements

--Legal Description of Remainder Parcel (Parcel 3, all under the Conservation Easement)

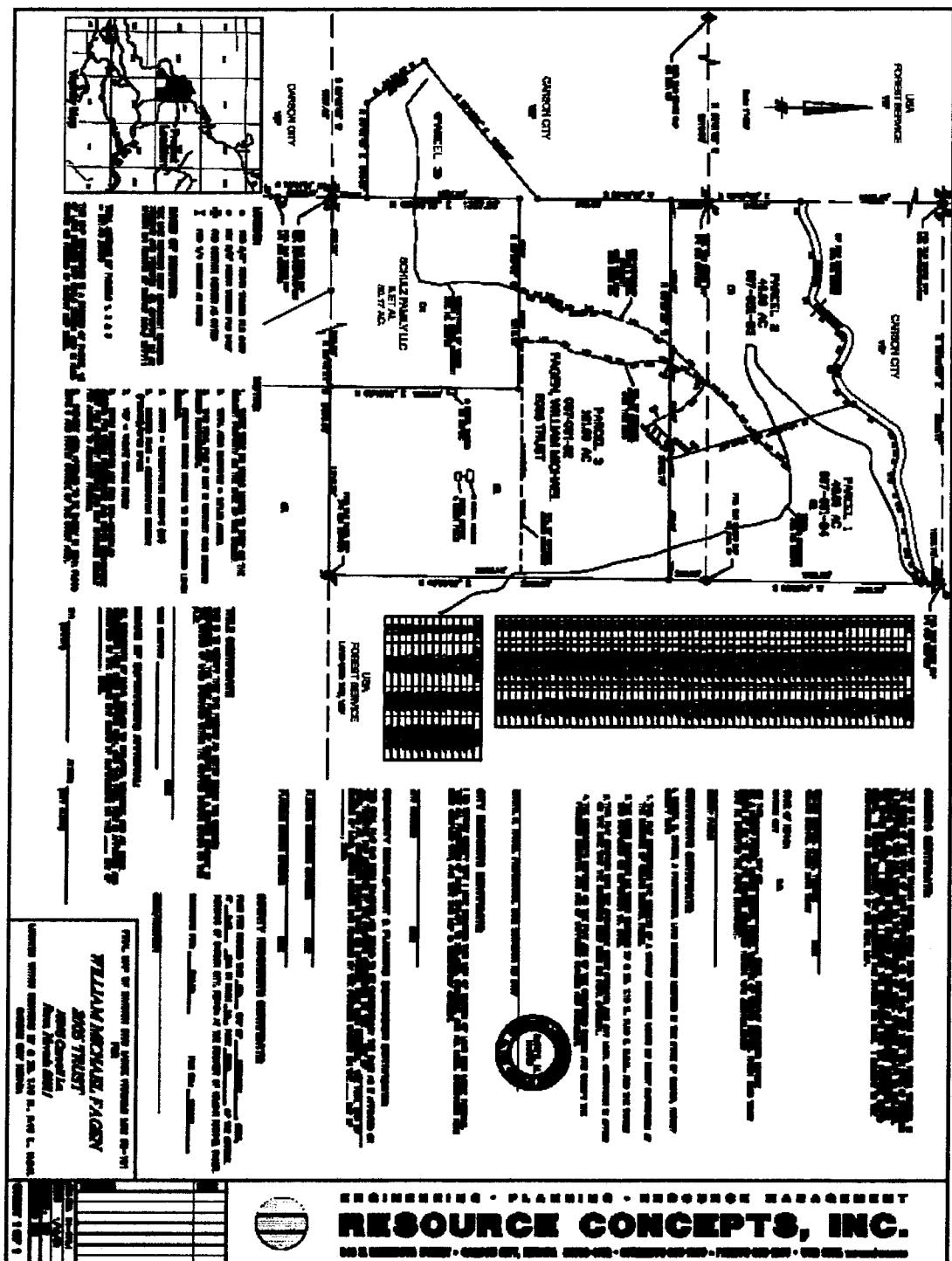
--Legal Description of Parcel 1

--Legal Description of the Conservation Easement on Parcel 1 with map

--Legal Description of Parcel 2

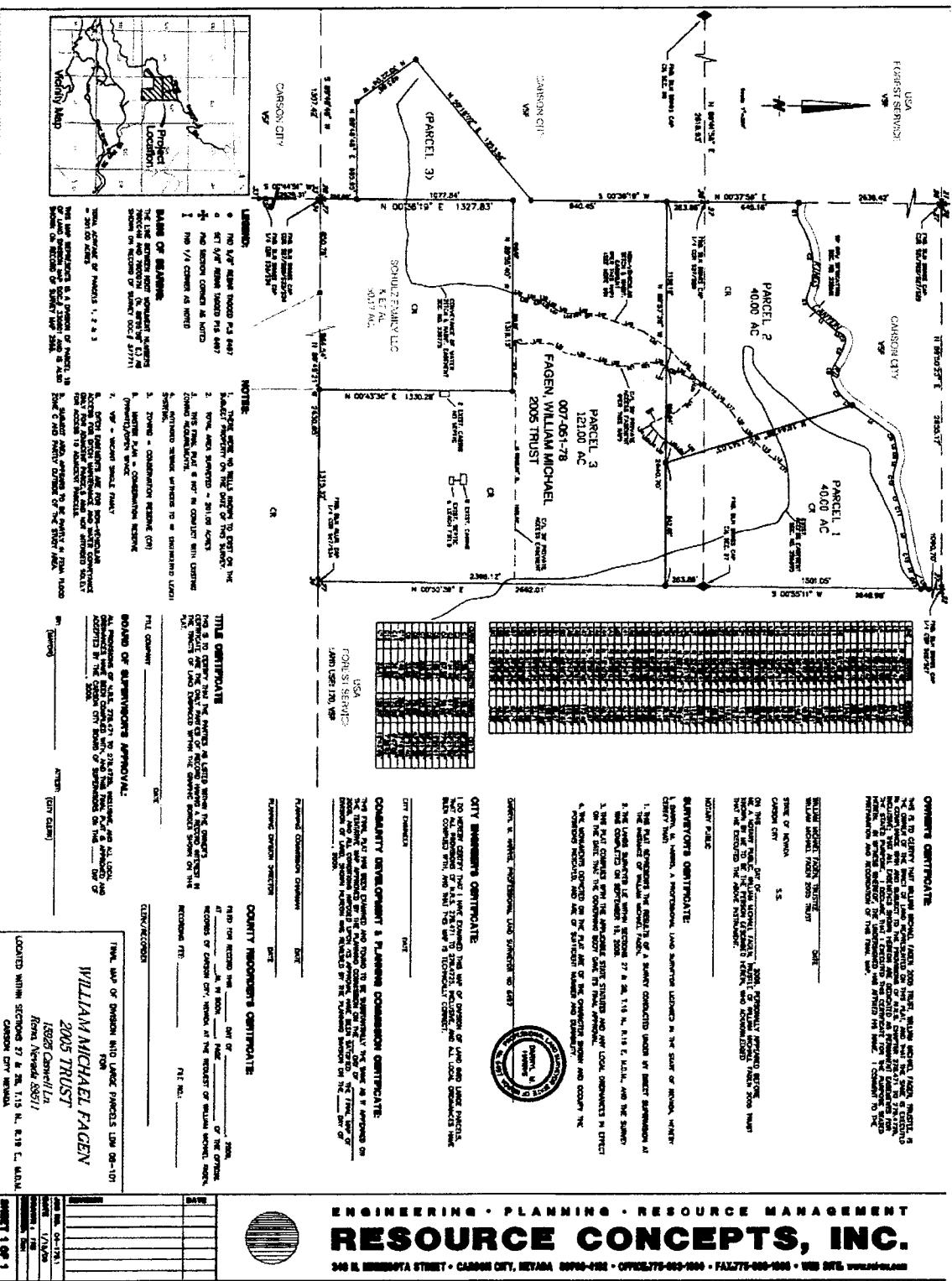
--Legal Description of the Conservation Easement on Parcel 2 with map

Prior recorded easements are described in **Exhibit E**, attached hereto.



16

W.M.F.
W.M.F.



WRF ~~1~~ CC

**REMAINDER PARCEL
LEGAL DESCRIPTION**

January 7, 2009

A parcel of land located within the Southwest one-quarter of Section 27 and the Southeast one-quarter of Section 28, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

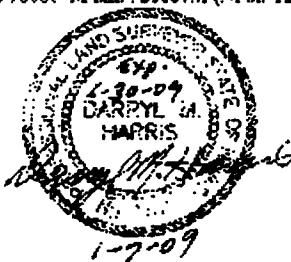
BEGINNING at the South one-quarter corner of said Section 27 being, a RUM brass cap; thence N. 89°49'21" W., along the South line of said Section 27, 1315.52 feet to the West one-sixteenth corner between Sections 27 and 34; thence N. 00°43'30" E., 134.26 feet to the Southwest one-sixteenth corner said Section 27; thence N. 89°55'40" W., 1318.12 feet to the South one-sixteenth corner between Sections 27 and 28; thence S. 00°36'19" W., along the West line of said Section 27, 1077.84 feet; thence S. 89°48'48" W., 665.95 feet; thence N. 35°22'04" W., 493.86 feet; thence N. 50°18'02" E., 1253.30 feet to a point on said West line of Section 27; thence N. 00°36'19" E., along said West line, 940.45 feet; thence S. 89°57'28" E., 2640.70 feet to a point on the East line of the Southwest one-quarter of said Section 27; thence S. 00°50'39" W., along said East line, 2398.12 to the POINT OF BEGINNING.

Containing 121.00 acres, more or less.

Basis of Bearing:

The line between NDOIL monument numbers 760004M and 760007M (N. 89°55'58" E.)

PREPARED BY:
Daryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
212 Elks Point Road, Suite 443
Zephyr Cove, NV 89448



WILLIAM MICHAEL YACEN
PARCEL 1
LEGAL DESCRIPTION

December 23, 2008

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the center one-quarter corner of said Section 27 as shown on the Map of Division into Large Parcels, File No. ____;

thence along the North-South center of section line, S. $00^{\circ}50'39''$ W., 263.60 feet; thence N. $89^{\circ}57'28''$ W., 842.60 feet;

thence N. $16^{\circ}44'39''$ W., 1343.03 feet to a point on the Southerly right-of-way line of Kings Canyon Road;

thence along said right-of-way line the following twelve courses:

1) N. $35^{\circ}15'03''$ E., 322.50 feet;

thence 57.00 feet along the arc of a curve to the right, having a central angle of $43^{\circ}32'32''$ and a radius of 75.00 feet, (chord bears N. $57^{\circ}01'22''$ E., 55.64 feet);

2) N. $78^{\circ}47'38''$ E., 99.71 feet;

3) 33.85 feet along the arc of a curve to the right, having a central angle of $25^{\circ}51'40''$ and a radius of 75.00 feet, (chord bears S. $88^{\circ}16'32''$ E., 53.57 feet);

4) S. $75^{\circ}20'42''$ E., 80.69 feet;

5) 145.38 feet along the arc of a curve to the left, having a central angle of $53^{\circ}19'08''$ and a radius of 250.00 feet, (chord bears N. $87^{\circ}59'44''$ E., 143.34 feet);

6) N. $71^{\circ}20'10''$ E., 135.04 feet;

7) 26.83 feet along the arc of a curve to the right, having a central angle of $8^{\circ}47'08''$ and a radius of 175.00 feet, (chord bears N. $75^{\circ}43'45''$ E., 20.81 feet);

8) N. $80^{\circ}07'19''$ E., 298.18 feet;

9) 16.55 feet along the arc of a curve to the left, having a central angle of $7^{\circ}35'02''$ and a radius of 125.00 feet, (chord bears N. $76^{\circ}19'48''$ E., 16.53 feet);

10) N. $72^{\circ}32'17''$ E., 154.57 feet;

11) 23.4, feet along the arc of a curve to the left, having a central angle of 10°40'45" and a radius of 125.00 feet, (bearing bears N. 67°10'25" E., 23.37 feet);
12) N. 61°48'32" E., 44.59 feet to a point on the North-South center of Section line of said Section 27;
thence S. 00°55'11" W., along said North-South center of Section line, 1501.05 feet to the POINT OF BEGINNING.

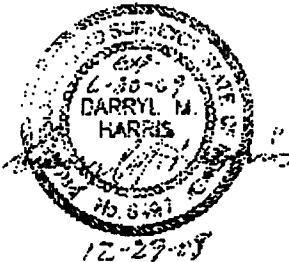
Containing 10.001 Acres, more or less.

Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M (N. 88°55'58" E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
312 Elk Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7500



**WILLIAM MICHAEL HAGEN
CONSERVATION EASEMENT ON PARCEL 1
LEGAL DESCRIPTION**

January 15, 2009

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the Center one-quarter corner of said Section 27;
thence along the boundary line of Parcel 1 as shown on the Map of Division Into Large
Parcels, File No. $15-00-5039$ W., 263.89 feet to the Southeasterly corner thereof;
thence along the Southerly line of said Parcel 1, N. $89^{\circ}57'28''$ W., 213.71 feet to a point
on the centerline of an existing 50 foot wide access easement, Document No. 356895, Official
Records of Carson City, Nevada;
thence along said easement centerline the following ten courses:

- 1) 130.26 feet along the arc of a non-tangent curve to the right, having a central
angle of $7^{\circ}27'49''$ and a radius of 1000.00 feet, (chord bears N. $17^{\circ}20'27''$ W., 130.17
feet);
- 2) N. $17^{\circ}36'33''$ W., 132.36 feet;
- 3) 90.25 feet along the arc of a curve to the left, having a central angle of
 $10^{\circ}20'29''$ and a radius of 500.00 feet, (chord bears N. $18^{\circ}16'46''$ W., 90.12 feet);
- 4) N. $23^{\circ}57'02''$ W., 31.11 feet;
- 5) 216.66 feet along the arc of a curve to the right, having a central angle of
 $17^{\circ}43'14''$ and a radius of 700.51 feet, (chord bears N. $15^{\circ}05'26''$ W., 215.79 feet);
- 6) 76.72 feet along the arc of a curve to the left, having a central angle of
 $14^{\circ}39'09''$ and a radius of 300.00 feet, (chord bears N. $13^{\circ}33'23''$ W., 76.51 feet);
- 7) N. $20^{\circ}52'58''$ W., 14.83 feet;
- 8) 38.18 feet along the arc of a curve to the right, having a central angle of
 $10^{\circ}56'17''$ and a radius of 200.00 feet, (chord bears N. $15^{\circ}24'49''$ W., 38.12 feet);
- 9) N. $09^{\circ}56'41''$ W., 43.34 feet;
- 10) 59.17 feet along the arc of a curve to the left, having a central angle of
 $56^{\circ}30'15''$ and a radius of 60.00 feet, (chord bears N. $48^{\circ}11'48''$ W., 56.80 feet);

thence N. 14°06'45" E., 308.53 feet to a point on the 625' foot elevation contour line;
thence along said contour line the following ten courses;

- 1) S. 70°15'06" W., 39.73 feet;
- 2) N. 76°16'12" W., 116.99 feet;
- 3) S. 75°16'58" W., 83.88 feet;
- 4) S. 86°55'53" W., 65.38 feet;
- 5) S. 70°03'50" W., 126.14 feet;
- 6) S. 39°40'20" W., 122.11 feet;
- 7) S. 34°27'50" W., 50.31 feet;
- 8) S. 55°26'08" W., 124.85 feet;
- 9) S. 30°52'16" W., 25.49 feet;
- 10) S. 62°18'17" W., 68.05 feet to a point on the Westerly boundary line of said

Parcel 1;

thence along the Westerly, Northerly and Easterly boundary lines of said Parcel 1 the
following fourteen courses;

- 1) N. 16°44'39" W., 539.40 feet;
- 2) N. 35°15'05" E., 322.50 feet;
- 3) 57.00 feet along the arc of a curve to the right, having a central angle of
43°32'52" and a radius of 75.00 feet, (chord bears N. 57°01'22" E., 55.64 feet);
- 4) N. 78°47'38" E., 99.71 feet;
- 5) 33.85 feet along the arc of a curve to the right, having a central angle of
25°51'40" and a radius of 75.00 feet, (chord bears S. 88°16'32" E., 33.57 feet);
- 6) S. 75°20'42" E., 80.69 feet;
- 7) 135.38 feet along the arc of a curve to the left, having a central angle of
33°19'08" and a radius of 250.00 feet, (chord bears N. 87°59'44" E., 143.34 feet);
- 8) N. 71°20'10" E., 135.04 feet;
- 9) 26.83 feet along the arc of a curve to the right, having a central angle of
8°47'08" and a radius of 175.00 feet, (chord bears N. 75°13'45" E., 26.81 feet);
- 10) N. 80°07'19" E., 298. 8 feet;

- 11) 16.55 feet along the arc of a curve to the left, having a central angle of $77^{\circ}35'02''$ and a radius of 125.00 feet, (chord bears N. $76^{\circ}29'48''$ E., 16.57 feet);
- 12) N. $72^{\circ}32'17''$ E., 154.57 feet;
- 13) 23.41 feet along the arc of a curve to the left, having a central angle of $10^{\circ}43'45''$ and a radius of 125.00 feet, (chord bears N. $67^{\circ}10'25''$ E., 23.37 feet);
- 14) N. $61^{\circ}48'32''$ E., 44.59 feet;
- 15) S. $00^{\circ}55'11''$ W., 1501.05 feet to the POINT OF BEGINNING.

Containing 25.548 Acres, more or less.

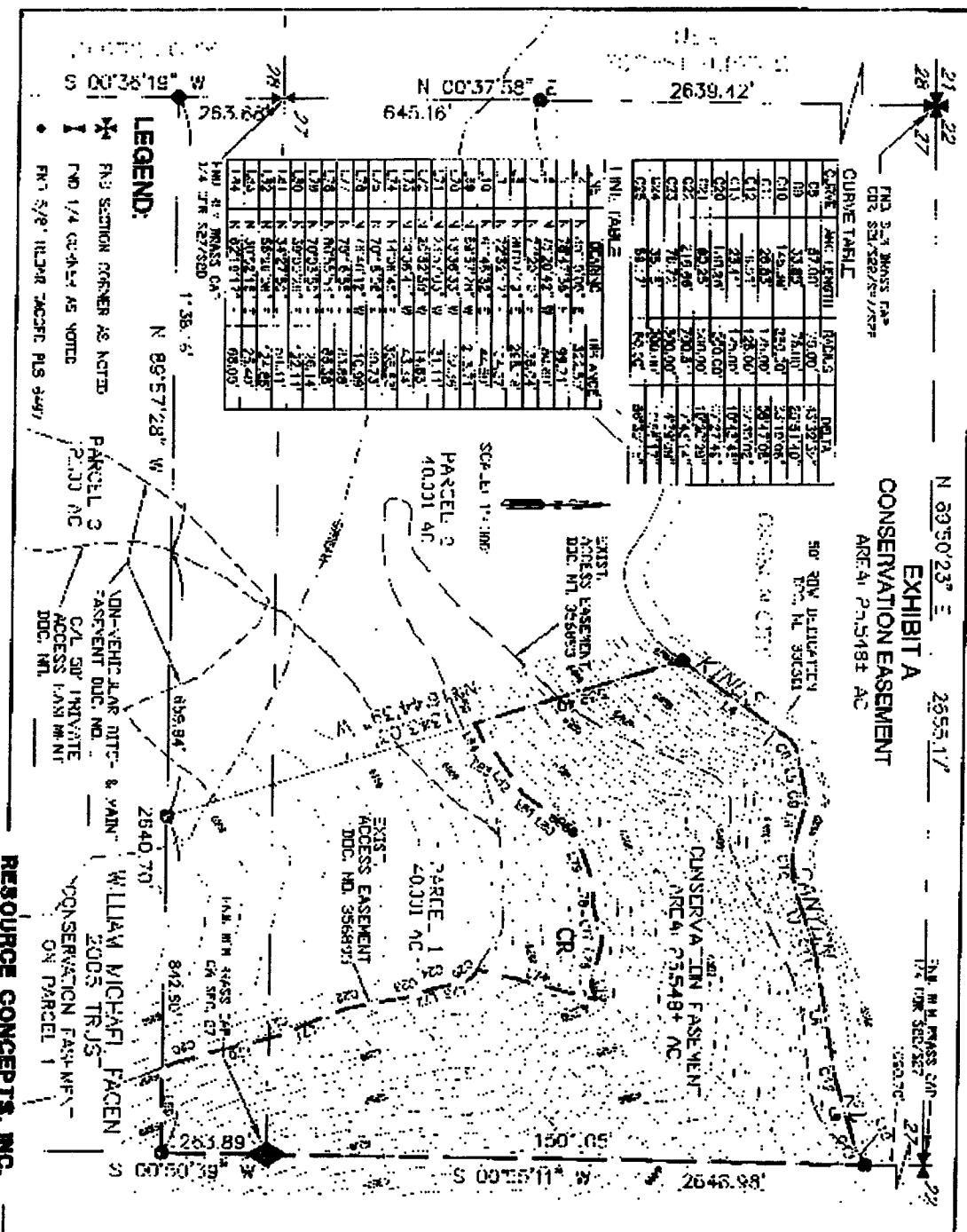
Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M
(N. $88^{\circ}55'58''$ E.)

PREPARED BY:

Darryl M. Harris, P.L.S. #6497
Resource Concepts, Inc.
P.O. Box 11796
712 Ellis Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7500





RESOURCE CONCEPTS, INC.

CONSERVATION FARM -
ON PARCEL 1

2-33 AC CAL 50 PRIVATE
ACCESS FAS 600-NT
DOC. MN.

• FRT 5/2' 1978 JACCC PL 3 944

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FHG SECTION CORNER AS NOTED

PÁRCEL 3 - 1

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WMF CC

WILLIAM MICHAEL FAGEN
PARCEL 2
LEGAL DESCRIPTION

December 23, 2008

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the West one-quarter corner of said Section 27;
thence N. $00^{\circ}37'58''$ E., 645.16 feet to a point on the Southerly right-of-way line of Kings
Canyon Road as shown on the Map of Division into Large Parcels, File No. ____;
thence along said Southerly right-of-way line the following ten courses:
1) 55.14 feet along the arc of a non-tangent curve to the left, having a central
angle of $52^{\circ}28'22''$ and a radius of 169.40 feet, (chord bears N. $84^{\circ}65'48''$ E., 149.78
feet);
2) 509.39 feet along the arc of a curve to the right, having a central angle of
 $53^{\circ}03'53''$ and a radius of 550.00 feet, (chord bears N. $84^{\circ}23'34''$ E., 491.38 feet);
3) 104.40 feet along the arc of a curve to the left, having a central angle of
 $68^{\circ}21'50''$ and a radius of 87.50 feet, (chord bears N. $76^{\circ}44'36''$ E., 98.32 feet);
4) N. $42^{\circ}33'40''$ E., 223.52 feet;
5) N. $28^{\circ}50'47''$ E., 55.79 feet;
6) 67.26 feet along the arc of a curve to the right, having a central angle of
 $77^{\circ}04'18''$ and a radius of 50.00 feet, (chord bears N. $67^{\circ}22'56''$ E., 62.30 feet);
7) 165.21 feet along the arc of a curve to the right, having a central angle of
 $19^{\circ}55'41''$ and a radius of 475.00 feet, (chord bears S. $64^{\circ}07'05''$ E., 164.38 feet);
8) 112.65 feet along the arc of a curve to the left, having a central angle of
 $54^{\circ}14'13''$ and a radius of 119.00 feet, (chord bears S. $81^{\circ}16'22''$ E., 108.49 feet);
9) 206.23 feet along the arc of a curve to the left, having a central angle of
 $36^{\circ}21'25''$ and a radius of 325.00 feet, (chord bears N. $53^{\circ}25'48''$ E., 202.79 feet);
10) N. $35^{\circ}15'05''$ E., 21.19 feet;
thence, leaving said Southerly right-of-way line, S. $16^{\circ}44'39''$ E., 1343.00 feet;
thence N. $89^{\circ}57'28''$ W., 1798.09 feet;

11) 23.4 feet along the arc of a curve to the left, having a central angle of $10^{\circ}40'45''$ and a radius of 125.00 feet, (chord bears N. $67^{\circ}10'25''$ E., 23.37 feet);
12) N. $61^{\circ}48'32''$ E., 44.59 feet to a point on the Nor h-South center of Section line of said Section 27;
thence S. $00^{\circ}55'11''$ W., along said North-South center of Section line, 1501.05 feet to the POINT OF BEGINNING.

Containing 10.001 Acres, more or less.

Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M
(N. $88^{\circ}55'58''$ E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
212 Blue Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7590



**WILLIAM MICHAEL FAGEN
CONSERVATION EASEMENT ON PARCEL 2
LEGAL DESCRIPTION**

December 23, 2008

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the West one-quarter corner of said Section 27;

thence N. $00^{\circ}37'58''$ E., 645.16 feet to a point on the Southerly right-of-way line of Kings Canyon Road as shown on the Map of Division into Large Parcels, File No. _____;

thence along said right-of-way line the following ten courses:

1) 155.14 feet along the arc of a curve to the left, having a central angle of $52^{\circ}23'22''$ and a radius of 169.40 feet, (chord bears N. $84^{\circ}05'48''$ E., 149.77 feet);

2) 509.39 feet along the arc of a curve to the right, having a central angle of $53^{\circ}03'53''$ and a radius of 550.00 feet, (chord bears N. $84^{\circ}23'34''$ E., 491.37 feet);

3) 104.40 feet along the arc of a curve to the left, having a central angle of $63^{\circ}21'50''$ and a radius of 87.50 feet, (chord bears N. $76^{\circ}44'36''$ E., 98.32 feet);

4) N. $42^{\circ}53'40''$ E., 223.52 feet;

5) N. $28^{\circ}50'47''$ E., 55.79 feet;

6) 67.36 feet along the arc of a curve to the right, having a central angle of $77^{\circ}04'18''$ and a radius of 50.00 feet, (chord bears N. $67^{\circ}22'56''$ E., 62.30 feet);

7) 165.21 feet along the arc of a curve to the right, having a central angle of $19^{\circ}55'41''$ and a radius of 475.00 feet, (chord bears S. $64^{\circ}07'05''$ E., 164.38 feet);

8) 112.65 feet along the arc of a curve to the left, having a central angle of $54^{\circ}14'15''$ and a radius of 119.00 feet, (chord bears S. $81^{\circ}16'22''$ E., 108.49 feet);

9) 206.21 feet along the arc of a curve to the left, having a central angle of $36^{\circ}21'23''$ and a radius of 525.00 feet, (chord bears N. $53^{\circ}23'48''$ E., 202.79 feet);

10) N. $35^{\circ}15'05''$ E., 24.19 feet to the Northeasterly corner of Parcel 2 as shown on said map;

thence along the Northerly boundary line of said Parcel 2, S. $16^{\circ}44'39''$ E., 258.42 feet;

thence 17.82 feet along the arc of a non-tangent curve to the right, having a central angle of $6^{\circ}03'20''$ and a radius of 450.80 feet, (chord bears S. $39^{\circ}29'55''$ W., 47.80 feet);
thence S. $42^{\circ}32'35''$ W., 179.14 feet;
thence 64.27 feet along the arc of a curve to the left, having a central angle of $6^{\circ}38'01''$ and a radius of 555.08 feet, (chord bears S. $39^{\circ}12'38''$ W., 64.23 feet);
thence 109.13 feet along the arc of a curve to the right, having a central angle of $3^{\circ}48'52''$ and a radius of 452.62 feet, (chord bears S. $42^{\circ}48'03''$ W., 108.87 feet);
thence S. $49^{\circ}42'28''$ W., 126.25 feet;
thence 59.81 feet along the arc of a curve to the right, having a central angle of $5^{\circ}37'19''$ and a radius of 50.00 feet, (chord bears S. $72^{\circ}31'08''$ W., 39.77 feet);
thence N. $84^{\circ}40'2''$ W., 39.74 feet;
thence 111.06 feet along the arc of a curve to the left, having a central angle of $79^{\circ}32'34''$ and a radius of 30.00 feet, (chord bears S. $55^{\circ}39'11''$ W., 102.36 feet);
thence S. $75^{\circ}47'13''$ W., 19.10 feet;
thence 103.67 feet along the arc of a curve to the left, having a central angle of $84^{\circ}51'18''$ and a radius of 70.00 feet, (chord bears S. $26^{\circ}38'25''$ E., 91.45 feet);
thence S. $69^{\circ}04'03''$ E., 327.88 feet;
thence S. $45^{\circ}14'26''$ W., 528.38 feet to a point on the Southerly boundary line of said Parcel 2;
thence along said Southerly boundary line of Parcel 2, N. $89^{\circ}57'28''$ W., 930.48 feet to the Southwesterly corner of thereof;
thence along the Westerly boundary line of said Parcel 2, N. $00^{\circ}36'19''$ E., 263.88 feet to the POINT OF BEGINNING.

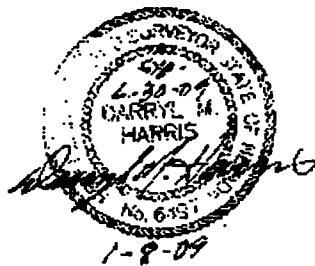
Containing 28.785 Acres, more or less.

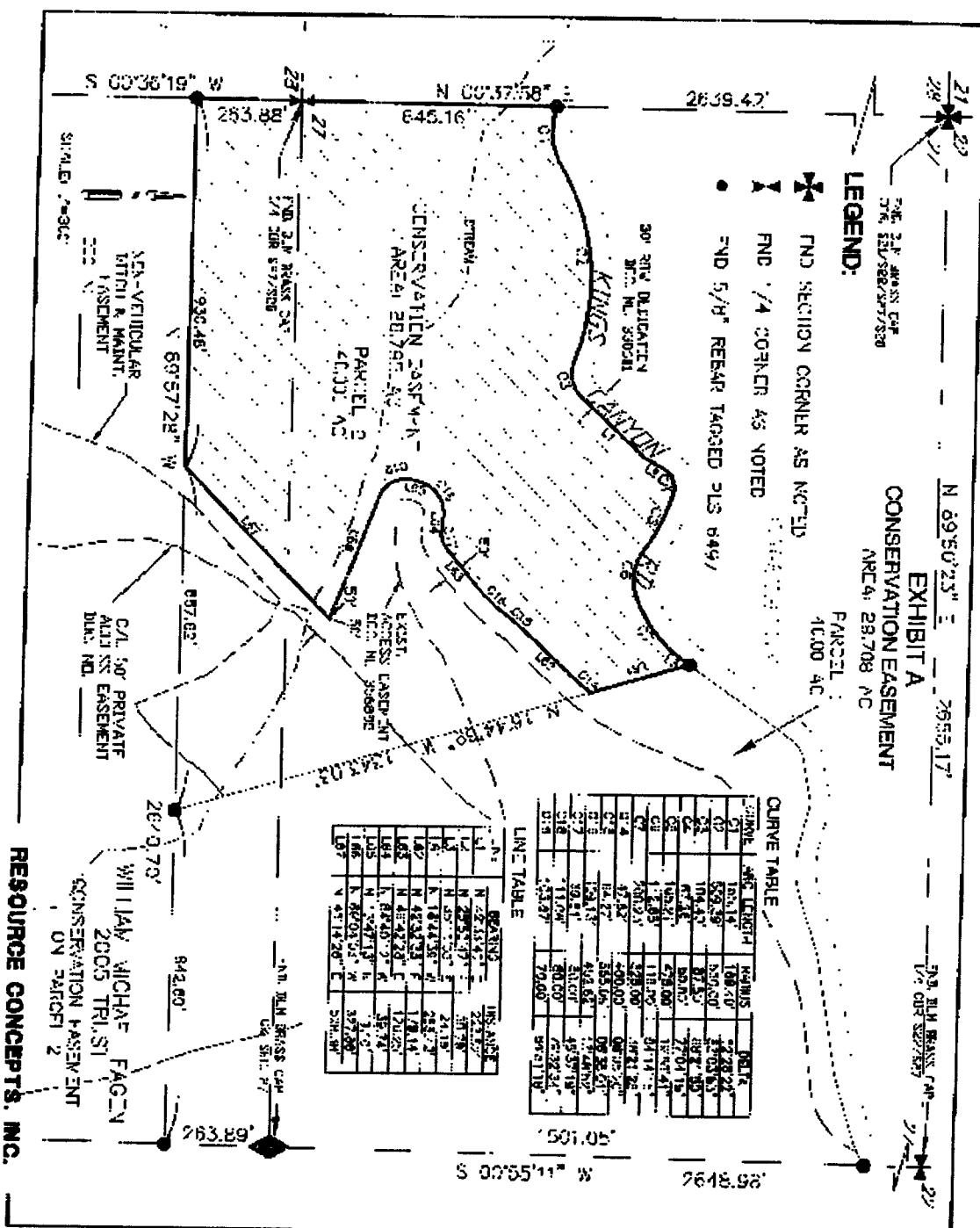
Basis of Bearing:

The line between NDUU monument numbers 760001E and 760007M
(N. 88°55'58" E.)

PREPARED BY:

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212 Elk's Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7500





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WMF CC

EXHIBIT B
PERMITTED USES AND PRACTICES

The following uses and practices, though not necessarily an exhaustive recital of consistent uses and practices, are expressly permitted as set forth herein:

1. Residential Use. To reside on the Property. Consistent with all applicable zoning and building regulations, residential construction shall *not* be restricted on Parcels 1 and 2, #s 007-051-84 and 007-051-83, respectively. On Parcel 3, # 007-051-82, there are two existing structures, "cabins," attached by a wood deck, as well as one additional separate structure on the Property. These structures range in age from 30 to over 100 years old and are in various stages of disrepair. The sum total of ground covered by these existing structures is approximately 3500 square feet. New primary residential construction is permitted on Parcel 3, # 007-051-82, so long as such construction takes place in a single concise building envelope and the new single family residence does not exceed the existing ground coverage of the current structures on the Property, as measured above. Furthermore, no new construction shall occur on Parcel 3, # 007-051-82 in the area designated as "Meadow" in the original Baseline Report attached hereto as Exhibit D and incorporated herein by this reference.
2. Agriculture. To engage in agricultural uses of the Property in accordance with sound, generally accepted agricultural practices, which may include innovative or experimental crops and/or techniques that do not threaten or degrade significant natural resources. For the purposes of this Easement "agricultural uses" shall be defined as: breeding, raising, pasturing, and grazing livestock of every nature and description for the production of food, fiber, or biomass; breeding and raising bees, fish, poultry, and other fowl; planting, raising, harvesting, and producing agricultural, aquacultural, horticultural, and forestry crops and products of every nature and description; and the processing, storage, and sale, including direct retail sale to the public, of crops and products harvested and produced principally on the Property, provided that the on site processing, storage, and sale of any such crops or products that are not food, fiber, or biomass shall require the consent of Carson City; further provided, however, that such agricultural uses shall not result in significant soil degradation, significant pollution or degradation of any surface or subsurface waters, and that all uses and activities are consistent with applicable laws.

3. Improvements and Facilities.

- (a) Maintenance and Repair of Existing Improvements and Facilities. To maintain, repair, and improve existing structures, housing, fences, corrals, roads, water courses, and other improvements and facilities anywhere on the Property.

(b) **Construction of Additional Improvements and Facilities.** Additional improvements and facilities accessory to the residential use of the Property, and additional structures, such as, *inter alia*, barns, sheds, and/or greenhouses, housing, roads, fences, water courses and tanks, communications and energy supply, and other improvements and facilities reasonably necessary to the agricultural and/or approved residential uses of the Easement Property, shall be permitted, provided that on Parcel 3, # 007-051-82, Fagen shall obtain the express written approval of Carson City for the construction of structure, housing, road, or other improvements and facilities, including the size, function, capacity and location, which consent should not be unreasonably withheld, and that such construction is made in accordance with applicable laws. Fagen shall provide Carson City written notice of Fagen's intention to undertake any such construction, together with information on its size, function, capacity and location, not less than forty-five (45) days prior to the commencement thereof. Except as permitted in Paragraph B.4 below, any *new* construction on Parcel 3, # 007-051-82, shall occur outside the area designated as "Meadow" in the original Baseline Report attached hereto. Additional fencing and corrals, water courses and water storage facilities, and private communications and/or renewable energy facilities deemed by Fagen to be reasonably necessary to residential, ranching and/or agricultural activities on the Property may be constructed without Carson City's consent.

(c) **Replacement of Improvements and Facilities.** In the event of destruction, deterioration or obsolescence of any accessory buildings, structures, housing, barns, fences, corrals, roads, water courses/storage facilities or other improvements and facilities, whether existing at the date hereof or constructed subsequently pursuant to the provisions of this section, Fagen may replace the same with accessory buildings, structures, barns, housing, fences, corrals, roads, water courses/storage facilities, or other improvements and facilities of similar size, function, capacity and location. Additionally, agricultural access roads and/or driveways may be constructed, consistent with applicable laws and building codes, by Fagen without the need for Carson City's consent. Furthermore, Fagen has the right but not the obligation now and in the future to remove all or any part of any existing or new structure, accessory building, road, water course, improvement or facility on the Property at his sole discretion.

(d) **Right to restore, preserve, improve, and utilize existing cabins.** Recognizing the historic and scenic nature of the existing cabins on the property, some of which are over one hundred years old, and further recognizing that if prompt effort is not made to stop their continued deterioration they will soon become unsalvageable, and further recognizing that because of their age and current poor condition substantial sums will be required to restore them to a usable and maintainable condition, Carson City hereby agrees that should Fagen, at his sole discretion, undertake to move, restore, rebuild, reconstruct, renovate, improve, connect, combine, add or subtract from any or all of the cabins in an effort to protect, preserve, utilize and maintain them for future generations, that

this effort shall NOT preclude him from building one new home of no greater than 3500 square feet of ground coverage on Parcel 3, # 007-051-82, in an area of his choosing which must be OUTSIDE the area designated as "Meadow" on the Baseline Report attached hereto as Attachment D. Should Fagen exercise his right to build a single primary family residence in a permissible location on the property, upon the issuance of an occupancy permit for the single family residence, then the cabins will immediately revert to the classification, with full rights of use thereunder, of "Accessory Structure," as defined in **Section 18.03.010 of the Carson City Municipal Code**, definition as of June 19, 2008, which states:

"Accessory building" or "accessory structure" means a detached usual and customary building or structure associated with a permitted or conditional use, subordinate to the primary use on the same lot, including but not limited to storage, tool shop, children's playhouse, guest building, greenhouse, garage, swimming pools or similar structures 30 inches or more above ground. In calculating the size of an accessory structure, any space with a ceiling 7 feet 6 inches or higher shall be considered habitable space and used in determining total size. An accessory building connected to a main building by a roof, breezeway or other means which is not habitable space is considered an accessory structure attached to a primary building. Each structure must meet standard setback requirements.

Any such "accessory building" or "accessory structure" shall not count against Fagen's right of 3500 square feet of ground coverage for the primary residence as described elsewhere in this Agreement. Fagen and Carson City explicitly agree that inclusive in the above definition, ("including but not limited to"), the cabins may be used to house a ranch guard or caretaker at Fagen's determination.

4. Water Resources and Impoundments. To develop and maintain such water resources, of a size and in a manner consistent with the purpose of this Easement, including, but not limited to, creeks, springs, ponds, flumes, ditches, pipes, weirs, liners, pipes, conduits, culverts, holding tanks, and groundwater resources on the Property as are necessary or convenient for ranching, agricultural, irrigation, power generation, fire mitigation, and residential uses, provided that the creation, alteration or enlargement of any water impoundment shall not damage, impair or interfere with the Protected Values and that all such water resources shall be developed in accordance with applicable laws.

5. Agrichemicals. To use agrichemicals, including, but not limited to, fertilizers, pesticides, herbicides, and biocides, in those amounts and with that frequency of application necessary to accomplish reasonable grazing, agricultural, and landscaping purposes. Such use shall be carefully circumscribed near surface water and during periods of high ground water, and in strict compliance with City, State, and Federal regulations.

6. Predator Control. To control predatory and problem animals by the use of selective control techniques.

7. Recreational Uses. To utilize the Property for recreational or educational purposes, (including, *inter alia*, without limitation, hiking, skiing, horseback riding, hunting and fishing) that require no surface alteration or other development of the land.

Exhibit C
Prohibited Uses and Practices

The following uses and practices, though not necessarily an exhaustive recital of inconsistent uses and practices, are inconsistent with the purposes of this Easement and are expressly prohibited upon or within the areas covered by the Easement on the Property:

1. Impairment of Protected Values. The impairment of the Protected Values, except as otherwise provided herein.
2. Commercial or Industrial Use. The establishment and conduct of commercial or industrial uses or the construction, placing, or erection of any signs or billboards; provided, however, that neither ranching, agriculture, nor the production or processing of food and fiber products as contemplated by the provisions of Exhibit B, shall be considered prohibited commercial or industrial uses. Further provided, however, that Carson City shall have the right in its sole discretion to approve the establishment and conduct of non-agricultural commercial and industrial uses or activities which are compatible with the Protected Values of the Property and which are ancillary and subordinate to the agricultural uses of the Property. Notwithstanding the prohibition above on the placing or erecting of signs, Carson City, in its sole discretion, may also approve signs related to any such commercial or industrial uses approved by Carson City.
3. Construction. The construction, reconstruction, or replacement of structures, housing, roads, and other improvements and facilities except as provided in section 11 of this Easement and sections 1 and 3 of Exhibit B.
4. Subdivision. The division, subdivision, or de facto subdivision of Parcel 3, # 007-051-82, is prohibited provided, however, that a lease of a portion of the Property for agricultural use shall not be prohibited by this section. Subject to all applicable land division and subdivision regulations, there shall be no restrictions on subdivision of Parcel 1, # 007-051-84, and/or Parcel 2, #007-051-83, due to the Agricultural Conservation Easement provided that any subdivision that involves the Easement shall carry this Easement in tact, in whole or in part, along with the new parcels. Fagen may also by method of lot line adjustment or similar method, buy, sell or exchange a portion of the Property with adjacent landowner(s) so long as the portion of the Property sold continues in the same or similar easement protection and/or so long as the property acquired through exchange is greater than or equal to the Property ceded though the exchange as measured by acreage or appraised value.
5. Motorized Vehicles. The use of motorized vehicles, except by Fagen or others with Fagen's permission, and except for agricultural, ranching, residential,

recreational, educational, or other approved uses of the Property. Carson City acknowledges, recognizes and respects all existing vehicular (and other) easements associate with the Property existing as of the date of this Agreement. Any use of motorized vehicles off of roadways is prohibited except when necessary for agricultural and ranching purposes.

6. Tree Cutting. The harvesting or removal of trees; provided, however, that Fagen shall have the right to (i) cut or collect firewood for the heating of ranch and residential facilities on the Property; and (ii) cut or remove trees as reasonably necessary to control fire, insects and diseases, prevent personal injury and property damage, and to allow construction or repair of residential or agricultural facilities. Fagen may also develop and, with the express prior written approval of Carson City, implement a long-range plan for the growing and/or harvesting of trees in a manner that is consistent with the purpose of this Easement.

7. Dumping. The dumping or other disposal of wastes, refuse or debris on the Property, except for organic material generated by permitted agricultural and residential uses on the Property; provided that any such dumping or disposal of organic material shall be in accordance with applicable law and generally accepted agricultural management practices. No trash, refuse, vehicle bodies or parts, rubbish, debris, junk, waste, or hazardous waste shall be placed, stored, dumped, buried, or permitted to remain on the Property except as reasonably required for the use of the Property for agricultural and residential purposes, and in accordance with applicable law.

8. Soil Degradation. Ranching, agricultural or other uses, otherwise permitted under this Easement, which result in significant degradation of soil quality.

9. Water Quality Degradation. Ranching, agricultural or other uses, otherwise permitted under this Easement, which result in significant degradation of water quality.

10. Surface Alteration or Excavation. Any alteration of the general topography or natural drainage of the Property including, without limitation, the excavation or removal of soil, sand, rock, or gravel, except as may be required for uses on the Property incidental to agricultural and residential uses permitted herein, subject to the approval of Carson City, such approval will not be unreasonably withheld.

11. Fencing Restrictions. To facilitate the unencumbered movement of wildlife, no fences shall be constructed west or north of Neal's Flume to the point the flume passes under the road at the edge of the meadow. Continuing from that point, no fences shall be constructed north or west of a line 50 feet north of the access road descending from King's Canyon Road to a point 50 feet northeast of the adjacent creek, and continuing to a point 50 feet west of the hairpin turn on the access road, from there continuing parallel to and 50 feet northwest of the

access road to the boundary between Parcel 1, # 007-051-84, and Parcel 2, # 007-051-83. This is illustrated in Exhibit A, Conservation Easement Parcel 2. Exceptions to this restriction include limited fencing where necessary in order to protect section(s) of the flume from cave-in, to protect drinking water source(s) from contamination, to protect water-powered energy generation as allowed elsewhere in Exhibit B, or to protect any other point source water use from the flume or elsewhere on the property. This restriction shall not apply should excessive human trespass or excessive invasion of species dangerous to human existence occur, such as, *inter alia*, mountain lions or bears. Additionally, limited fencing shall be permitted in area(s) immediately surrounding any residential or agricultural construction on any of the three parcels for protection of humans and livestock.

Exhibit D

Baseline Condition Report

Horse Creek Ranch

Date: 8/29/06, updated 1/25/09

Property Owner – William Michael Fagen 2005 Trust

Introduction

This report provides a resource assessment and describes current operation of lands proposed for agricultural conservation easement purchase under the Carson City Open Space Program. The Baseline Condition Report will be used to document existing conditions of the property and provide an objective basis to insure that the natural resource values initially existing on the lands are maintained. Recommendations based on this report appear at the end of the document. The consultant suggests these issues be addressed as part of the conservation easement for the Horse Creek Ranch. Conservation Easements are recognized in the Open Space Element of the Carson City Master Plan on page 34 as a tool to save desired open space, specifically “working agricultural areas.”

Ownership History

Per the 1872 Civil Adjudication of Clear Creek the property was originally owned by John Neal and for many years called the Woods ranch due to its proximity to the property owned by John Woods, the irrigated meadow immediately south owned by the Schulz family today. Later owners included the Winters family and more recently the Hutchinsons. Michael Fagen, the present owner, purchased the property approximately 10 years ago from the Hutchinsons.

Relationship of obtaining a conservation easement to the Open Space element of the Carson City Master Plan.

As detailed in the opening paragraph, a conservation easement purchase of the Horse Creek Ranch would save a “working agricultural area” listed as a Desired Open Space Area on page 30 of the Open Space Plan. Additionally a Conservation Easement will only require annual compliance checks, significantly reducing costs associated with actual ownership. Although the lands remain in private control, the conservation easement provides public benefit as detailed below.

Significance of the Conservation Easement in protecting (as applicable) floodplain function, wildlife habitat, aquifer recharge and irrigated open space.

Wildlife Habitat

This conservation easement would protect existing wildlife habitat both from a cover and foraging standpoint. Irrigated, uncultivated meadows typically contain large populations of Meadow Voles, which provide a year round food source for raptors, coyotes, bears, badgers, weasels and other predators. The mix of vegetative types – open meadows, sagebrush/bitterbrush uplands, manzanita/ceanothus south slopes and Jeffery Pine forests – provide diversity in cover and plant types that correspond to diversity in wildlife. The numerous southern exposures at this elevation also provide foraging areas during the winter for deer. Cows wintering on the adjacent Schulz property would attract Bald Eagles during the late winter/early spring calving season.

Aquifer Recharge

The Horse Creek Ranch per the attached "Summary of Ownership Clear Creek Decree of 1872" owns 6% of the total flow of Clear Creek. Annual mean discharge of Clear Creek (data 1948 – 2005) is 5.42 cubic feet per second. Six percent of this discharge would roughly equal 235 acre feet per year. The irrigation system on the ranch is a well designed, contour ditch system that distributes water from a pipeline running north/south to a series of small ditches spaced approximately 200 feet apart distributing the water across the meadow east to west. By placing the main water flow in a pipe, the erosion associated with running water down a 10 percent slope is eliminated and the contour ditches spread the water effectively across the meadow. This system not only maintains meadow production but through effective water spreading enhances aquifer recharge opportunity. Assuming slopes and direction of the groundwater mimics surface water flow, this recharge benefits the Carson City aquifer and/or reappears as groundwater discharge into Clear Creek further downstream. Maintaining this irrigation not only has wildlife benefit as described above, but also contributes to the water supply for the citizens of Carson City. A conservation easement for this property should require the maintenance and operation of this irrigation system due to its multiple benefits.

Irrigated Open Space

The 41 acre meadow, with its well designed irrigation system, (if maintained) will preserve irrigated open space, achieving one of the

principal goals of the Open Space Plan. Additionally the location of this irrigated meadow high up on the watershed provides a significant wildlife foraging area surrounded by undeveloped uplands with forested cover areas. This ranch represents one of the last irrigated pasture lands in Carson City. From a historical standpoint this area has been continually managed as a pasture since the 1860's, representing a land use that has not changed in over 130 years. Maintaining this site provides a historical example of Carson City area basically unchanged from the Comstock era.

General Description of the Operation.

Currently Mr. Fagen has an arrangement with the Schulz family that allows the grazing of the irrigated meadow by approximately 40 pair of cow/calves. The grazing is done during the summer season and the cows winter on the adjacent Schulz property. For the use of the pasture the Schulz family maintains the irrigation system and changes water as necessary. Forage species composition, meadow topography and isolation of the area imply that the best use of the pasture is livestock grazing as the land is marginal for hay production. Mr. Fagen and the Schulz family seek to maintain this current operation into the future. The current operation seems mutually beneficial to both parties. The only change anticipated is the possible restricted use of approximately 26 acre area – see attached map – excluded from the conservation easement that could be fenced or partially fenced if the zoning is exercised.

Irrigation System:

The contour open ditch system with water delivery through a pipe mainline has already been described. A hillside ditch, originating from the north fork of Clear Creek diversion structure, provides the source to the irrigation distribution system. Ditch water flows for approximately ½ mile into an enclosed re-enforced concrete box. The large box fills and then distributes water to the pipeline or by-pass. This box works as the sediment basin for the system. This system, particularly the conveyance ditch, needs to be actively maintained to insure an irrigation supply and prevent gully erosion associated with ditch bank failure. (See map) Jeff Schulz, who manages the water for the two properties, stated that the conveyance losses on this ditch were significant and consequently the ditch is not used during the minimum flow periods of north fork of Clear Creek. Riparian vegetation and aspen down gradient from this ditch does indicate some conveyance loss. This impacts late season (August – October) irrigation of the pasture area. Although the pasture does not receive full season irrigation, the area of meadow has been consistent for many years indicating a sustainable balance between water supply and meadow area, achieved under the current/improved irrigation system.

A significant portion of this ditch flows through property owned by the Schulz family. An easement agreement between the Schulz Family and Mr. Fagen has been formalized to provide access to the ditch by both parties to control irrigation flows.

Another spring discharging approximately 25 gallons per minute this June (see attached map) provides an additional irrigation source to this production unit. Currently the spring discharge point is fenced to protect it from grazing impacts and this protection needs to be maintained into the future.

Description of Vegetative Types within the property -

Irrigated Pasture - 41 acres

When the irrigation system was improved, approximately 10 years ago, an inter-seeding of the pasture area was implemented to improve the forage resource by planting orchard grass and tall fescue. The upper/better drained portion of the pasture (north end) contains these introduced species. Below this upper area the pasture species composition changes to more native species that are better adapted to wetter conditions. These species include several native types of sedge, red top, wire grass, creeping wild rye, owl clover, asters, false hellebore and yarrow. Species composition changes based on the local irrigation induced hydrology, with wetter areas occurring down gradient from the initial start of the contour ditch irrigation system. Based on recent vegetative inventories the pasture is in good condition. The grazing helps maintain plant vigor and utilization seems appropriate. Although pasture productivity is not uniform due to the slope and local pasture topography which impedes uniform distribution of water, the consultant would estimate the overall productivity to be approximately 3 animal unit months (AUMs) per acre. This implies that overall each acre would produce approximately 1.5 tons of grass per acre. Stocking rates for the pasture area should not exceed 150 AUMs based on this estimate.

Jeffery Pine Woodland - 67 acres -

The Horse Creek ranch occurs in transitional vegetative zones between shrub dominated foothills and tree dominated mid-elevational plant communities along the east slope. Consequently forested areas within the ranch property are most developed on north slopes and near riparian areas where more soil moisture is available. The Jeffery Pine forest type is characterized by second growth pines widely spaces and with larger trees assumed to be over 100 years old. (Assumption is based on initial

tree harvest of the site during the Comstock era.) Since this forest type occurs on this somewhat dry transitional zone between shrub dominance and tree dominance the tree growth is limited with the most mature trees not over sixty feet tall and diameters not exceeding two feet. The forest canopy is quite open with a shrub dominated understory including bitterbrush, sagebrush, sticky current and needle grasses. Due to low productivity and existing spacing, forestry improvement practices, like pre-commercial thinning, would not be justified unless related to fuel wood harvest. Commercial logging of this woodland should be restricted based on its low productivity and value as wildlife habitat.

Manzanita/Ceanothus Dominated uplands – 37 acres

The western and northern uplands surrounding the irrigated meadow are dominated by a fire induced shrub cover of manzanita and curleaf ceanothus. Sapling size Jeffery Pine occurs throughout this plant community possibly implying this community is transitional and these areas could eventually support a scattered pine forest. Due to the southern exposures and granitic soils this transition to forest is quite slow and in areas of shallow soils might never occur. Existing shrub density is related to exposure with the steeper south facing slopes having the least shrub cover. This habitat type provides cover and food sources (berries) for black bears and numerous rodents. This plant community is somewhat fire resistant and effectively reduces soil erosion from these steep uplands. In concave drainages with north exposures and in areas adjacent to riparian areas, bitter cherry occurs on this site.

Granitic Fans - 13 acres

Small areas of non-forested granitic fans occur just east and west of the irrigated pasture. These co-dominate bitterbrush/sagebrush sites are key areas for winter deer use. Currently they are included within the fenced pasture units and heavy utilization of the bitterbrush and perennial needlegrass is occurring. Fencing these areas from the pasture would better maintain them for winter deer habitat.

Riparian areas – 10 acres

Natural drainage channels with perennial stream flow/springs

The most easterly of the two north forks of Clear Creek runs through the western part of the property. The irrigation water source for the pasture is diverted from this stream – see map. The stream gradient is steep within a contained V shaped channel with very limited floodplain. Dominant riparian species are alder, several willow species, red dog wood and aspen/wood rose occur above the edge of the wetted perimeter of the

stream. In some depositional areas wetland herbaceous species – Sharp beaked sedge, and perennial wildflowers (columbine, Indian paint brush, tall larkspur, big lupine and others) - occur. The dense cover and water source associated with this riparian area provides a very important wildlife habitat, particularly for migrating songbirds and winter thermal cover. The area is in good ecological condition (with the exception of the road crossing that is off the property) and if left unmanaged will due just fine.

Irrigation induced riparian areas

The hillside conveyance ditch and the drainage channels within the pasture support less dense woody riparian vegetation of the same species as the natural channel. Alder is more dominate. Below the conveyance ditch small aspen grooves appear and are assumed to be partially supported by seepage from this ditch. With continued irrigation and managed grazing these areas will be maintained.

The irrigation drainage channels are basically gullies that have formed where flows – irrigation and snow melt/rain event flow - have concentrated. With one exception the bottoms of the channels seemed to have stabilized supporting mature alder and tree like black willow, indicating channel bottom stability. The sides of the channel where soil is exposed could use some stabilization treatment. A new active headcut is occurring at the very northern reach of the main channel. This should be stabilized as a condition of the conservation easement.

General description and location of existing structures including use and condition of the structures.

Three structures are located on the property. An old storage shed/cowboy shack associated with the corrals on the south-west side is in poor condition. The age is unknown but it was constructed entirely with square nails indicating pre 1900 construction. The other structures are a more modern small home/cabin surrounded by a deck. Adjacent to the house is an older large storage structure partially built with large granite blocks and modernized through the years. Neither structure has recently been occupied but both appear useable.

Establishment of photo point monitoring sites that depict conservation values to visually document the values are maintained over time will be done in coordination with the landowner. These photo sites will need to be described in enough detail including compass bearings, permanently marked point and include recognizable features that would not change over time – mountain, large tree, fence line on property boundary. Photo points will be re-visited annually at the same general time of the year.

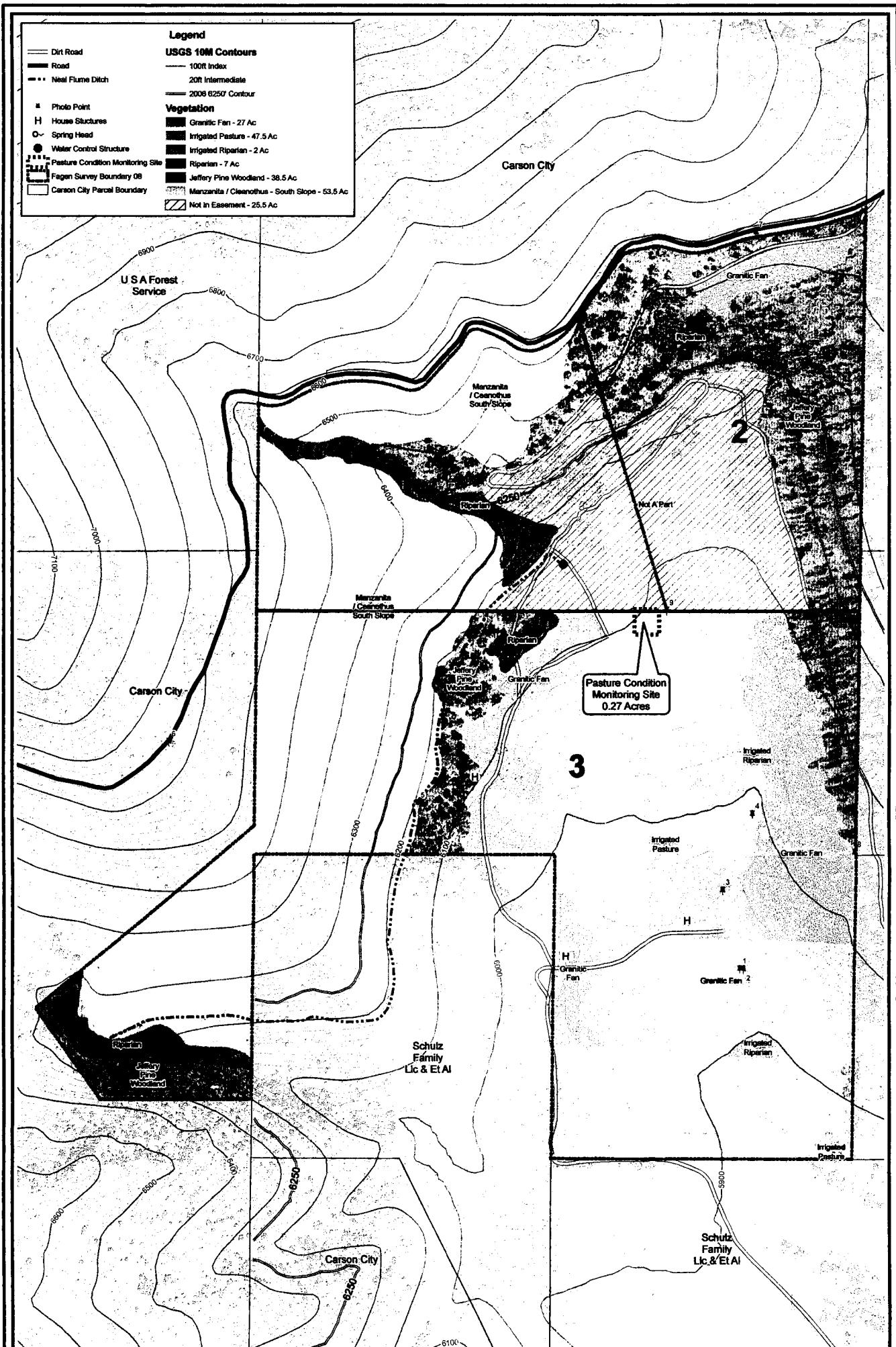


Photo 1A (north)

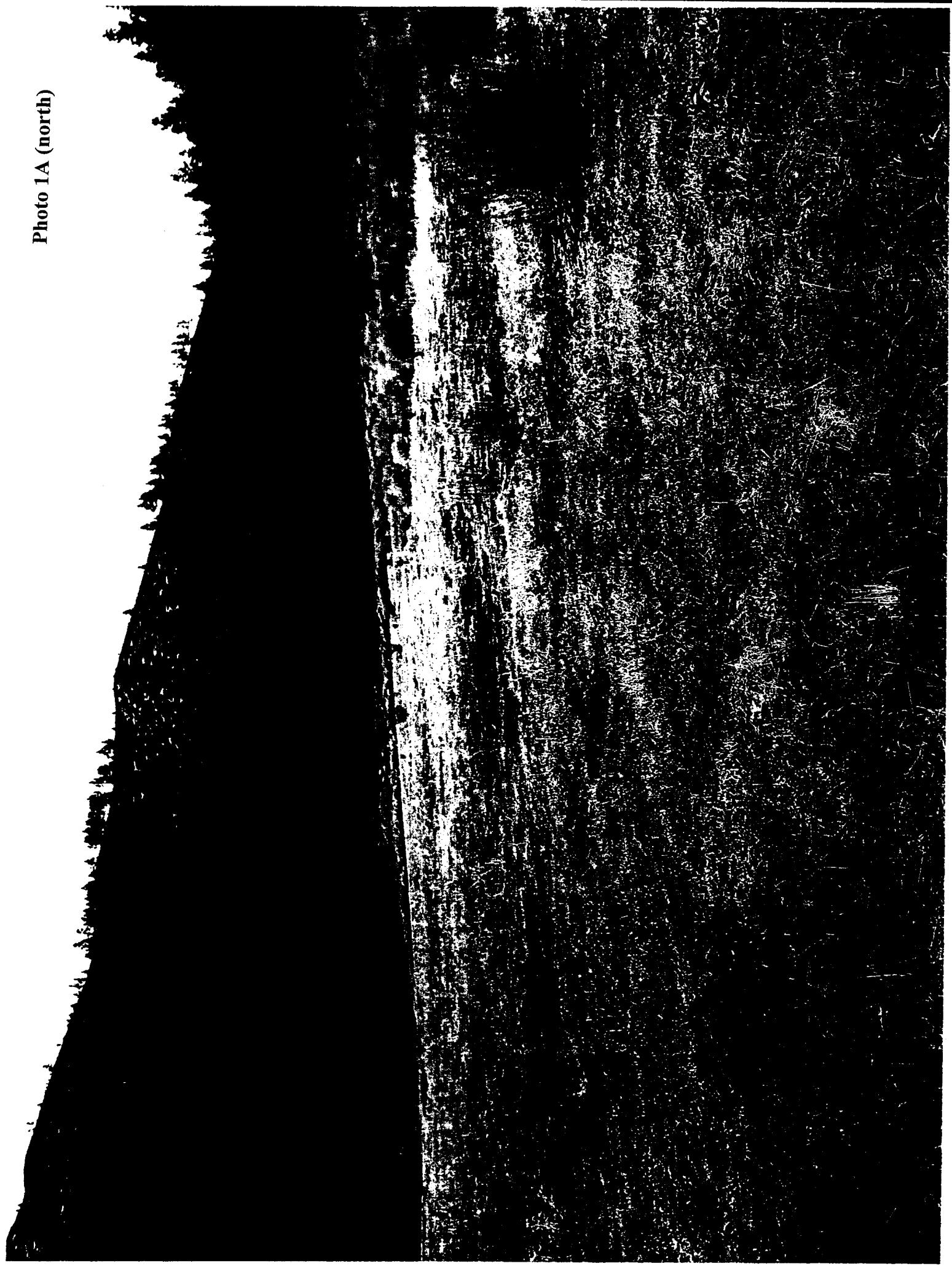


Photo 1B (south)



Photo 2 (view south)

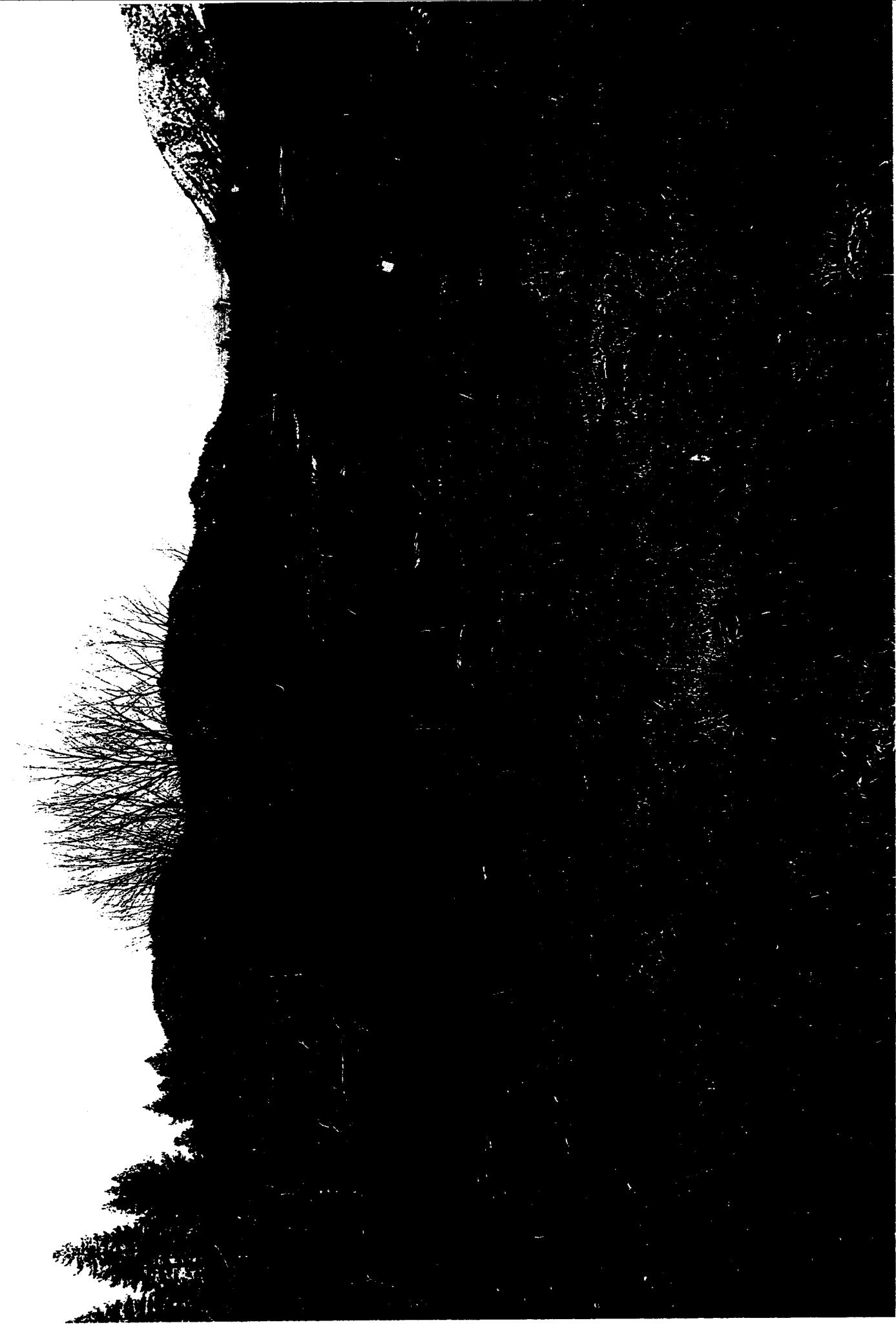


Photo 3 (view south)



Photo 4A (north)

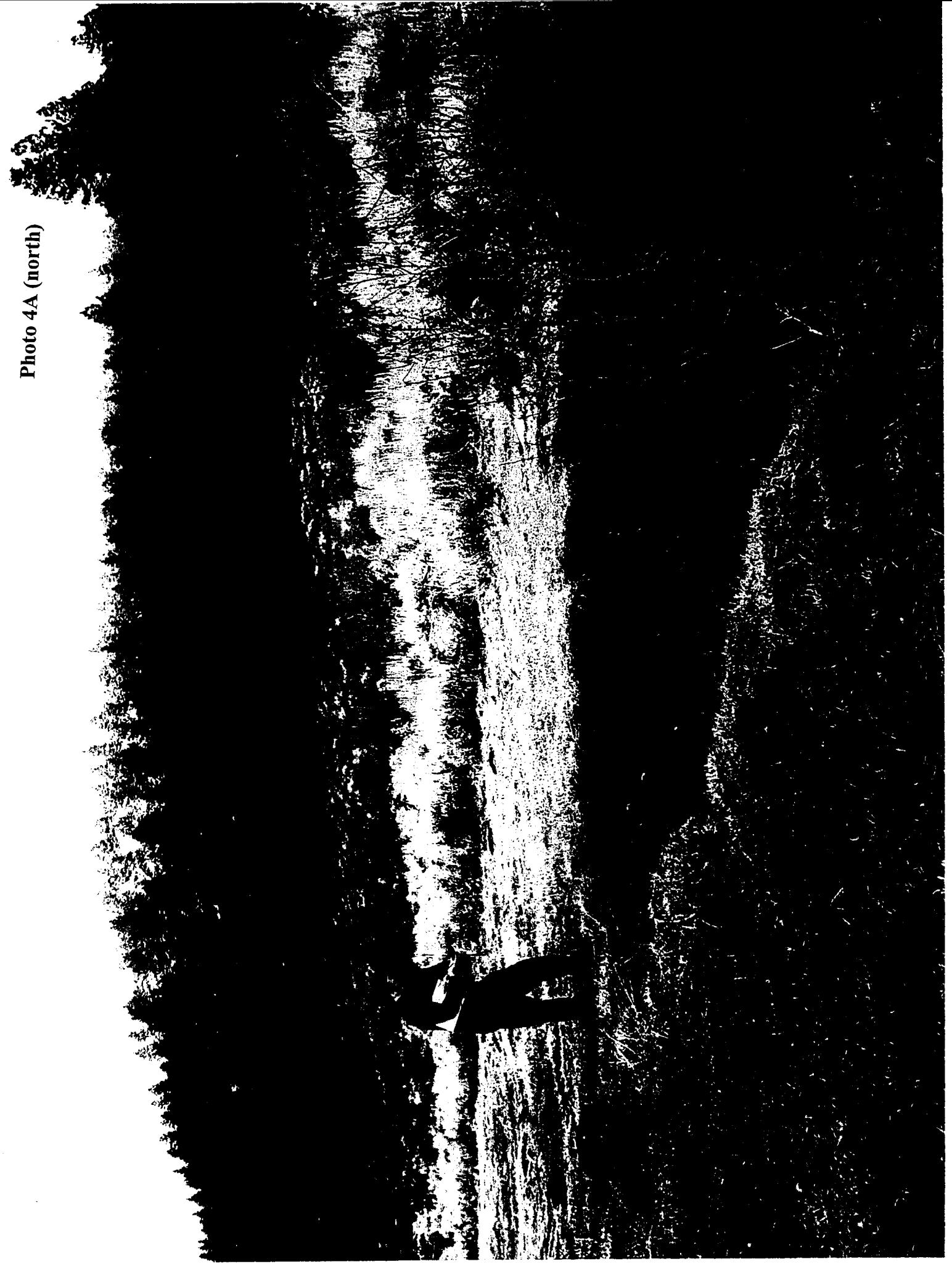


Photo 4B (detail)

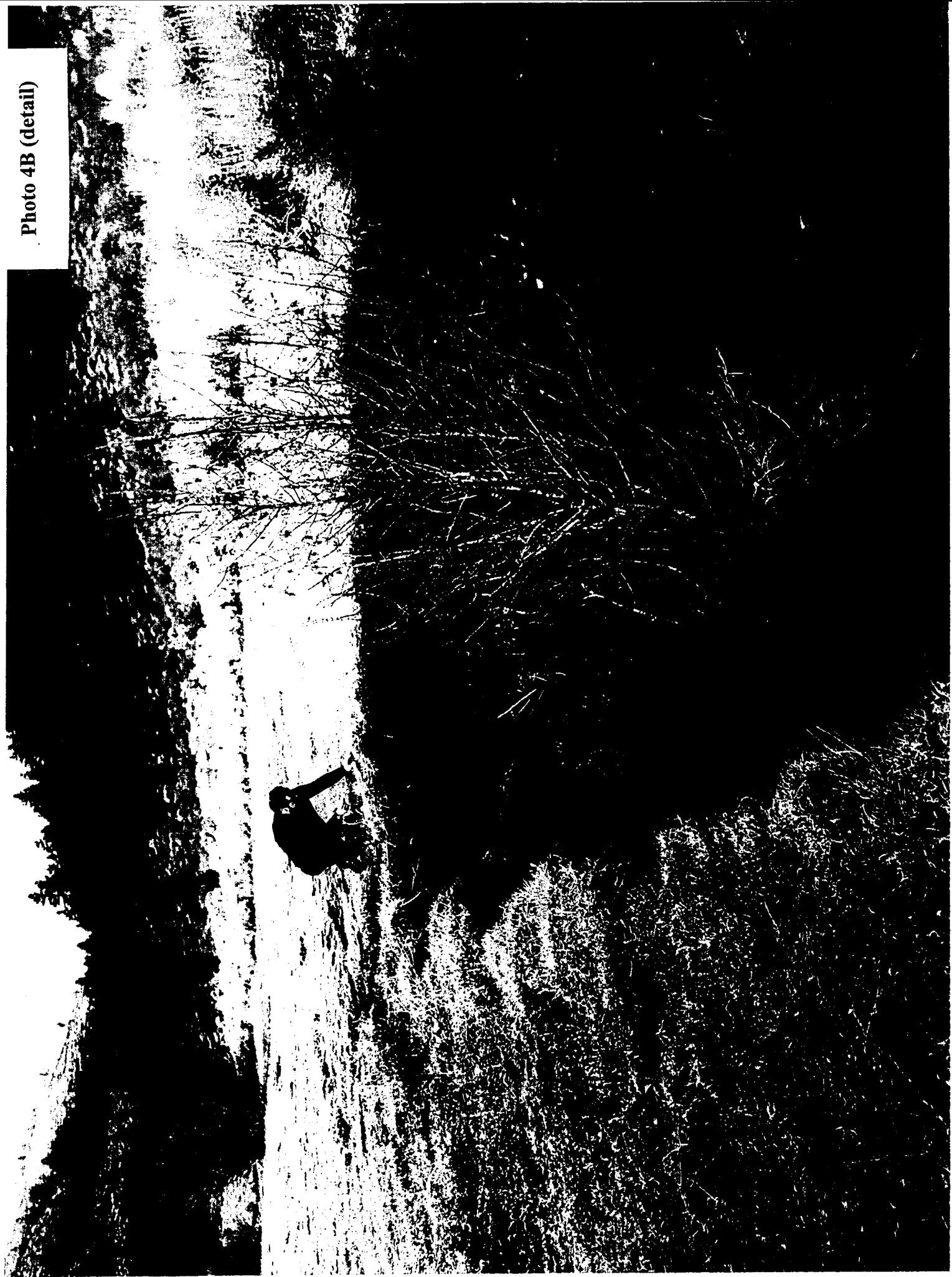


Photo 4C (detail)



Photo 5 (view east)



Photo 6A (north)



Photo 6B (center)



Photo 6C (south)



Photo 7A (view south)



Photo 7B (view south)



Photo 7C (view south)



Photo 8A (view east)



Photo 8B (view east)



Photo 9 (view south)



Exhibit E Easements

SCHULZ-STAGEN ACCESS ROAD EASEMENT LEGAL DESCRIPTION

January 24, 2006

A strip of land 50 feet wide for road easement purposes, 25 feet on either side of the following described centerline, located within portions of Sections 27, 34 and 35, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at a point on the Northerly boundary line of APN 7-051-78 as shown on Record of Survey Map No. 2565, Official Records, Carson City, Nevada, which bears S. 02°30'56" W., 1166.47 feet from the North One-quarter (1/4) corner of said Section 27;

thence along said centerline the following 98 courses:

- 1) S. 27°40'30" W., 22.51 feet;
- 2) 195.63 feet along the arc of a curve to the right having a central angle of 5°02'40" and a radius of 200.00 feet, (chord bears S. 55°41'50" W., 187.93 feet);
- 3) S. 83°43'10" W., 130.73 feet;
- 4) 219.64 feet along the arc of a curve to the left having a central angle of 20°58'27" and a radius of 600.00 feet, (chord bears S. 73°13'56" W., 218.42 feet);
- 5) S. 62°44'43" W., 263.52 feet;
- 6) 52.19 feet along the arc of a curve to the right having a central angle of 20°54'15" and a radius of 100.00 feet, (chord bears S. 77°41'51" W., 51.60 feet);
- 7) N. 87°21'02" W., 69.15 feet;
- 8) 111.47 feet along the arc of a curve to the left having a central angle of 70°57'47" and a radius of 90.00 feet, (chord bears S. 57°10'05" W., 104.48 feet);
- 9) S. 21°41'11" W., 188.40 feet;
- 10) 105.15 feet along the arc of a curve to the right having a central angle of 7°37'51" and a radius of 800.00 feet, (chord bears S. 25°27'06" W., 105.07 feet);
- 11) S. 29°13'02" W., 30.20 feet;
- 12) 116.29 feet along the arc of a curve to the right having a central angle of 13°19'33" and a radius of 500.00 feet, (chord bears S. 35°52'48" W., 116.03 feet);

- 13) S. $42^{\circ}32'15''$ W., 179.12 feet;
- 14) 58.48 feet along the arc of a curve to the left having a central angle of $6^{\circ}38'01''$ and a radius of 563.07 feet, (chord bears S. $39^{\circ}2'38''$ W., 58.44 feet);
- 15) 121.19 feet along the arc of a curve to the right having a central angle of $13^{\circ}48'52''$ and a radius of 502.62 feet, (chord bears S. $42^{\circ}48'03''$ W., 120.89 feet);
- 16) S. $49^{\circ}42'28''$ W., 126.25 feet;
- 17) 29.63 feet along the arc of a curve to the right having a central angle of $45^{\circ}37'19''$ and a radius of 100.00 feet, (chord bears S. $72^{\circ}31'03''$ W., 27.54 feet);
- 18) N. $84^{\circ}40'12''$ W., 39.74 feet;
- 19) 41.65 feet along the arc of a curve to the left having a central angle of $79^{\circ}32'34''$ and a radius of 10.00 feet, (chord bears S. $55^{\circ}33'31''$ W., 38.38 feet);
- 20) S. $15^{\circ}47'11''$ W., 19.10 feet;
- 21) 36.42 feet along the arc of a curve to the left having a central angle of $104^{\circ}20'15''$ and a radius of 210.00 feet, (chord bears S. $36^{\circ}22'51''$ E., 31.59 feet);
- 22) S. $88^{\circ}33'31''$ E., 84.72 feet;
- 23) 151.11 feet along the arc of a curve to the left having a central angle of $28^{\circ}55'20''$ and a radius of 100.00 feet, (chord bears N. $76^{\circ}59'19''$ E., 149.83 feet);
- 24) N. $62^{\circ}31'39''$ E., 79.44 feet;
- 25) 55.96 feet along the arc of a curve to the left having a central angle of $17^{\circ}22'49''$ and a radius of 181.47 feet, (chord bears N. $53^{\circ}50'14''$ E., 55.74 feet);
- 26) 55.79 feet along the arc of a curve to the right having a central angle of $20^{\circ}25'39''$ and a radius of 156.49 feet, (chord bears N. $33^{\circ}21'39''$ E., 55.56 feet);
- 27) N. $65^{\circ}34'29''$ E., 279.26 feet;
- 28) 297.82 feet along the arc of a curve to the right having a central angle of $24^{\circ}22'38''$ and a radius of 700.00 feet, (chord bears N. $77^{\circ}45'48''$ E., 295.58 feet);
- 29) N. $89^{\circ}03'02''$ E., 715.30 feet;
- 30) 46.89 feet along the arc of a curve to the right having a central angle of $44^{\circ}46'27''$ and a radius of 60.00 feet, (chord bears S. $68^{\circ}33'45''$ E., 45.70 feet);

31) 83.41 feet along the arc of a curve to the left having a central angle of $20^{\circ}16'25''$ and a radius of 227.25 feet, (chord bears S. $56^{\circ}18'43''$ E., 79.90 feet);

32) 59.17 feet along the arc of a curve to the right having a central angle of $56^{\circ}30'15''$ and a radius of 60.00 feet, (chord bears S. $38^{\circ}11'48''$ E., 56.80 feet);

33) S. $09^{\circ}56'41''$ E., 41.34 feet;

34) 38.18 feet along the arc of a curve to the left having a central angle of $10^{\circ}56'17''$ and a radius of 200.00 feet, (chord bears S. $15^{\circ}24'49''$ E., 38.12 feet);

35) S. $20^{\circ}52'58''$ E., 14.83 feet;

36) 76.72 feet along the arc of a curve to the right having a central angle of $14^{\circ}39'09''$ and a radius of 300.00 feet, (chord bears S. $23^{\circ}37'23''$ E., 76.51 feet);

37) 216.66 feet along the arc of a curve to the left having a central angle of $17^{\circ}43'14''$ and a radius of 700.51 feet, (chord bears S. $15^{\circ}05'26''$ E., 215.79 feet);

38) S. $23^{\circ}57'03''$ E., 31.10 feet;

39) 90.25 feet along the arc of a curve to the right having a central angle of $10^{\circ}20'29''$ and a radius of 500.00 feet, (chord bears S. $18^{\circ}46'18''$ E., 90.12 feet);

40) S. $17^{\circ}36'33''$ E., 132.36 feet;

41) 139.96 feet along the arc of a curve to the left having a central angle of $8^{\circ}01'09''$ and a radius of 1000.00 feet, (chord bears S. $17^{\circ}37'07''$ E., 139.84 feet);

42) S. $21^{\circ}17'42''$ E., 58.43 feet;

43) 91.94 feet along the arc of a curve to the right having a central angle of $10^{\circ}32'07''$ and a radius of 500.00 feet, (chord bears S. $10^{\circ}21'38''$ E., 91.81 feet);

44) S. $11^{\circ}05'34''$ E., 177.92 feet;

45) 96.52 feet along the arc of a curve to the left having a central angle of $6^{\circ}34'15''$ and a radius of 800.00 feet, (chord bears S. $14^{\circ}32'57''$ E., 96.46 feet);

46) S. $18^{\circ}00'19''$ E., 21.77 feet;

47) 311.56 feet along the arc of a curve to the right having a central angle of $17^{\circ}51'03''$ and a radius of 1000.00 feet, (chord bears S. $09^{\circ}04'48''$ E., 310.30 feet);

48) S. $00^{\circ}09'16''$ E., 311.01 feet;

49) 78.27 feet along the arc of a curve to the left having a central angle of $56^{\circ}03'21''$ and a radius of 80.00 feet, (chord bears S. $28^{\circ}0'55''$ E., 75.78 feet);

50) S. $56^{\circ}12'37''$ E., 52.72 feet;

51) 84.41 feet along the arc of a curve to the right having a central angle of $48^{\circ}21'46''$ and a radius of 100.00 feet, (chord bears S. $32^{\circ}17'44''$ E., 81.93 feet);

52) S. $07^{\circ}50'51''$ E., 114.37 feet;

53) 64.80 feet along the arc of a curve to the left having a central angle of $34^{\circ}45'02''$ and a radius of 150.00 feet, (chord bears S. $20^{\circ}13'22''$ E., 64.29 feet);

54) S. $32^{\circ}35'53''$ E., 148.45 feet;

55) 82.18 feet along the arc of a curve to the right having a central angle of $15^{\circ}43'58''$ and a radius of 300.00 feet, (chord bears S. $24^{\circ}13'53''$ E., 82.12 feet);

56) S. $16^{\circ}51'53''$ E., 55.75 feet;

57) 303.16 feet along the arc of a curve to the left having a central angle of $28^{\circ}56'58''$ and a radius of 600.00 feet, (chord bears S. $31^{\circ}21'24''$ E., 299.94 feet);

58) S. $45^{\circ}48'53''$ E., 325.48 feet;

59) 151.50 feet along the arc of a curve to the left having a central angle of $37^{\circ}44'29''$ and a radius of 230.00 feet, (chord bears S. $64^{\circ}41'07''$ E., 148.78 feet);

60) S. $83^{\circ}53'21''$ E., 84.21 feet;

61) 70.64 feet along the arc of a curve to the left having a central angle of $16^{\circ}11'22''$ and a radius of 250.00 feet, (chord bears N. $83^{\circ}20'58''$ E., 70.40 feet);

62) N. $80^{\circ}15'17''$ E., 149.69 feet;

63) 220.75 feet along the arc of a curve to the right having a central angle of $30^{\circ}06'50''$ and a radius of 420.00 feet, (chord bears S. $84^{\circ}41'18''$ E., 218.21 feet);

64) S. $69^{\circ}37'53''$ E., 50.57 feet;

65) 148.92 feet along the arc of a curve to the left having a central angle of $18^{\circ}57'38''$ and a radius of 450.00 feet, (chord bears S. $79^{\circ}06'42''$ E., 148.24 feet);

66) S. $88^{\circ}35'31''$ E., 94.23 feet;

67) 79.76 feet along the arc of a curve to the right having a central angle of $9^{\circ}08'25''$ and a radius of 500.00 feet, (chord bears S. $84^{\circ}01'19''$ E., 79.68 feet);

68) S. $79^{\circ}27'06''$ E., 91.42 feet;

69) 36.69 feet along the arc of a curve to the left having a central angle of $8^{\circ}13'44''$ and a radius of 255.48 feet, (chord bears S. $83^{\circ}33'58''$ E., 36.66 feet);

70) S. $87^{\circ}40'51''$ E., 58.32 feet;

71) 25.78 feet along the arc of a curve to the right having a central angle of $14^{\circ}14'29''$ and a radius of 103.70 feet, (chord bears S. $80^{\circ}33'35''$ E., 25.71 feet);

72) 182.10 feet along the arc of a curve to the left having a central angle of $26^{\circ}05'04''$ and a radius of 100.00 feet, (chord bears S. $86^{\circ}26'32''$ E., 180.53 feet);

73) N. $80^{\circ}28'36''$ E., 68.0' feet;

74) 214.98 feet along the arc of a curve to the right having a central angle of $53^{\circ}33'12''$ and a radius of 230.00 feet, (chord bears S. $72^{\circ}44'48''$ E., 207.21 feet);

75) S. $45^{\circ}58'13''$ E., 135.38 feet;

76) 222.21 feet along the arc of a curve to the left having a central angle of $31^{\circ}49'41''$ and a radius of 400.00 feet, (chord bears S. $61^{\circ}35'04''$ E., 219.36 feet);

77) S. $77^{\circ}47'56''$ E., 45.90 feet;

78) 112.10 feet along the arc of a curve to the right having a central angle of $12^{\circ}50'46''$ and a radius of 500.00 feet, (chord bears S. $71^{\circ}22'33''$ E., 111.87 feet);

79) S. $64^{\circ}57'09''$ E., 173.40 feet;

80) 90.21 feet along the arc of a curve to the right having a central angle of $64^{\circ}37'43''$ and a radius of 80.00 feet, (chord bears S. $32^{\circ}38'18''$ E., 85.53 feet);

81) S. $00^{\circ}19'27''$ E., 48.13 feet;

82) 77.96 feet along the arc of a curve to the right having a central angle of $55^{\circ}49'34''$ and a radius of 80.00 feet, (chord bears S. $27^{\circ}35'30''$ W., 74.91 feet);

83) S. $55^{\circ}30'27''$ W., 226.52 feet;

84) 150.51 feet along the arc of a curve to the left having a central angle of $107^{\circ}47'37''$ and a radius of 80.00 feet, (chord bears S. $01^{\circ}36'39''$ W., 129.27 feet);

85) S. $52^{\circ}17'09''$ E., 242.45 feet;

86) 194.54 feet along the arc of a curve to the right having a central angle of $55^{\circ}43'52''$ and a radius of 200.00 feet, (chord bears S. $24^{\circ}25'13''$ E., 186.96 feet);

87) S. $03^{\circ}26'42''$ W., 255.59 feet;

88) 167.51 feet along the arc of a curve to the left having a central angle of $47^{\circ}59'51''$ and a radius of 200.00 feet, (chord bears S. $20^{\circ}03'13''$ E., 162.69 feet);

89) S. $44^{\circ}13'08''$ E., 194.89 feet;

90) 74.63 feet along the arc of a curve to the right having a central angle of

142°12'13" and a radius of 30.00 feet, (chord bears S. 26°42'53" W., 56.82 feet);

91) N. 62°00'51" W., 195.63 feet;

92) 80.48 feet along the arc of a curve to the left having a central angle of 153°41'57" and a radius of 30.00 feet, (chord bears S. 21°08'06" W., 58.43 feet);

93) S. 55°42'31" E., 354.55 feet;

94) 120.18 feet along the arc of a curve to the right having a central angle of 74°00'57" and a radius of 100.00 feet, (chord bears S. 18°12'02" E., 120.59 feet);

95) 765.57 feet along the arc of a curve to the left having a central angle of 82°17'50" and a radius of 533.00 feet, (chord bears S. 22°50'28" E., 761.44 feet);

96) 282.30 feet along the arc of a curve to the left having a central angle of 110°07'13" and a radius of 146.87 feet, (chord bears N. 60°56'15" E., 240.81 feet);

97) 115.85 feet along the arc of a curve to the right having a central angle of 90°00'00" and a radius of 73.75 feet, (chord bears N. 50°52'54" E., 104.30 feet);

98) 283.01 feet along the arc of a curve to the right having a central angle of 17°56'48" and a radius of 903.54 feet, (chord bears S. 75°08'13" E., 281.86 feet) to a point on the Northerly right-of-way line of U.S. Highway 50 being the POINT OF TERMINATION which bears N. 87°58'29" W., 3699.62 feet from the West: One-quarter corner of said Section 35.

The sideslopes of the above described 50 foot wide easement shall be lengthened or shortened to begin on the Northerly and Easterly boundary line of said APN 7-051-78, and end on said Northerly right-of-way line of U.S. Highway 50.

Containing 14.95 acres, more or less.

Basis of Bearing:

The line between NDO's Monument Numbers 760004M and 760007M.
(N. 88°55'58" E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796 212 Elk Point Road, Suite 443
Zephyr Cove, NV 89448



**WILLIAM MICHAEL FAGEN
50' ROAD EASEMENT
LEGAL DESCRIPTION**

December 23, 2008

A 50-foot wide strip of land located within a portion of the West one half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being 25 feet on each side of the following described centerline:

BEGINNING at a point on the Southerly boundary line of Parcel 1B as shown on Record of Survey Map No. 2565, Document No. 338768, Official Records of Carson City, Nevada which bears N. 37°33'02" E., 1673.14 feet from the Southwest corner of said Section 27;

thence N. 08°21'24" W., 76.61 feet;

thence N. 00°21'07" E., 191.14 feet;

thence N. 33°42'53" E., 113.68 feet;

thence N. 12°50'41" E., 226.13 feet;

thence N. 22°32'05" E., 81.79 feet;

thence N. 04°53'19" E., 105.93 feet;

thence N. 10°18'59" W., 97.82 feet;

thence N. 03°15'39" W., 118.97 feet;

thence N. 13°20'05" E., 75.37 feet;

thence N. 26°07'32" E., 14.57 feet to a point on the Southerly boundary line of Parcel 2 as shown on Map of Division into Large Parcels, File No. , which bears S. 89°57'28" E., 1138.16' from the Southwesterly corner thereof;

thence N. 26°07'32" E., 59.71 feet;

thence N. 26°11'50" E., 180.78 feet;

thence N. 38°54'45" E., 82.53 feet;

thence N. 33°31'51" E., 85.48 feet;

thence N. 43°54'31" E., 65.98 feet;

thence N. 41°20'10" E., 93.97 feet;

thence N. 48°29'41" E., 85.92 feet;

thence N. $36^{\circ}14'04''$ E., 143.21 feet;
thence N. $45^{\circ}05'38''$ E., 49.00 feet to a point on the Easterly boundary line of said
Parcel 2 which bears N. $16^{\circ}41'39''$ W., 605.41 feet from the Southwesterly corner thereof;
thence N. $45^{\circ}05'38''$ E., 73.61 feet;
thence N. $42^{\circ}58'53''$ E., 129.50 feet;
thence N. $34^{\circ}03'23''$ E., 91.94 feet;
thence N. $44^{\circ}43'53''$ E., 18.96 feet to the POINT OF TERMINATION, being a
point on the centerline of an existing access easement per Document No. 356895, Official
Records of Carson City, Nevada, said point bears N. $54^{\circ}08'50''$ W., 980.28 feet from the
Center one-quarter corner of Section 27.

The sidelines of the above described 50-foot wide easement are to be lengthened
or shortened to terminate on the same described lines as the POINT OF BEGINNING
and POINT OF TERMINATION.

Containing 2.345 acres, more or less.

Basis of Bearing:

The line between NDOT monument numbers 760004.M1 and 760007.M1
(N. $88^{\circ}55'58''$ E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6197
Resource Concepts, Inc.
P.O. Box 11796
212 Elk Point Road, Suite 443
Zephyr Cove, NV 89448



WILLIAM MICHAEL FAGEN
DITCH EASEMENT
LEGAL DESCRIPTION

December 23, 2008

A strip of land located within a portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, for ditch non-vehicular access and maintenance and the conveyance of water APN 07-051-78, the boundaries described as follows:

BEGINNING at a point on the Southerly boundary line of Parcel 1B as shown on Record of Survey Map No. 2565, Document No. 338768, Official Records of Carson City, Nevada, which bears N. 26°26'50" E., 1482.05 feet; from the Southwest corner of said Section 27;

thence N. 21°32'50" E., 72.07 feet;

thence N. 15°39'23" E., 28.25 feet;

thence N. 13°25'15" E., 61.16 feet;

thence N. 04°32'18" W., 38.65 feet;

thence N. 15°51'05" E., 34.88 feet;

thence N. 45°25'20" E., 42.99 feet;

thence N. 27°21'04" E., 23.83 feet;

thence N. 34°24'12" E., 42.52 feet;

thence N. 16°50'22" E., 71.65 feet;

thence N. 04°08'03" E., 34.03 feet;

thence N. 15°10'03" W., 48.70 feet;

thence N. 15°40'27" E., 47.50 feet;

thence N. 10°59'37" W., 23.87 feet;

thence N. 19°02'42" E., 173.49 feet;

thence N. 19°00'01" E., 220.59 feet;

thence N. 33°47'53" E., 192.62 feet to a point on the Southerly boundary line of Parcel 2 as shown on the Map of Division into Large parcels, File No. _____, which bears S. 89°37'28" E., 1097.78' from the Southwesterly corner thereof;

thence N. 03°47'53" E., 22.55 feet;
thence N. 46°19'41" E., 332.64 feet;
thence S. 66°12'55" E., 65.47 feet;
thence S. 41°29'57" E., 198.01 feet;
thence S. 22°54'22" E., 80.42 feet to a point on said Southerly boundary line of
Parcel 2, which bears S. 89°57'28" E., 1488.33 feet from said Southwesterly corner
thereof;
thence S. 22°54'22" E., 121.47 feet;
thence N. 59°07'24" E., 23.71 feet;
thence N. 51°11'18" E., 41.63 feet;
thence N. 43°56'50" E., 45.45 feet;
thence N. 39°24'21" E., 52.28 feet to a point on said Southerly boundary line
of Parcel 2, which bears S. 89°57'28" E., 1648.46 feet from said Southwesterly corner
thereof;
thence N. 39°24'23" E., 34.96 feet;
thence N. 34°38'21" E., 53.62 feet;
thence N. 46°52'38" E., 46.50 feet;
thence N. 50°16'55" E., 33.32 feet to the POINT OF TERMINATION, said point
also being a point on the Easterly boundary line of said Parcel 2, which bears
S. 81°04'02" W., R94.74 feet from the Center one-quarter corner of said Section 27.

Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M
(N. 88°55'58" E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
212 Elka Point Road, Suite 443
Zephyr Cove, NV 89448



Exhibit F

**1872 Decree of Clear Creek Water Rights
And
1870 Recordation of "Neal's Flume"**

1. In the following documents Horse Creek Ranch is represented by the entry for "John Neal" whose 1872 adjudicated surface water rights represent 6% of the flow of Clear Creek. The chain of registered title for said water rights has been continuously updated ever since and is current and complete to William Michael Fagen as of May 2005.
2. "Neal's Flume or Ditch" was originally recorded in April 1870, (Book 13, p. 55, CC-PP&M, as follows), and was resurveyed and rerecorded in Carson City Document # 338775 on June 28, 2005. This easement's current legal description is given immediately above as the last entry in Exhibit E.

1872 Decreed Owners	Portion of Flow, %
→ John Neal (JN)	6.00
John Wood (JW)	2.20
William H. Winters (WHW)	6.50
Rowland Varnum (RV)	2.50
Henry Ross (HR)	19.00
A. W. Burrill (AWB)	16.00
E. H. Canon (EHC)	2.80
Dangberg and Schulz (D&S)	7.75
William Wilford Estate (WW)	7.00
Samuel Small (SS)	7.00
Dangberg and Schulz (D&S)	20.25
James Cuthbert (JC)	3.00
TOTAL	100.00

Table I. Owners and Their Clear Creek Allocations According to the 1872 Decree.

58



Book B, P.P.M.

55

State of Nevada
 County of Storey. I, John S. Neal of said County and State of Nevada, and County of Storey, being a citizen of said County and State of Nevada, and being a citizen of the United States of America, do hereby declare and swear that I, John S. Neal, whose name is attached to the foregoing instrument as a party, doth make and personally know to me to be true and correct the instrument described in and who executed the foregoing instrument and, he doth acknowledge to me that he executed the same freely and voluntarily and for the uses and purposes herein mentioned.

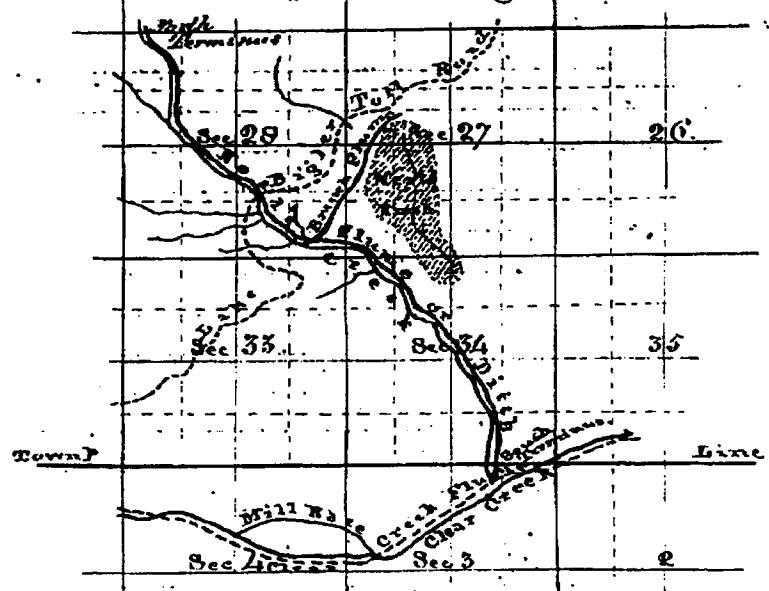
Swearing whereof I have hereunto set my hand and affixed my
 (i.) official seal at my office in said County the day and year in this
 instrument first above written.

John S. Neal Notary Public

Price, 12th April 1870 and I, John S. Neal, Notary Public, do hereby certify and declare by virtue of my commission, to appear in Court and swear to the foregoing instrument, that the same was executed by John S. Neal, Notary Public, of the County of Storey, State of Nevada, on the 12th day of April, 1870, and that the same is true.

John S. Neal Notary Public

PLAT of "NEAL'S FLUME or DITCH"
 Township XIV. N. Range XIX. E.



Township XIV. N. Range XIX. E.

Know all men by these presents that I, John S. Neal of Storey County, Nevada, being desirous of maintaining and conserving a Ditch or Flume in the County of Storey State of Nevada, and having by virtue of an act of the Legislature of the State of Nevada in that year then and there approved, 3rd March 1866, and the act amending the same, do hereby certify and declare that the name by which it shall be known shall be the "Neal Flume or Ditch". That the upper or back terminus of the same shall be

500

W.M.F. 8/25

156

at or near where a creek or branch flowing into Bear Creek crosses
the South line of Section 10. Mid quarter of Section 10. Township 15
Bear Range 19. East line extending from the junction of Bear
Creek South Boundary until the stream crosses the line of Bear Creek.
Creek flows by passing through Section 27 & 28 & 34 in Township 15.
Range 19. S. and Section 3 in Township 16. Mid quarter East to the
South line of Bear Creek and ditch at line intersecting same
with the Bear Creek. Bear Creek and Bear Creek about 1 mile from
a point on said Section 28 and extending South Boundary as a boundary
equal to my Ranches said Section 27. And as nearly as possible
foregoing plat as showing the boundaries of said Ranches. Ditch and
all general course and direction and I do hereby claim the right
desert and new growth of grass and timber in the ditch of the former
boundary so far as I may claim any property in said ditches or
deserts and for which the said property is to be treated and for which the property
may be used and by me.

As witness my hand and seal this 27th day of April 1870.

John Atwell (23)

State of Nevada

County of Orange, on the twenty ninth day of April in the
thousand eight hundred and seventy four. James O'Ging a citizen
of this and other County residing in the County of Orange
and town personally appears before me this day and doth
scrawl to the annexed instrument and certify that the same
personally known to me to be his original handwriting and
executed the annexed instrument in the County of Orange
that he executed the same fully and voluntarily and for the
and purpose therein mentioned.

Considering whereof I have written at my hand and affixing
my Official Seal at my Office in said County this day of
January in the year of our Lord one thousand eight hundred and
forty seven.

March 15 to 28 and April 1870. Persons commanding officers etc
original were Capt. J. Bent, Pennsylvania Cavalry, Commissary - Cavalry
and others of Pennsylvania & Connecticut Cavalry

Exhibit C

From: Kimberly Adams
To: Guzman, Juan
CC: Dawley, Dave
Date: 3/9/2009 9:33 AM
Subject: Re: Horsecreek CE

Good Morning Juan,

The Conservation Easement will not affect the taxes in any way. These parcels will remain agricultural and will continue to receive the agricultural deferment. From what we understand Mr. Fagen will not be able to build anything on the areas affected by the Conservation Easement, but will however, be able to continue using that land for agricultural use. If at any time the other remainder portion is converted to a higher use the agricultural deferred taxes will become due.

I hope this answers your question. Let me know if there is anything else you may need.

Thanks.

Kimberly D. Adams
Senior Property Appraiser
KAdams@ci.carson-city.nv.us

Carson City Assessor's Office
201 N. Carson St. Ste. 6
Carson City, NV 89701
775-887-2000 ext. 30037

>>> Juan Guzman 3/6/2009 2:19 PM >>>

Hi Dave or Kim:

Can you write me a sentence to incorporate in the staff report for March 19 regarding the Taxes that Mr. Fagen Pays and the effect of the Conservation Easement on the 3 properties. I want to tell the BOS that we do not lose the taxes even when small, since the lands remains private rather than public. Thanks in anticipation.

Juan F. Guzman
Open Space / Property Manager
Carson City Parks & Recreation Dept.
3303 Butti Way, #9
Carson City, NV 89701
T: 775-887-2115 x1004
F: 775-887-2145

Exhibit D



JOHN S. WRIGHT & ASSOCIATES

REAL ESTATE APPRAISALS AND CONSULTING
1344 Disc Drive #460, Sparks, Nevada 89436

Phone: 775-353-2685
Fax: 775-353-2686

March 6, 2009

Mr. Juan Guzman, Open Space Manager
Carson City Parks & Recreation Department
Parks Division
3303 Butti Way, Building 9
Carson City, NV 89701

Via email: JGuzman@ci.carson-city.nv.us

RE: Horse Creek Ranch Review

Dear Mr. Guzman:

Pursuant to your request, I have undertaken a review of a December 22, 2008 appraisal of the Horse Creek Ranch property owned by the Michael William Fagan Trust located south of Kings Canyon Road in Carson City, Nevada. The report being reviewed includes an original appraisal as well as a February 24, 2009 supplemental analysis. The reports were prepared by Mr. William G. Kimmel, MAI, SREA at the behest of Mr. W. Michael Fagan, the property owner. The purpose of the appraisal and the subsequent supplemental analysis, was to derive an opinion of the value of a conservation easement to be acquired across a portion of the Horse Creek Ranch property. In the original report, the conservation easement was to encumber $121\pm$ acres of the $201\pm$ acre site. In the supplemental analysis, the size of the easement had been increased to $175.33\pm$ acres.

The scope of work of the review was to inspect the subject property as well as review the comparable sales utilized by the appraiser. Furthermore, I have completed sales research in Washoe County, Carson City and Douglas County to ascertain if there are any more recent or "better" sales that should have been utilized. To date, this work has been completed. I am in the process of writing the final review report which will be delivered to you on or before Tuesday, March 10, 2009. The purpose of this letter is to provide you with my conclusions which will be further enumerated in the final review report.

JSWA

Mr. Juan Guzman

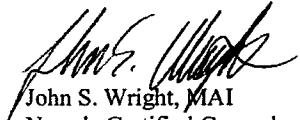
2

March 6, 2009

Based upon all of the available data, I have concluded that Mr. Kimmel's analysis as contained in the February 24, 2009 supplemental report, are reasonable and that Carson City would have been justified in paying \$1,100,000 for acquisition of a 175.33± acre conservation easement on the subject property, as of December 22, 2008.

I hope that this interim letter is of assistance, but should you have any additional questions, please don't hesitate to contact me.

Respectfully submitted,



John S. Wright, MAI
Nevada Certified General
License Number A.0000191-CG



JSWA



JOHN S. WRIGHT & ASSOCIATES
REAL ESTATE APPRAISALS AND CONSULTING

A REVIEW OF A
**SUMMARY APPRAISAL REPORT
AND SUPPLEMENTAL ANALYSIS
OF A PROPOSED
CONSERVATION EASEMENT
ACROSS A PORTION OF THE
HORSE CREEK RANCH**

Located
South of Kings Canyon Road
Approximately 2,000 Feet North of U.S Highway 50
Carson City, Nevada

Owned By
The Michael William Fagan Trust

Prepared for
Mr. Juan F. Guzman, Open Space Manager
Carson City
Parks & Recreation Department
3303 Butti Way, Building #9
Carson City, NV 89701

Serving Northern Nevada

Mailing Address:
1344 Disc Drive, #460
Sparks, Nevada 89436

Phone: 775-353-2685
Fax: 775-353-2686

JSWA



JOHN S. WRIGHT & ASSOCIATES

REAL ESTATE APPRAISALS AND CONSULTING
1344 Disc Drive #460, Sparks, Nevada 89436

Phone: 775-353-2685
Fax: 775-353-2686

March 9, 2009

Mr. Juan F. Guzman
Open Space Manager
Parks & Recreation Department
3303 Butti Way, Building #9
Carson City, NV 89701

RE: Review of a summary appraisal report and supplemental analysis of a conservation easement across a portion of the Horse Creek Ranch, Carson City, Nevada.

Dear Mr. Guzman:

This is in response to your request for a full field review of a summary appraisal report and supplemental analysis addressing the Market Value of a $175.33\pm$ acre conservation easement across the $201\pm$ acre Horse Creek Ranch located south of Kings Canyon Road, approximately 2,000 feet north of U.S. Highway 50 East, Carson City, Nevada. The subject property, which is owned by the Michael William Fagan Trust of 2005, may be further identified as a portion of Assessor's Parcel Number 007-051-78. The appraisal report being reviewed is dated December 22, 2008 and utilizes a December 22, 2008 effective date of valuation. The original report addressed a $121\pm$ acre easement. On February 24, 2009, a supplemental analysis was completed, increasing the size of the easement from $121\pm$ acres to $175.33\pm$ acres.

The analyses being reviewed were prepared by Mr. William G. Kimmel, MAI, SREA, a Certified General Appraiser licensed in the state of Nevada. The reports were prepared for Mr. W. Michael Fagan, the owner of the property. For reasons stated within the attached report, after reviewing the appraisal and supplemental analysis, as well as completing an onsite inspection of the subject and completing additional data research, it is the undersigned's opinion that as a general statement, the appraisal and supplemental analysis were completed in a thorough and competent manner, typical of that which would be expected from a professional real estate appraiser. Furthermore, based upon the definition of Value contained within the report, it is the undersigned's opinion that the supplemental analysis adequately addresses the Market Value of the $175.33\pm$ acre Conservation Easement as of December 22, 2008.

This review has been based on the following extraordinary assumptions:

- 1) In completing the appraisal report as well as the supplemental analysis and this review, a preliminary title report on the subject property was not available to the undersigned. A physical

JSWA

inspection of the subject did not reveal overt signs of any easements encumbering the site, other than the existence of Kings Canyon Road crossing the subject property. This review is based upon the extraordinary assumption that there are no easements or other encumbrances which would adversely impact the value of the subject property.

- 2) As indicated, the acquisition by Carson City, would be one of a conservation easement. As a limiting condition of this report, the following restrictions for this conservation easement will be present:
 - a) The property must remain as general agricultural use
 - b) The easement area will not be open for use of the general public;
 - c) The existing agricultural buildings may remain on the property, or they may be demolished. If they are demolished, then a new residential building, not to exceed 3,400± square feet of building and impervious coverage, can be constructed onsite, except not in the meadow area.
 - d) There would be road easements from the 121± acre parcel through the property to the north to allow access to Kings Canyon Road.

The appraisal report, the supplemental analysis and this review were not based upon any hypothetical conditions. This review is not based upon any contingencies. This review incorporates by reference the Kimmel appraisal report as well as the supplemental analysis. This review can only be fully understood when utilized in conjunction with these two documents. This review report was completed in conformance with Standards Rule 3 of the Uniform Standards of Professional Appraisal Practice.

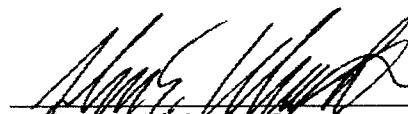
Overall, based upon the available data, the following significant conclusions have been derived based upon my review of the appraisal report and supplemental analysis, as well as based upon the additional data research and the onsite inspection which I performed in conjunction with this analysis:

- 1) The appraisal report and supplemental analysis were prepared in conformance with current professional appraisal practices. The appraiser who prepared the report is licensed by the state of Nevada, possesses an appropriate professional certification and has appraisal experience in the relative geographic area in which the appraisal was performed.
- 2) The appraisal report and supplemental analysis conformed to recognize appraisal principles and practices including the Uniform Standards of Professional Appraisal Practice and the Uniform Appraisal Standards for Federal Land Acquisitions, except as noted in this review. Where the reports under review do not conform with the standards, the deviations are minor and they do not affect the readability or reliability of the report.
- 3) The report, as amended, presents adequate factual data and in sufficient amount to support the conclusions reach therein, and the conclusions are related to those facts in such a manner that I was able to follow the rationale to the same relative conclusion of value.
- 4) Some minor typographical errors were noted which do not adversely impact the readability or reliability of the report.

Based upon the available data, it is the undersigned's opinion that the appraisal report presents a thorough and complete analysis of the appraisal problem, and that based upon the burden of the conservation easement, Carson City would be reasonably justified in paying the William Michael Fagan

Trust of 2005 \$1,100,000 for acquisition of the conservation easement across 175.33± acres of the Horse Creek Ranch, as of December 22, 2008.

Respectfully submitted,



John S. Wright, M.A.
Nevada Certified General
License Number A.0000191-CG

JSW/mm

INTRODUCTION

Purpose of Review

This assignment was completed to develop and report a credible opinion as to the quality of the appraisal report and supplemental analysis under review, as well as to derive my opinion with regard to the reasonableness of the conclusion derived in the report with regard to the fair market value of the conservation easement to be acquired, as of the December 22, 2008 effective date of valuation.

Client	Carson City
Intended Users	Carson City, the William Michael Fagan Trust of 2005 as well as their subsidiaries, heirs and assigns.
Intended Use of Review	The review was prepared to assist the intended users in completing the acquisition of the conservation easement. As this report was not prepared for a federally regulated financial institution, it does not meet the requirements of the Financial Institution's Reform, Recovery and Enforcement Act of 1989 (FIRREA) and may not be utilized for a federally regulated transaction.

Scope of the Review

The following review has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Nevada State law. The following report complies with the requirements set forth under Standards Rule 3-2 of USPAP for an appraisal review. This review is presented in a summary format. As a result, it presents only summary discussions of the data, reasoning and analyses that were used in the review process to develop the opinions of value. Additional supporting documentation concerning the data, reasoning and analyses is retained in my file and is available for inspection upon request. The depth of discussion contained in this report is specific to the needs of the intended users and for the intended use stated above.

In completing this review, the following steps were taken:

- 1) I read the summary appraisal report and supplemental analysis on the conservation easement prepared by Mr. William G. Kimmel, MAI, SREA. The appraisal report was dated December 22, 2008 while the supplemental analysis was dated February 24, 2009. Both documents utilized a December 22, 2008 effective date of valuation.

- 2) I completed an inspection of the subject property.
- 3) I inspected the comparable land sales utilized in the report.
- 4) I researched additional land sales to ascertain whether the appraiser utilized the best sales available.
- 5) I considered the burden of the conservation easement and reviewed the appraiser's highest and best use analysis in order to determine the rights that would be restricted under the conservation easement.
- 7) I reviewed the appraiser's land sales and the adjustments to the land sales to ascertain whether the concluded unit value appears reasonable.
- 8) I considered the appraiser's analysis of the burden of the easement to ascertain if the conclusions derived in the report and supplemental analysis were reasonable.
- 9) The review report was written

Market Value Defined

As utilized in this report, "Value" is defined as the highest price, on the date of valuation, that would be agreed to by a seller who is willing to sell on the open market and has reasonable time to find a purchaser, and a buyer who is ready, willing and able to buy if both the seller and the buyer had full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. In determining value, except as otherwise provided in this subsection, the property sought to be condemned must be valued at its highest and best use without considering any future dedication requirements imposed by the entity that is taking the property. If the property is condemned primarily for a profit-making purpose, the property sought to be condemned must be valued at the use to which the entity that is condemning the property intends to put the property, if such use results in a higher value for the property.¹

Interest Appraised

The appraisal report in this review addresses the acquisition of certain rights from the fee simple interest in the property that will be encumbered through a conservation easement.

¹ NRS 37.009 (6)

Definition of Conservation Easement

A restriction that limits the future use of a property to preservation, conservation or wildlife habitat.

Effective Date of Valuation

December 22, 2008

Date of Review Report

March 6, 2009

Extraordinary Assumptions

An extraordinary assumption is defined as: "An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.² In addition to the general assumptions and limiting conditions contained at the end of this report, this appraisal has been prepared subject to the following extraordinary assumptions:

- 1) In completing the appraisal report as well as the supplemental analysis and this review, a preliminary title report on the subject property was not available to the undersigned. A physical inspection of the subject did not reveal overt signs of any easements encumbering the site, other than the existence of Kings Canyon Road crossing the subject property. This review is based upon the extraordinary assumption that there are no easements or other encumbrances which would adversely impact the value of the subject property.
- 2) As indicated by the acquisition by Carson City, would be one of a conservation easement. As a limiting condition of this report, the following restrictions for this conservation easement will be present:
 - a) The property must remain as general agricultural use
 - b) The easement area will not be open for use of the general public;
 - c) The existing agricultural buildings may remain on the property, or they may be demolished. If they are demolished, then a new residential building, not to exceed 3,400± square feet of building and impervious coverage, can be constructed onsite, except not in the meadow area.
 - d) There would be road easements from the 121± acre parcel through the property to the north to allow access to Kings Canyon Road.

² USPAP 2008-2009 Edition (c), Definitions; The Appraisal Foundation, page U-3.

Hypothetical Conditions

A hypothetical condition is defined as "that which is contrary to what exists but is supposed for the purpose of analysis."³ **Neither this review report nor the appraisal report nor supplemental analysis under review utilized any hypothetical conditions.**

Although the appraiser identified Extraordinary Assumption #2 set out previously as a hypothetical condition, it is the undersigned's opinion that this is an extraordinary assumption and not a hypothetical condition. As a result, it has not been identified as such in this review.

Contingencies	None
Scope of Work	This review, as well as the original report and supplemental analysis were the result of a comprehensive scope of work that were not limited by artificial means.

Comments on Introductory Data

The original appraisal report prepared by Mr. Kimmel adequately identifies the report type (summary report), the client, the appraiser, the subject property, the purpose of the appraisal, the value definition being utilized, the definition of a conservation easement, the intended users and use of the report, the interest being appraised, the effective date of value, the date of the report and the scope of work involved in the assignment. As noted previously, the appraiser identifies a hypothetical condition under a heading "special limiting conditions – hypothetical conditions." It is the undersigned's opinion that the discussion of the burden of the conservation easements represents an extraordinary assumption, since this is something which the appraiser believes is true, but if not true would alter the value conclusions. This is the definition of the extraordinary assumption as opposed to a hypothetical condition, which is something the appraiser know to not be true that is assumed to be true for analysis purposes. Overall, this differential is felt to be semantical in nature and does not materially affect the readability or the reliability of the report.

³ USPAP 2008-2009 Edition (c), Definitions; The Appraisal Foundation, page U-3.

Area Analysis

On pages 7 through 22 of the report, the appraiser presents a description of the Carson City area. This area description is based primarily upon data current through the end of 2007. This is felt to be reasonable since the report was prepared prior to the end of 2008. As a general statement, the Carson City area real estate markets have been experiencing a similar downturn as is being experienced throughout northern Nevada. However, with very little new housing supply within the confines of Carson City, house prices have not dropped as significantly as in other markets. With the steady influence of governmental employment, it is anticipated that Carson City will experience less market fluctuations than other markets in northern Nevada. This should result in long-term, slow steady growth in the Carson City area.

Submarket

On page 23 of the report, the appraiser presents a map of the subject's submarket. This is followed on pages 30 and 31 with a description of the submarket. The appraisal notes that the subject property is located west of the urban portion of Carson City and approximately $\frac{1}{2}$ mile north of U.S. Highway 50. The appraiser notes that the immediate submarket is relatively undeveloped. Utilities are marginally available. Overall, it is the undersigned's opinion that the description of the submarket is adequate considering the scope of work involved in the assignment.

Property Identification and Description

On pages 24 through 29 of the report, the appraiser presents photographs of the subject property. These photographs adequately depict the subject, which includes both mountainous areas surrounding three sides of a mountain meadow. The meadow continues on to the south, crossing adjoining property, providing the subject with views of the Sierra Nevada Mountains including Job's Peak to the south. A written description of the subject is set forth on pages 32 through 34 of the report. In this section of the report, the subject's location is identified as is the owner of record. The appraiser notes that there have been no recent sales or listings of the subject property in the past three years. However, Carson City purchased approximately $364.9\pm$ acres of land from the William Michael Fagan Trust in June 2005 for \$7,800 per acre. It should be noted that the property purchased was very mountainous and was not as developable as the subject, nor did it include the amenity of the mountain meadow.

The property identification and description section identifies the larger parcel from which the conservation easement is to be acquired, as Assessor's Parcel Number 007-051-78. It is noted that the subject has varying topography with the westerly and northerly portions being steep but the central and southerly portions being a sloping mountain meadow. The subject property is not encumbered by any recognized floodplains. Power and telephone are available to the subject submarket. Sewer service would be provided by an onsite septic system with water provided by an onsite well. The appraiser notes that there are water rights from springs and Clear Creek that are utilized to irrigate the meadow area. These water rights are not being encumbered as part of the conservation easement, and as a result were not valued in the valuation analysis.

The subject property is zoned CR (Conservation Reserve). This is a Carson City zoning allowing one dwelling unit per 20 acres of land area. With a total site size of $201\pm$ acres on the larger parcel, the site could be developed with up to 10 homesites. The conservation easement, as revised, will encumber $175.33\pm$ acres. This would allow for development of the subject with 8.7 homesites. As the site would allow more than $8\frac{1}{2}$ homesites, under Carson City's practices, the conservation easement area could probably have been developed with 8 to 9 homesites. In the after condition, the remainder parcels could each be developed with a single homesite, and the conservation easement allows development of the area encumbered by the conservation easement with one homesite. Essentially, acquisition of the conservation easement would reduce the development potential of the $201\pm$ acre site from 10 homesites to 3 homesites.

As presently proposed, the subject property will be subdivided into three parcels. Parcels 1 and 2, which will have frontage on Kings Canyon Road, will each be 40 acres in size. Parcel 3 will encumber the remaining $121\pm$ acres of the site and will include most of the meadow area. As presently proposed, all of Parcel 3 ($121\pm$ acres) will be encumbered by the conservation easement. Furthermore, the conservation easement will encompass $25.548\pm$ acres of Parcel 1, as well as $28.785\pm$ acres of Parcel 2. This results in a total land area for the conservation easement of $175.33\pm$ acres.

The appraiser notes that the larger subject property currently has access from Kings Canyon Road to the north, or across the Schultz property to the east back to U.S. Highway 50 to the south. At the present time, there are some old improvements on the subject including a bunkhouse and storage shed plus some

corrals and fencing. The buildings were not judged to contribute any value to the property. The conservation easement allows for either demolition of these older buildings or the improvement of a new residence within the conservation easement as long as it does not exceed 3,400± square feet of building coverage. Furthermore, development will not be allowed in the meadow area after the conservation easement is acquired.

In discussions with Mr. Juan Guzman, it was indicated to the undersigned that the primary purpose for purchasing the conservation easement is to maintain an important area of Carson City's watershed. Furthermore, purchase of the conservation easement will maintain this historic area, which was utilized as a stopping point in travel over the Carson Range of the Sierra Nevada Mountains toward Lake Tahoe. The conservation easement will ensure that the meadow area will never be developed.

Overall, it is the undersigned's opinion that the description of the subject property is adequate to provide the reader with a visual and written description of the site.

Highest and Best Use

On pages 35 through 37 of the report, the appraiser concludes that the highest and best use of the subject property would be for rural residential utilization. I concur with this assessment. Overall, the highest and best use analysis is felt to be adequate.

Valuation of Conservation Easement

On pages 38 through 47 of the report, the appraiser derives a value for the fee interest in the conservation easement and then analyzes the burden of the conservation easement to derive a value for the easement. On page 39 of the report, the appraiser presents six land sales. The sales occurred between October 2003 and December 2006. The properties range in size from 19.56± acres to 364.9± acres as compared with the then size of the conservation easement of 121± acres. The size of the easement was increased to 175.33± acres in the February 2009 supplemental analysis. The sales were taken from a variety of locations including Alpine County, California; Douglas County, Nevada and Carson City, Nevada. The comparables illustrate selling prices of \$3,700 per acre to \$21,217 per acre. Based upon a qualitative analysis, the appraiser concludes a value for the subject of \$12,000 per acre.

In completing this review, I researched additional sales in Douglas County, Carson City and Washoe County, Nevada. Furthermore, I contacted several appraisers in the northern Nevada area and received sales information from other counties in California. A review of the available data did not indicate any additional sales that would be "better comparables" for the subject. As a result, I concur with the appraiser's selection of the sales utilized in the report.

With regard to the analysis of the sales, the appraiser utilized a qualitative analysis. This is also felt to be reasonable, as there is insufficient data to derive quantitative adjustments. Furthermore, considering that the definition utilized by the appraiser, as required by Nevada Revised Statutes, as being the "highest price", I concur with the appraiser's value conclusion.

To value the conservation easement, the appraiser presents two sales of larger acreage single homesites, as this would be the only use allowable within the conservation easement in the after condition. Based upon his analysis, he concludes a value for the homesite of \$700,000. This is a highly subjective analysis due to a lack of sales of truly comparable sites. My research did not uncover any "better" sales. Furthermore, in reviewing the appraiser's analysis, it would appear reasonable.

In the supplemental analysis, the appraiser concludes that with the increase in the conservation easement, a value of \$12,000 per acre would still be appropriate. Based upon the available data, I concur with this conclusion. With a development potential of 8 to 9 homesites, the fee value of the conservation easement would be between \$234,000 per site and \$263,000 per site, which is similar to the \$242,000 per site derived in the original report. With a larger land area (175.33± acres versus 121± acres) the appraiser concludes a value for the single homesite allowable on the conservation easement property in the after condition, of \$1,000,000. This compares with the \$700,000 derived in the original report.

With a value of \$12,000 per acre, the fee value of the conservation easement acquisition area (175.33± acres) was as concluded to be \$2,104,000. With a value for the property as burdened by the conservation easement of \$1,100,000, this would leave a value for the conservation easement of \$1,104,000, which was rounded to \$1,000,000. Overall, it is the undersigned's opinion that this value

conclusion is reasonable and that Carson City would be justified in relying upon this value conclusion as the basis for purchasing the conservation easement.

Exposure/Marketing Time

The appraiser concludes an appropriate exposure/marketing time for the subject of one year. It should be noted that USPAP addresses exposure time, while the Uniform Appraisal Standards for Federal Land Acquisitions does not address either marketing time or exposure time. In fact, the Uniform Appraisal Standards for Federal Land Acquisitions indicates that the value should not be linked to a marketing time. As a result, in this instance, the report may not comply with the Uniform Appraisal Standards for Federal Land Acquisitions. However, this area of potential noncompliance is not felt to materially affect the analysis or value conclusions.

Certification

The appraisal presents a signed certification in accordance with USPAP and Nevada state law. The certification indicates that the appraiser does not have any present or prospective interest in the property nor any personal interest with respect to the parties involved. The certification notes that the appraiser is a Certified General Appraiser. Furthermore, the certification notes that the appraiser's employment and payment is not contingent upon the value derived. The certification notes that the appraiser's license has not been revoked, suspended, cancelled or restricted. Furthermore, the appraiser made a personal inspection of the property which is the subject of the report.

Summary and Conclusion

Overall, based upon the available data, it is the undersigned's opinion that the appraiser concluded a competent appraisal of the subject property. The appraisal problem is extremely difficult due to very limited sales data and due to significant differences between the subject and the comparable sales. The subject property comprises a unique ownership as a result of the mountain meadow and the beautiful views from the site. Furthermore, the subject includes areas outside the meadow that could be available for development. The property has water rights that could also be utilized to subdivide and develop the site. On the other hand, the property has limited access and limited utility availability. With very limited sales data available for the valuation process, the value conclusions become highly subjective. However, the conclusions appear reasonable. Furthermore, the appraisal appears to meet the

requirements of Attachment Q1-AG: Appraisal Guidelines pursuant to Chapter 6 of Statutes of Nevada 2001 provided the undersigned by Carson City. As the appraisal was prepared for use by Carson City, as opposed to Nevada State Lands, it is my understanding that Carson City representatives accompanied the appraiser on an inspection of the subject property, as opposed to Nevada State Lands personnel.

I hope that this review is of assistance and should you have any additional questions, please do not hesitate to contact me. In conclusion, based upon the available data, I have concluded that the value of the subject's conservation easement, as of December 22, 2008, as derived in the February 24, 2009 supplemental analysis prepared by Mr. William G. Kimmel, MAI, SREA of \$1,100,000 is reasonable.

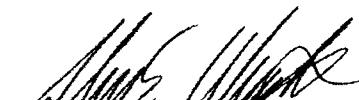
VALUE OF ACQUISITION EASEMENT **\$1,100,000**
(175.33± acres of the Horse Creek Ranch)

APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, to the best of my knowledge and belief:

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to any 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 is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- 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*.
- I have made a personal inspection of the subject property of the work under review.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The review was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- 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, John S. Wright has completed the continuing education program of the Appraisal Institute.

Respectfully submitted,



John S. Wright, MAI
Nevada Certified General
License Number 00191

March 6, 2009

Date

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:

The liability of John S. Wright, MAI 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. The appraiser is not 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.

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. The appraisal report remains the property of the appraiser, though it may be used by the client in accordance with these assumptions and limiting conditions.

The By-Laws and Regulations of the Appraisal Institute require each Member to control the use and distribution of each appraisal report signed by such Member. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select. However, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the appraiser. Neither all nor any part of this appraisal report shall be disseminated to the general public by use of advertising media, public relations media, news media, sales media, or any other media for public communication without the prior written consent of the appraisal firm.

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. The appraiser shall bear no responsibility for any unauthorized changes.

CONFIDENTIALITY:

Except as provided for subsequently, the appraiser may not divulge the analyses, opinions or conclusions developed in the appraisal report, nor may he 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 or the State of Nevada 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.

The appraiser may be requested to submit copies of work to bona fide financial institutions in order to be approved to complete appraisal work for their institution. When requested, the appraiser will contact the client to obtain release to disseminate copies of the report to requesting institutions. Requests for dissemination will be controlled by the client; however, approval to disseminate the report will not be unreasonably withheld. Any reports disseminated to requesting financial institutions would be edited to remove specific references to the subject property's name, location and owner. Additionally, any specific reference to the client will also be deleted.

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. The appraiser is not liable for any information or the work product provided by subcontractors. 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. 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 appraiser or anyone 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 because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser nor anyone 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 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. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS:

No responsibility is assumed by the appraiser 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, 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 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 or 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, it is strongly suggested 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 apparent or unapparent conditions on the property site or improvements, other than those stated in the report, which would materially alter the value of the subject. 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.

AMERICANS WITH DISABILITIES ACT:

The Americans with Disabilities Act became effective on January 26, 1992. Unless otherwise noted in this report, I have not made a specific compliance survey or analysis of this property to determine whether or not it is conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, would reveal that the property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property as derived in the attached report. Since I have no direct evidence relating to this issue, and since I am not an expert at identifying whether a property complies or does not comply with the ADA, unless otherwise stated in the report, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Before committing funds to any property, it is strongly advised that appropriate experts be employed to ascertain whether the existing improvements, if any, comply with the ADA. Should the improvements be found to not comply with the ADA, a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

TOXIC MATERIALS AND HAZARDS:

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, 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 toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reappraisal 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-soils 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, sub-surface rights (minerals and oil) were not considered in making this appraisal. 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. The appraiser is not liable for any problems arising from soil conditions. Therefore, it is strongly advised that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser 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.

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.

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 a good and workmanlike manner in accord with plans, specifications or other information supplied to this appraiser and as set forth in the appraisal report. 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 FOR SERVICES

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.

CHANGES AND MODIFICATIONS

The appraiser reserves the right to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new factors pertinent to the appraisal process are discovered which were unknown when the appraisal report was prepared.

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
JOHN S. WRIGHT

Professional Designation

MAI - Member of Appraisal Institute 1992

State Licensing and Certification

Certified General Appraiser - State of Nevada 1991
 License Number A.0000191-CG 1991
 (Certified through May 31, 2007)

Formal Education

Lake Tahoe Community College, South Lake Tahoe, CA 1979
 University of Illinois, Urbana 1979-1983
 B. F. A., Theater Management:
 Courses in Business Administration, Economics, Accounting
 and Business Law; Graduated with Honors

Appraisal Education and Technical Training

Appraisal Institute
 Course 1A-1 "Real Estate Appraisal Principles"
 Course 1A-2 "Basic Valuation Procedures"
 University of San Diego, California
 Course 1B-A, "Capitalization Theory, Part A"
 Course 1B-B, "Capitalization Theory, Part B"
 Arizona State University, Tempe
 Course 2-1, "Case Studies in Real Estate Valuation"
 Course 2-2, "Reporting Writing and Valuation Analysis"
 University of Colorado
 Course 2-3, "Standards of Professional Practice"
 Sacramento, California
 Course 330 "Apartment Appraisals"
 Online Course
 Course 400 "USPAP Update 2005"
 Reno, NV
 Course 520, "Highest and Best Use and Market Studies"
 University of San Diego, California
 Course 710, "Condemnation Appraising: Basic Principles and Applications"
 Sacramento, CA
 Course 720, "Condemnation Appraising: Advanced Topics and Applications"
 Sacramento, CA
 Course 430, Part C, "Standards of Professional Practice"
 Reno, NV

QUALIFICATIONS OF APPRAISER

JOHN S. WRIGHT

Selected Seminars

American Institute of Real Estate Appraisers
 Appraising in a Regulated Environment
 The Art of Appraising
 The Electronic Spreadsheet in the Appraisal Office
 Highest and Best Use

Appraisal Institute

Maximizing the Value of an Appraisal Practice
 Environmental Risk and the Real Estate Appraisal Process
 Understanding Limited Appraisals and Appraisal Reporting Options-General
 Fair Lending and the Appraiser
 Appraising Detrimental Conditions
 Litigation Skills for the Appraiser
 Case Studies in Limited Partnership and Common Tenancy Valuation
 Introduction to GSI Applications for Real Estate Appraisal

Society of Real Estate Appraisers

R-41C and the Appraiser
 Nevada Appraisal Law and Licensing

Occupational History

Nevada State Bank, Review Appraiser	06-2008 to Present
John S. Wright & Associates Owner	11-2002 to Present
Wright, Warren & Schiffmacher, LLC	1997-2002
John S. Wright, MAI, Real Estate Appraiser and Consultant, Owner	1994-1996
Johnson-Wright & Associates Senior Appraiser	1984-1994
Hartford Ballet/Connecticut Opera Production Stage Manager/Company Manager	1983-1984
National Ballet of Illinois Production Stage Manager/Company Manager	1976-1980

Offices Held

Appointment/Commission – State of Nevada	07/01/01 thru 10/31/2004
Commission of Appraisers of Real Estate President	2002 to 2004
Reno-Carson Chapter Appraisal Institute: Chapter Secretary	1993
Chapter Vice President	1994
Chapter President	1995

Qualified as an Expert Witness

U. S. Bankruptcy Court, Reno, Nevada
 District Court, Washoe County, Nevada

QUALIFICATIONS OF APPRAISER JOHN S. WRIGHT

REPRESENTATIVE APPRAISAL CLIENTS

Airport Authority of Washoe County	Internal Revenue Service
Aegon USA Realty Advisors, Inc.	Key Bank
AMI Capital	Nevada Community Redevelopment Corp.
Bailey & Dutton	Nevada Security Bank
Bank of America	Nevada State Bank
Bank of New York	Nevada State Department of Transportation
Bank of the West	Northern Nevada Bank
City of Reno	Prudential Huntoon Paige
City of Sparks	Regional Transportation Commission
Comerica Bank	Reno-Sparks Convention Authority
Colonial Bank	Shearson American Express
Construction Lending Corp. of America	Sierra Pacific Power Company
Denver & Rio Grand Western Railroad	Somersett Development Company
Dept. of Housing & Urban Development (HUD)	Specialty Financial Corporation
Dermody Properties	TRI Capital
Federal Deposit Insurance Corporation	U. S. Bank
First Bank & Trust	University of Nevada
First Independent Bank	Wade Development
1 st National Bank of Nevada	Washoe County
GMAC Commercial Mortgage	Washoe County Public Administrator
Great Basin Bank of Nevada	Washoe County School District
Housing Capital Company	Wells Fargo Bank

TYPES OF PROPERTIES APPRAISED

Various Types of Vacant Land	Residential Subdivisions
Apartment Complexes	Rooming Houses
Office Buildings	Retail-Commercial Buildings
Industrial Buildings	Hotel-Casinos
Motels	Special Use Properties
Shopping Centers	

When Recorded Mail To:

William Michael Fagen 2005 Trust
William Michael Fagen, Trustee
15925 Caswell Lane
Reno NV 89511

Juan F. Guzman
Open Space Manager
Carson City Parks & Recreation Department
3303 Butti Way, Building #9
Carson City, NV 89701

Note: This is the first page of the conservation easement. The complete conservation easement is provided elsewhere in the Board packet. It is not provided here in order to reduce the amount of repetitive information.

DEED OF AGRICULTURAL CONSERVATION EASEMENT

THIS DEED OF AGRICULTURAL CONSERVATION EASEMENT (the "Easement") is made by The William Michael Fagen 2005 Trust, William Michael Fagen, Trustee ("Fagen"), to the city of Carson City, Nevada ("Carson City").

WITNESS THAT:

WHEREAS, Fagen is the owner in fee simple of that certain real property in Carson City, Nevada, comprising Carson City Assessor's Parcel Numbers #1 (40 ac.), #2 (40 ac.), and #3 (12 ac.), and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "Property"); and

WHEREAS, the Property possesses significant agricultural, historic, open space, and watershed protection values of great importance to Fagen, the people of Carson City, and the people of the State of Nevada; and

WHEREAS, the modern history of Horse Creek Ranch dates back at least to the mid-1800's when it served as a horse resting, watering, and exchange depot for pioneers traveling to California and the Pacific coast via the original Lincoln Highway, now more popularly known as King's Canyon Road, which forms the northern and western boundaries of the property for almost one mile. Certificated water rights and a still-in-use water flume ("Neal's Flume") similarly date back to this period. This water serves to infiltrate and replenish the City's watershed. In the winter the water is stored in the form of snow and the process of melting and infiltration also serves to replenish Carson City's water aquifer. From Kings Canyon Road looking south, one has a view unparalleled by any

William G. Kimmel & Associates
Real Estate Appraisers & Consultants**Exhibit E**

Airport Center
1281 Terminal Way, Suite 205
Reno, NV 89502

William G. Kimmel, MAI, SREA
William M. Tessler
David A. Stefan

February 24, 2009

(775) 323-6400
Fax (775) 323-6651
KIMMELBILL @aol.com

Mr. W. Michael Fagen
15925 Caswell Lane, #4
Reno, Nevada 89511

Dear: Mr. Fagen

Reference is made to an appraisal which I completed as of December 22, 2008, relating to a proposed conservation easement affecting 121 acres of property belonging to the William Fagen trust. The property is identified as a portion of Carson City's assessor's parcel number 007-051-78, located south of Kings Canyon Road approximately 2,000 ft. northerly of US HWY 50 in Carson City, Nevada.

As indicated that report related to 121 acres of land for this conservation easement. It is now my understanding that there will be additional land area to be considered. This relates to a 25.548 acre parcel and 28.785 acre parcel. This computes to a total additional acquisition of 54.33 acres. The purpose of this supplemental analysis is to now consider this additional land area. It is a specific limiting condition of this supplemental appraisal that all persons have complete access to the original report with a date of value as of December 22, 2008.

The value conclusion of this supplemental analysis is also as of December 22, 2008 and therefore is a retrospective date of value. I have not conducted any new research for additional sales data and have simply considered the original report as the basis except that instead of 121 acres it would now be 175.33 acres.

Attached to this analysis are the legal descriptions for the two additional parcels and maps. These parcels are essentially directly to the north and abutting the property that was the subject of the December 22, 2008 appraisal and are part of Carson City assessor's parcel number 007-051-78. It is noted that the totality of the area to the north is larger than the conservation easement and actually contains close to 80 acres. The conservation easement therefore is for a portion of this area all located in the western half of Section 27, Township 15 North, Range 19 East, MDB &M. It is further noted that these two parcels that are being acquired for a conservation easement abut Kings Canyon Road and there will be access easements through portions of these proposed conservations easements that provide access to the William Fagen Trust properties. The property in the before condition contains 175.33 acres rather than the 121 acres in the original report. Since the zoning would generally allow for a minimum of 20 acre parcels, this would allow for approximately 8.7 parcels or sites. Generally Carson City has indicated that this is close enough that a maximum of from 8-9 sites would be allowable according to the current zoning. This is from 2-3 sites more than my original valuation consideration.

The original estimate was at \$12,000 per acre which equated to approximately \$242,000 per allowable site. Based upon 175.33 acres at \$12,000 per acre this would equate to \$2,104,000. Assuming 8 sites at a minimum, this would indicate \$263,000 per site. Assuming 9 sites it would equate to \$234,000 per site both of which fall within the same range as the previous appraisal. From this it is my opinion that the market value of the subject property before the proposed conservation easement acquisition would be indicated at \$2,104,000.

The next consideration is the value of the property with the conservation easement. There would now be 175.33 acres that will allow for development of essentially 1 home site not to be built in the meadow area and not to exceed 3,400 sq. ft. of building coverage.

In the prior report I estimated the after value of the property at \$700,000 based upon the considerations of essentially 1 home site. There still would not be more than one home site but there would be more surrounding land which although not able to be developed in my judgment does have some contribution. I have estimated the value of this property in the after condition and based upon the discussion in the original report on pages 44-47 at approximately \$1,000,000 for the property in the after condition.

The before value is estimated at \$2,104,000 and the after value has been estimated at \$1,000,000 therefore resulting in a estimated value of the conservation easement at \$1,104,000 which I have rounded to \$1,100,000.

As a check there is a 45% increase in the area of the conservation easement as compared to my original appraisal. On a proportional basis the original report estimated the value of the conservation easement at \$752,000 and a 45% increase would bring it to \$1,090,000, which is very close to the \$1,100,000 value by utilizing the before and after methodology.

Considering all of these factors it is my opinion, that the market value of the conservation easement, based upon the new area of 175.33 acres, as of December 22, 2008 would be \$1,100,000.

Sincerely,



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG

**WILLIAM MICHAEL FAGEN
CONSERVATION EASEMENT ON PARCEL 1
LEGAL DESCRIPTION**

January 13, 2009

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the Center one-quarter corner of said Section 27; thence along the boundary line of Parcel 1 as shown on the Map of Division Into Large Parcels, File No. _____, S. $00^{\circ}50'39''$ W., 263.89 feet to the Southeasterly corner thereof; thence along the Southerly line of said Parcel 1, N. $89^{\circ}57'28''$ W., 213.71 feet to a point on the centerline of an existing 50 foot wide access easement, Document No. 356895, Official Records of Carson City, Nevada;

thence along said easement centerline the following ten courses;

- 1) 130.26 feet along the arc of a non-tangent curve to the right, having a central angle of $7^{\circ}27'49''$ and a radius of 1000.00 feet, (chord bears N. $17^{\circ}20'27''$ W., 130.17 feet);
- 2) N. $13^{\circ}36'33''$ W., 132.36 feet;
- 3) 90.25 feet along the arc of a curve to the left, having a central angle of $10^{\circ}20'29''$ and a radius of 500.00 feet, (chord bears N. $18^{\circ}46'48''$ W., 90.12 feet);
- 4) N. $23^{\circ}57'03''$ W., 31.11 feet;
- 5) 216.66 feet along the arc of a curve to the right, having a central angle of $17^{\circ}43'14''$ and a radius of 700.51 feet, (chord bears N. $15^{\circ}05'26''$ W., 215.79 feet);
- 6) 76.72 feet along the arc of a curve to the left, having a central angle of $14^{\circ}39'09''$ and a radius of 300.00 feet, (chord bears N. $13^{\circ}33'23''$ W., 76.51 feet);
- 7) N. $20^{\circ}52'58''$ W., 14.83 feet;
- 8) 38.18 feet along the arc of a curve to the right, having a central angle of $10^{\circ}56'17''$ and a radius of 200.00 feet, (chord bears N. $15^{\circ}24'49''$ W., 38.12 feet);
- 9) N. $09^{\circ}56'41''$ W., 43.34 feet;
- 10) 59.17 feet along the arc of a curve to the left, having a central angle of $56^{\circ}30'15''$ and a radius of 60.00 feet, (chord bears N. $38^{\circ}11'48''$ W., 56.80 feet);

thence N. $14^{\circ}06'45''$ E., 308.53 feet to a point on the 6250 foot elevation contour line; thence along said contour line the following ten courses;

- 1) S. $70^{\circ}18'06''$ W., 39.73 feet;
- 2) N. $76^{\circ}46'12''$ W., 110.99 feet;
- 3) S. $75^{\circ}16'58''$ W., 83.88 feet;
- 4) S. $86^{\circ}55'53''$ W., 65.38 feet;
- 5) S. $70^{\circ}03'50''$ W., 126.14 feet;
- 6) S. $39^{\circ}00'26''$ W., 122.11 feet;
- 7) S. $34^{\circ}27'50''$ W., 50.31 feet;
- 8) S. $55^{\circ}26'08''$ W., 124.85 feet;
- 9) S. $30^{\circ}52'16''$ W., 25.49 feet;
- 10) S. $62^{\circ}18'17''$ W., 68.05 feet to a point on the Westerly boundary line of said

Parcel 1;

thence along the Westerly, Northerly and Easterly boundary lines of said Parcel 1 the following fourteen courses;

- 1) N. $16^{\circ}44'39''$ W., 539.40 feet;
- 2) N. $35^{\circ}15'05''$ E., 322.50 feet;
- 3) 57.00 feet along the arc of a curve to the right, having a central angle of $43^{\circ}32'32''$ and a radius of 75.00 feet, (chord bears N. $57^{\circ}01'22''$ E., 55.64 feet);
- 4) N. $78^{\circ}47'38''$ E., 99.71 feet;
- 5) 33.85 feet along the arc of a curve to the right, having a central angle of $25^{\circ}51'40''$ and a radius of 75.00 feet, (chord bears S. $88^{\circ}16'32''$ E., 33.57 feet);
- 6) S. $75^{\circ}20'42''$ E., 80.69 feet;
- 7) 145.38 feet along the arc of a curve to the left, having a central angle of $33^{\circ}19'08''$ and a radius of 250.00 feet, (chord bears N. $87^{\circ}59'44''$ E., 143.34 feet);
- 8) N. $71^{\circ}20'10''$ E., 135.04 feet;
- 9) 26.83 feet along the arc of a curve to the right, having a central angle of $8^{\circ}47'08''$ and a radius of 175.00 feet, (chord bears N. $75^{\circ}43'45''$ E., 26.81 feet);
- 10) N. $80^{\circ}07'19''$ E., 298.18 feet;

- 11) 16.55 feet along the arc of a curve to the left, having a central angle of $7^{\circ}35'02''$ and a radius of 125.00 feet, (chord bears N. $76^{\circ}19'48''$ E., 16.53 feet);
- 12) N. $72^{\circ}32'17''$ E., 154.57 feet;
- 13) 23.41 feet along the arc of a curve to the left, having a central angle of $10^{\circ}43'45''$ and a radius of 125.00 feet, (chord bears N. $67^{\circ}10'25''$ E., 23.37 feet);
- 14) N. $61^{\circ}48'32''$ E., 44.59 feet;
- 15) S. $00^{\circ}55'11''$ W., 1501.05 feet to the POINT OF BEGINNING.

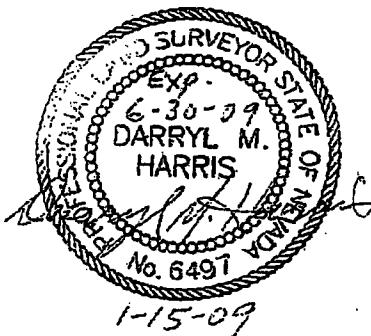
Containing 25.548 Acres, more or less.

Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M
(N. $88^{\circ}55'58''$ E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
212 Elks Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7500



**WILLIAM MICHAEL FAGEN
CONSERVATION EASEMENT ON PARCEL 2
LEGAL DESCRIPTION**

December 23, 2008

A portion of the West one-half of Section 27, Township 15 North, Range 19 East, MDM, Carson City, Nevada, being more particularly described as follows:

BEGINNING at the West one-quarter corner of said Section 27; thence N. 00°37'58" E., 645.16 feet to a point on the Southerly right-of-way line of Kings Canyon Road as shown on the Map of Division Into Large Parcels, File No. _____;

thence along said right-of-way line the following ten courses;

- 1) 155.14 feet along the arc of a curve to the left, having a central angle of 52°28'22" and a radius of 169.40 feet, (chord bears N. 84°05'48" E., 149.77 feet);
- 2) 509.39 feet along the arc of a curve to the right, having a central angle of 53°03'53" and a radius of 550.00 feet, (chord bears N. 84°23'34" E., 491.37 feet);
- 3) 104.40 feet along the arc of a curve to the left, having a central angle of 68°21'50" and a radius of 87.50 feet, (chord bears N. 76°44'36" E., 98.32 feet);
- 4) N. 42°33'40" E., 223.52 feet;
- 5) N. 28°50'47" E., 55.79 feet;
- 6) 67.26 feet along the arc of a curve to the right, having a central angle of 77°04'18" and a radius of 50.00 feet, (chord bears N. 67°22'56" E., 62.30 feet);
- 7) 165.21 feet along the arc of a curve to the right, having a central angle of 19°55'41" and a radius of 475.00 feet, (chord bears S. 64°07'05" E., 164.38 feet);
- 8) 112.65 feet along the arc of a curve to the left, having a central angle of 54°14'15" and a radius of 119.00 feet, (chord bears S. 81°16'22" E., 108.49 feet);
- 9) 206.23 feet along the arc of a curve to the left, having a central angle of 36°21'25" and a radius of 325.00 feet, (chord bears N. 53°25'48" E., 202.79 feet);
- 10) N. 35°15'05" E., 24.19 feet to the Northeasterly corner of Parcel 2 as shown on said map;

thence along the Easterly boundary line of said Parcel 2, S. 16°44'39" E., 258.42 feet;

thence 47.82 feet along the arc of a non-tangent curve to the right, having a central angle of $6^{\circ}05'20''$ and a radius of 450.00 feet, (chord bears S. $39^{\circ}29'55''$ W., 47.80 feet);

thence S. $42^{\circ}32'35''$ W., 179.14 feet;

thence 64.27 feet along the arc of a curve to the left, having a central angle of $6^{\circ}38'01''$ and a radius of 555.08 feet, (chord bears S. $39^{\circ}12'38''$ W., 64.23 feet);

thence 109.13 feet along the arc of a curve to the right, having a central angle of $3^{\circ}48'52''$ and a radius of 452.62 feet, (chord bears S. $42^{\circ}48'03''$ W., 108.87 feet);

thence S. $49^{\circ}42'28''$ W., 126.25 feet;

thence 39.81 feet along the arc of a curve to the right, having a central angle of $45^{\circ}37'19''$ and a radius of 50.00 feet, (chord bears S. $72^{\circ}31'08''$ W., 38.77 feet);

thence N. $84^{\circ}40'12''$ W., 39.74 feet;

thence 111.06 feet along the arc of a curve to the left, having a central angle of $79^{\circ}32'34''$ and a radius of 80.00 feet, (chord bears S. $55^{\circ}33'31''$ W., 102.36 feet);

thence S. $15^{\circ}47'13''$ W., 19.10 feet;

thence 103.67 feet along the arc of a curve to the left, having a central angle of $84^{\circ}51'18''$ and a radius of 70.00 feet, (chord bears S. $26^{\circ}38'25''$ E., 94.45 feet);

thence S. $69^{\circ}04'03''$ E., 327.88 feet;

thence S. $45^{\circ}14'26''$ W., 528.38 feet to a point on the Southerly boundary line of said Parcel 2;

thence along said Southerly boundary line of Parcel 2, N. $89^{\circ}57'28''$ W., 930.48 feet to the Southwesterly corner of thereof;

thence along the Westerly boundary line of said Parcel 2, N. $00^{\circ}36'19''$ E., 263.88 feet to the POINT OF BEGINNING.

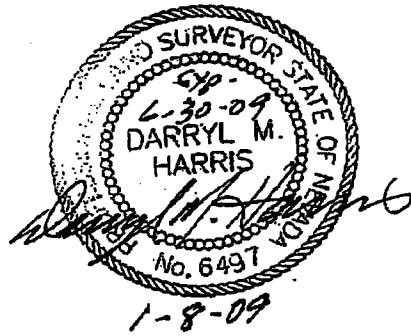
Containing 28.785 Acres, more or less.

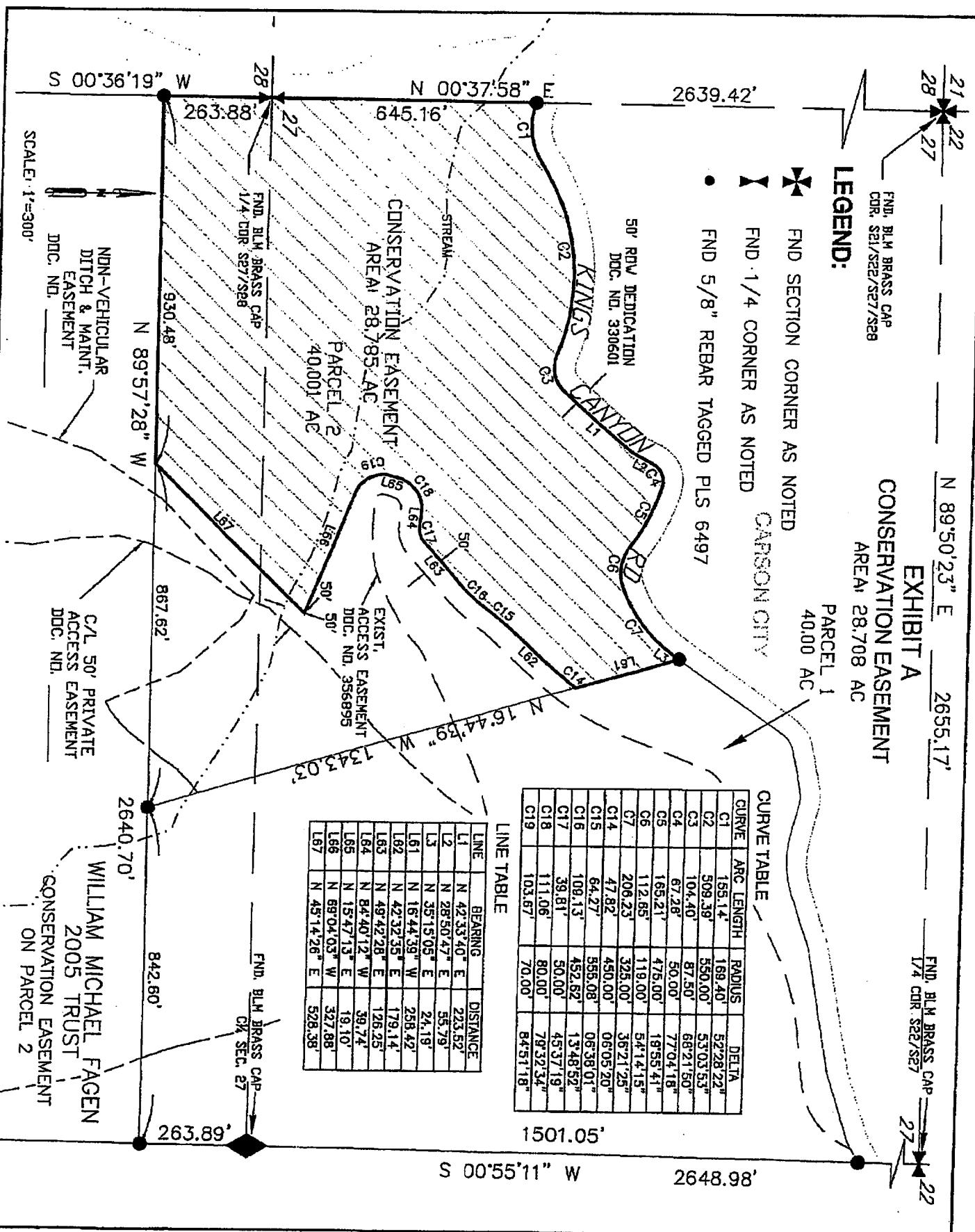
Basis of Bearing:

The line between NDOT monument numbers 760004M and 760007M
(N. 88°55'58" E.)

PREPARED BY:

Darryl M. Harris, P.L.S. # 6497
Resource Concepts, Inc.
P.O. Box 11796
212 Elks Point Road, Suite 443
Zephyr Cove, NV 89448
(775) 588-7500

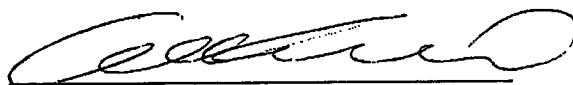




CERTIFICATION

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 interest in the property that is the subject of this report and 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 & Standard 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.
- 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 assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The appraiser's state registration has not been revoked, suspended, canceled or restricted.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No.A.0000004-CG

RECEIVED

JAN 26 2008

CARSON CITY PARKS DEPT

**AN APPRAISAL
PRESENTED IN A SUMMARY REPORT
OF A PROPOSED 121± ACRE
CONSERVATION EASEMENT ACQUISITION
FROM THE MICHAEL WILLIAM FAGEN TRUST PROPERTY
LOCATED SOUTH OF KINGS CANYON ROAD
CARSON CITY, NEVADA
AS OF DECEMBER 22, 2008**

William G. Kimmel & Associates
Real Estate Appraisers & Consultants

Airport Center
1281 Terminal Way, Suite 205
Reno, NV 89502

William G. Kimmel, MAI, SREA
William M. Tessler
David A. Stefan

(775) 323-6400
Fax (775) 323-6651
KIMMELBILL@aol.com

December 22, 2008

Mr. W. Michael Fagen
15925 Caswell Lane, #4
Reno, Nevada 89511

Dear: Mr. Fagen

Reference is made to an appraisal presented in a summary report of an estimation of the value of the conservation easement affecting approximately $121\pm$ acres of property belonging to The William Fagen Trust which is identified as a portion of assessor's parcel number 007-051-78. The date of value is December 22, 2008.

You have asked that I indicate whether or not I would give an indication relating to a possible increase in the acquisition, assuming that Carson City might additionally purchase a conservation easement from the area to the north of the $121\pm$ acres abutting Kings Canyon Road.

As a general statement I would indicate that the ratio of difference in the before value as compared to the after value with the imposition of the conservation easement would be at approximately the same ratio of difference as contained in the December 22, 2008 report relating to the $121\pm$ acres.

Sincerely,



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG

William G. Kimmel & Associates
Real Estate Appraisers & Consultants

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KIMMELBILL @aol.com

December 22, 2008

W. Michael Fagen
15925 Caswell Lane, #4
Reno, NV 89511

Dear Mr. Fagen:

Pursuant to your request, I have prepared an appraisal presented in a summary report of my estimate of the valuation of a conservation easement affecting approximately $121\pm$ acres of property belonging to the William Fagen Trust. This property is identified as a portion of Carson City Assessor's Parcel Number 007-051-78. The property is located south of Kings Canyon Road approximately 2,000 feet northerly of U.S. Highway 50 West, in Carson City, Nevada.

The intended user of this report is The William Michael Fagen Trust as well as Carson City, and the intended use is to assist in the valuation of a proposed conservation easement to be placed on the subject property.

The valuation will not be one of fee simple interest, but will be a conservation easement. It is a specific limiting condition of this report that the conservation easement will impact the entire $121\pm$ acres, however, the easement area will not be open to the public, and the use of the $121\pm$ acres must remain for general agricultural purposes, except that the owner of the property has the option to either leave the old cabins on the property, or demolish these cabins and construct a single family residence not to exceed $3,500\pm$ square feet of building coverage. Furthermore, no construction can occur within the meadow area.

Based upon these considerations, which comprise a specific limiting condition of this report, it is my opinion that the market value of this conservation easement, as of December 22, 2008, is estimated at \$752,000.

Sincerely,



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS & CONCLUSIONS	1
PURPOSE OF THE APPRAISAL.....	3
VALUE DEFINED.....	3
DEFINITION OF CONSERVATION EASEMENT	4
SPECIAL LIMITING CONDITIONS	4
INTENDED USER.....	4
INTENDED USE OF REPORT	4
INTEREST APPRAISED	5
EFFECTIVE DATE OF VALUE	5
DATE OF REPORT.....	5
SCOPE OF THE APPRAISAL ASSIGNMENT	5
AREA MAP	6
CARSON CITY AREA DESCRIPTION.....	7
NEIGHBORHOOD MAP.....	23
AERIAL PHOTOGRAPHS.....	24
TOPOGRAPHICAL MAP.....	26
ASSESSOR'S PARCEL MAP	27
SUBJECT PHOTOGRAPHS	28
NEIGHBORHOOD DESCRIPTION	30
SITE DATA	32
HIGHEST AND BEST USE	35
SUMMARY OF ANALYSIS AND VALUATION.....	38
LAND SALES CHART.....	39
SALES MAP.....	40
VALUATION OF CONSERVATION EASEMENT	43
SALES LIMITED IN DEVELOPMENT	44
EXPOSURE/MARKETING TIME.....	46
ADDENDA	47
Draft Conservation Agreement	
Assumptions and Limiting Conditions	
Qualifications of Appraiser	
Certification of Appraiser	

SUMMARY OF SALIENT FACTS & CONCLUSIONS

LOCATION: South of Kings Canyon Road,
approximately 2,000± feet northerly of
U.S. Highway 50 East, Carson City,
Nevada

ASSESSOR'S PARCEL NUMBER: A portion of 007-051-78

OWNER OF RECORD: William Michael Fagen Trust of 2005

DATE OF VALUE: December 22, 2008

DATE OF REPORT: December 22, 2008

INTEREST APPRAISED: A conservation easement

LAND AREA: 121± acres

IMPROVEMENTS: Old agricultural buildings

INTENDED USER: William Michael Fagen and Carson City

INTENDED USE: For acquisition of a conservation
easement

ZONING: CR, Conservation Reserve, 1 dwelling
per 20 acres

FLOOD ZONE: Flood Zone C, outside of a flood zone;
FEMA Map # 3200010120B, dated
March 4, 1986

HIGHEST AND BEST USE: Rural residential

EXPOSURE/MARKETING TIME: Approximately one year

**VALUE CONCLUSION OF
CONSERVATION EASEMENT:** \$752,000

WILLIAM G. KIMMEL & ASSOCIATES

This is a complete summary appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The depth of discussion contained in this report is specific to the needs of the client and to the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

CLIENT: William Michael Fagen Trust
c/o W. Michael Fagen
15925 Caswell Lane, #4
Reno, NV 89511

APPRAISER: William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification of No. A.0000004-CG

William G. Kimmel & Associates
1281 Terminal Way, Suite 205
Reno, NV 89502

SUBJECT: The valuation of a conservation easement affecting approximately 121± acres of property belonging to the William Fagen Trust. This property is identified as a portion of Carson City Assessor's Parcel Number 007-051-78. The property is located south of Kings Canyon Road approximately 2,000 feet northerly of U.S. Highway 50 West, in Carson City, Nevada.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of a conservation easement on the subject property.

VALUE DEFINED

“Value” is defined by the regulatory agencies of federal financial institutions as follows:

The highest price, on the date of valuation, that would be agreed to by a seller, who is willing to sell on the open market and has reasonable time to find a purchaser, and a buyer, who is ready, willing and able to buy, if both the seller and the buyer had full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. In determining value, except as otherwise provided in this subsection, the property sought to be condemned must be valued at its highest and best use without considering any future dedication requirements imposed by the entity that is taking the property. If the property is condemned primarily for a profit-making purpose, the property sought to be condemned must be valued at the use to which the entity that is condemning the property intends to put the property, if such use results in a higher value for the property.

(Source: NRS 37.009(6)

DEFINITION OF CONSERVATION EASEMENT

A restriction that limits the future use of a property to preservation, conservation or wildlife habitat.

SPECIAL LIMITING CONDITIONS- Hypothetical conditions

As indicated, the acquisition by Carson City would be one of a conservation easement. As a limiting condition of this report, the following restrictions for this conservation easement will be present:

1. The property must remain as general agricultural use;
2. The easement area will not be open for the use of the general public;
3. The existing agricultural buildings may remain on the property, or they may be demolished. If they are demolished, then a new residential building, not to exceed 3,400± square feet of building and impervious cover, can be constructed onsite, except not in the meadow area.
4. There would be road easements from the 121± acre parcel thru the property to the north to allow access to Kings Canyon Road.

INTENDED USER

The intended user of this report is the William Michael Fagen Trust and Carson City.

INTENDED USE OF REPORT

This appraisal is intended to assist in the valuation of a conservation easement for approximately 121± acres of the subject property, as previously identified.

INTEREST APPRAISED

A conservation easement based upon certain restrictions, as indicated previously under
Special Limiting Conditions.

EFFECTIVE DATE OF VALUE

December 22, 2008

DATE OF REPORT

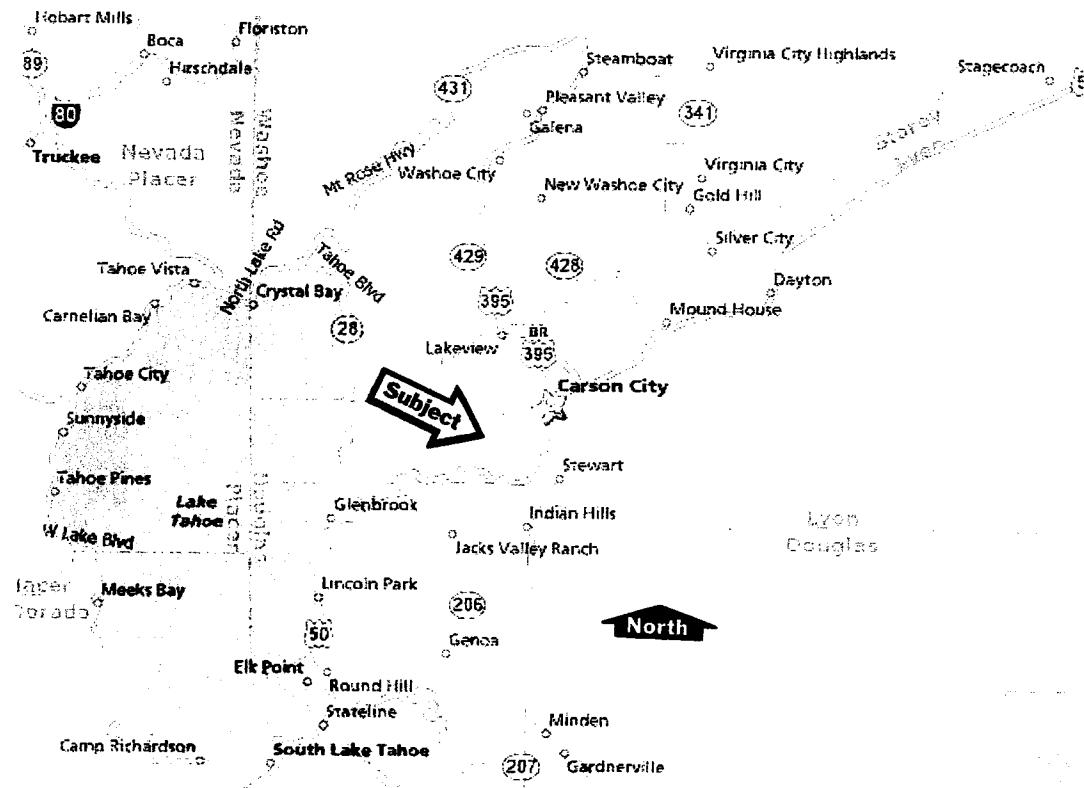
December 22, 2008

SCOPE OF THE APPRAISAL ASSIGNMENT

In order to complete an appraisal of the subject property, this appraiser:

- examined the subject property and considered the overall subject neighborhood as to access, topography, general soil conditions, zoning, master plan and development potential;
- first valued the property in its existing condition without the conservation easement, and then I valued the property with the imposition of the conservation easement. The difference in value is then the estimated value of this conservation easement. Essentially, a valuation of the subject property before and after the imposition of the easement would be the value conclusion;
- in this analysis, to the best of my ability, I considered sales of other similar properties with the same utilization in the before and after condition;
- from this prepared an appraisal presented in a summary report.

AREA MAP



CARSON CITY AREA DESCRIPTION

Carson City lies at the foot of the eastern slopes of the Sierra Nevada Mountains, extending from the shores of Lake Tahoe easterly to the Pine Nut Mountains and at an elevation of 4,675± feet.

Carson City, the capitol of the State of Nevada, is located approximately 30 miles southerly of Reno and approximately 14 miles easterly of Lake Tahoe. Carson City is a combined governmental entity that was formed by the consolidation of the city and Ormsby County on July 1, 1969. It has a combined land area of 94,034± acres or 147± square miles. The urban district is approximately 1,804± acres or approximately three square miles.

The estimated total population of Carson City as of July 1, 2007, was 57,723, of which the majority resides inside the incorporated area of the city itself.

Carson City is bisected by U.S. Highway 395, a major north-south highway connecting with Reno to the north and Bishop and eventually Los Angeles, California, to the south, and by U.S. Highway 50 connecting with Lake Tahoe to the west and Fallon, Nevada, to the east. It is also approximately 15 miles north of the easterly termination of U.S. Highway 88 which runs through the Sierras to Stockton, California.

The major foundations of the Carson City economy in approximate order of magnitude are: Government employment, tourism, light manufacturing/ warehousing and wholesale/retail sales.

Tourism is the second leading industry with thousands taking advantage of Nevada's legalized gaming.

Carson City lies in the heart of Nevada's recreational opportunities. Lake Tahoe is located approximately 14 miles to the west, with its major ski areas, hotels/casinos and summer activities. To the east and southeast lie excellent fishing in the Carson River and Walker River, and good duck hunting outside the communities of Fernley and Fallon and the eastern slopes of Carson. Another attraction is Lake Lahontan Reservoir which serves as an excellent source of summer recreation.

As throughout the state of Nevada, there is no personal income tax, corporate income tax, franchise tax, inventory tax, gift tax and federal estate tax.

In summary, Carson City offers a relatively clean environment, a small town atmosphere, a steady increase in business activity and unlimited outdoor recreation. Property values within the area should increase with the general economy. Quite obviously, the area surrounding Carson City has grown substantially, which includes the Dayton area, as well as the Minden-Gardnerville area due to the fact that these communities have had greater availability of water and sewer capacities, as well as more land available for development. The diversification of the employment sectors away from government and gaming areas to include industrial and manufacturing is also very important to the stability of the area.

The following sets out important demographics of the area.

CARSON CITY POPULATION STATISTICS
As of July 1,

<u>Year</u>	<u>Population</u>	<u>% Increase</u>
1950	4,172	---
1960	8,062	+93.3%
1970	15,468	+91.8%
1980	32,114	+107.6%
1985	35,400	+10.2%
1990	40,192	+13.54%
2000	52,457	-0.31%
2001	54,171	+3.27%
2002	54,844	+1.24%
2003	55,220	+0.68%
2004	56,146	+1.68%
2005	57,104	+1.71%
2006	57,701	+0.99%
2007	57,723	+0.04%

Source: Nevada State Demographer

Prior to 1980, the area experienced a rapid increase in population that had put a strain on many of the city's services, schools and utilities. However, the expansion of Carson High School and the opening of a new elementary school reduced the pressure on the Carson City school system's physical facilities. In addition, the acquisition of both surface and underground water rights has eliminated the potential water shortage which had threatened future commercial and residential development in Carson City.

Gaming: The gross taxable gaming revenues had shown dramatic increases prior to 1980. Growth throughout the 1980s was fairly stable with periods of decline. Gaming revenues in the early 1990s were relatively flat, but with the opening of the Pinion Plaza, Slot World and Fandango gaming facilities, annual gaming revenues increased until 2007 and 2008, which showed a decline. Currently, the Ormsby Hotel and Casino is closed for renovation. A new casino, Bodine's, at the south end of town opened in early 2008. Though the gaming figures include both Carson City and Carson Valley, the

majority of growth has taken place in Carson City. The table on the following page demonstrates the change in gaming revenue.

GROSS GAMING REVENUE (Years ending June 30)

<u>Year</u>	<u>Revenue</u>	<u>% Change</u>
1999	\$80,940,140	
2000	\$85,756,726	+5.95%
2001	\$86,984,507	+1.43%
2002	\$97,186,332	+5.50%
2003	\$95,237,840	+3.78%
2004	\$102,326,932	+7.44%
2005	\$114,626,125	+12.02%
2006	\$120,117,720	+4.84%
2007	\$119,590,668	-0.44%

Source: Nevada Gaming Control Board

For the 12 months ending September 30, 2008, total gaming revenue is down 6% over the same time frame in 2007.

Commercial/Industrial Sectors: The industrial and manufacturing sector is predominantly located in and around the Carson City airport area, which is located in the northeast section of the city. Prior to 1990, the airport industrial region averaged some three new buildings per year. From 1990 to 2000, new construction averaged 5 new buildings per year. Since 2000, activity has slowed. The stagnating growth is primarily due to the lack of available land and a decline in demand.

Carson City is a shopping hub for a geographical area containing approximately 200,000 people, which includes Carson Valley, Dayton, and portions of Washoe Valley and South Lake Tahoe. Several shopping centers serve the area, while the downtown area typically features restaurants and some specialty shops. The majority of retail shopping is located in the south Carson City area, but the North Douglas County region has been developed

with some 900,000 square feet of retail stores, including Wal-Mart, Home Depot, Staples, Marshall's, Pier One, Best Buys, Borders, plus numerous additional national retailers. The initial Wal-Mart store that was located in the South Carson City was closed due to the City's inability to allow the store to expand. Wal-Mart opened a new facility in north Douglas County. After opening the relocated store in north Douglas County, Wal-Mart opened (2005) a second store in north Carson City, along College Parkway and the new U.S. Highway 395 Bypass.

Though there is more than adequate shopping areas that service the community, (all exhibiting a relatively high occupancy), the downtown business district is exhibiting a fairly strong occupancy due to the renovations and upgrades to many of the older buildings. To further enhance the attractiveness of the downtown area, the City expanded two public parking lots. Many of the buildings in the area (downtown) exceed 50 years of age.

Education: The Carson City School District includes seven elementary schools, two junior high schools, and one high school. There are also three private elementary schools including St. Teresa Catholic School. The school district provides adequate education and is planning for the future growth needs of the community. In 1990, Carson City taxpayers approved a \$29,000,000 bond to ensure adequate facilities for the coming years. The bond provided for a \$15,000,000 renovation/expansion of the high school complex and the construction of two new elementary schools. One of the new elementary schools replaced an older school that was sold to the State for expansion of their Capital Complex project. Though school enrollment in the 1990's increased 3% to

4% per year, enrollment over the past five years has declined. With few residential developments planned, the enrollment is expected to continue its slow decline.

Western Nevada Community College, completed in December of 1974, involves a \$3,000,000 facility which is located in northwest Carson City. The college has an enrollment of approximately 4,800 students. There currently is a staff of 40 full and 127 part-time instructors. Additional higher education sources are also available at the University of Nevada, Reno campus, 30 miles north in Reno. A summary of Carson City enrollment is as follows:

CARSON CITY SCHOOL DISTRICT ENROLLMENT FIGURES

<u>Year</u>	<u>Enrollment</u>	<u>% Change</u>
1980-1981	5,904	
1982-1983	5,428	-8.10%
1983-1984	5,514	+1.60%
1984-1985	5,514	0.00%
1985-1986	5,512	-0.10%
1986-1987	5,369	-2.59%
1987-1988	5,588	+4.08%
1988-1989	5,759	+3.06%
1989-1990	6,083	+5.63%
1990-1991	6,349	+4.37%
1991-1992	6,570	+3.48%
1992-1993	6,776	+3.14%
1993-1994	7,096	+4.72%
1994-1995	7,371	+3.88%
1995-1996	7,695	+4.40%
1996-1997	8,039	+4.47%
1997-1998	8,306	+3.32%
1998-1999	8,372	+0.80%
1999-2000	8,333	-0.47%
2000-2001	8,433	+1.20%
2001-2002	8,762	+3.90%
2002-2003	8,834	+0.82%
2003-2004	8,755	-0.09%
2004-2005	8,725	-0.34%
2005-2006	8,518	-2.37%
2006-2007	8,249	-3.16%
2007-2008	7,914	-4.06%

Source: Carson City School District

Taxation: Nevada offers a very unique and favorable tax structure environment to individuals and businesses. Nevada's Freeport Law exempts personal property of interstate origin and destination from taxes while located within the state. This tax policy was expanded to include all types of business inventories, and in 1982 the state expanded the exemption to include inventories in the state, regardless of origin. In addition, Nevada presently has no personal income tax, bank excise tax, corporate income tax, inheritance tax, or franchise tax.

The state sales tax was raised from 3.5% to 5.75% in 1981, in a "tax shift" designed to reduce real and personal property taxes. The property tax limitation was dropped from \$5.00 per \$100 of assessed valuation to a constitutional limit of \$3.64 per \$100 of assessed value. The "base" state sales tax has subsequently increased to 6.5% with county option to go to 7%. Carson City's current sales tax rate is 7.125%.

Under Nevada state law, the county assessor's office is required to estimate the taxable value of land based upon its full cash value. Then the assessor's office estimates the replacement cost new of the improvements through utilization of Marshall Valuation Service and deducts a straight-line depreciation at 1.5% per year to arrive at an estimate of the taxable value of the improvements. Adding the taxable value of the land to the taxable value of the improvements results in an indication of the total taxable value of the subject property. A 35% assessment ratio is then applied to the taxable value of the property to arrive at the assessed value. The 2005 Legislature placed a 3% per year cap for owner occupied residences and 8%/year cap for all other types of real estate. For 2007-2008, the tax rate is \$2.9936 per \$100.00 of assessed value in Carson City.

Utilities: Sierra Pacific Power Company provides electrical service to the community, while Nevada Bell provides phone service. Natural gas is distributed by Southwest Gas Company which is available in the major population areas. The City furnishes both water and sanitary sewer service. Capital Sanitation provides weekly garbage pickup.

Statistical Data:

INCOME

	2006	2005
Per Capita Income	\$22,985.09	\$23,330.29
Median Income		
Household	\$47,769.43	\$46,313.26
Family	\$56,621.40	\$54,150.69
Disposable	\$40,602.34	\$39,520.40
Average Income		
Household	\$54,746.31	\$57,782.66
Family	\$62,300.29	\$66,375.43
Disposable	\$47,124.51	\$46,831.80

*Source: Applied Geographic Solutions

GENDER COMPOSITION

Year	Established Population	Male	%	Female	%
2007	57,594	29,694	51.6	27,900	48.4
2006	58,029	29,912	51.5	28,117	48.5
2005	57,139	29,211	51.1	27,928	48.9

*Source: Applied Geographic Solutions

AGE DISTRIBUTION

	Established Population 2007	%
Total	57,594	100
0-9	7,379	12.8
10-19	7,340	12.7
20-29	7,163	12.4
30-39	7,437	12.9
40-49	8,198	14.2
50-59	7,718	13.4
60+	12,359	21.5

*Source: Applied Geographic Solutions

RACE/ETHNIC ORIGIN

	Established Population 2007	%
Total	57,594	100
White	49,190	85.4
Black	1,026	1.8
American Indian	1,292	2.2
Asian	1,038	1.8
Pacific Islander	122	0.2
Hispanic	11,522	20.0
Other/Multi-Race	4,930	8.6

*Source: Applied Geographic Solutions

EMPLOYMENT

	July 2008	2007	2006	2005	2004
Labor Force	30,082	28,463	27,906	27,301	24,800
Employment	28,084	26,930	26,580	26,051	23,528
Unemployment	1,998	1,533	1,326	1,250	1,271
Unemployment Rate (Local)	6.6%	5.4%	4.8%	4.6%	5.1%

*Source: Nevada Department of Employment, Training and Rehabilitation (DET)

JOB GROWTH NUMBERS

	July 2008	2007	2006	2005	2004
Number of Employed	32,600	33,100	32,800	32,600	31,900
% Job Growth	-1.2%	0.9%	0.6%	2.2%	2.9%

*Source: Nevada Department of Employment, Training and Rehabilitation (DETR)

COMMUTING TRENDS

**Commuting to Carson City from other areas
2007 Carson City employment – 26,930 jobs**

Area of Residence	Number of Workers	% of Workers
Douglas County, NV	3,609	13.40
Lyon County, NV	3,116	11.57
Washoe County, NV	2,804	10.41
El Dorado County, CA	851	3.16
Storey County, NV	340	1.26
Churchill County, NV	100	0.37
Clark County, NV	75	0.28
Los Angeles County, CA	73	0.27
Alpine County, CA	33	0.12
Imperial County, CA	27	0.10
Mono County, CA	25	0.09
Sacramento County, CA	23	0.09
Lander County, NV	19	0.07

Commuting from Carson City to other areas

Area of Workplace	Number of People	% of Population
Washoe County, NV	3,370	5.84
Douglas County, NV	1,535	2.66
Lyon County, NV	676	1.17
El Dorado County, CA	85	0.15
Storey County, NV	71	0.12
Churchill County, NV	50	0.09
Placer County, CA	27	0.05
Allegheny County, PA	21	0.04
Humboldt County, NV	21	0.04

Foreign Trade Zones: Northern Nevada has nearly 7,500 acres of Foreign Trade Zones. A Foreign Trade Zone is designated by the United States Customs Department

and allows foreign and domestic merchandise to be admitted for operations such as storage, exhibition, assembly, manufacture and processing, without being subject to formal Customs entry procedures, the payment of Customs duties or the payment of federal excise taxes. Locations in Carson City include Taiyo America, 2675 Antler Drive, Carson City, Nevada.

Rail Service: Passenger service is provided by Amtrak in the Reno/Sparks area, 30 miles north of Carson City. Freight service is provided by Union Pacific Railroad in Reno/Sparks.

Bus Service: Regional service is provided by Greyhound. Citifare also offers commuter bus service, PRIDE, between Reno and Carson City.

Airport: The Carson City Airport has one 5,900 ft. lighted runway, one 3,400 ft. unpaved taxiway and one 2,600 ft, 35 ft. wide paved taxiway. No commercial service exists. Fixed-based operators are Silver Sky Aviation, Weaver Aircraft, Shadetree Aviation and El Aero Services.

The Reno/Tahoe International Airport is located a short distance from the Carson City area. Reno/Tahoe is the nation's 45th busiest airport. Each day the airport handles approximately 17,000 arriving/departing passengers, 283,000 lbs. of cargo arriving/departing and 420 aircraft operations. There are three runways, the main runway is 11,000 ft., the crosswind runway is 6,100 ft. and a parallel runway that is 9,000 ft. U.S. Customs and Immigration offices are located on the airport premises. Reno-

Tahoe International is a landing rights airport and Port of Entry. Three fixed-based operators provide a full range of services for private aircraft.

**TAXABLE (RETAIL) SALES
(Fiscal Year – Year Ending)**

<u>Year</u>	<u>Sales</u>	<u>% Change</u>
1980	\$203,840,665	-7.6%
1981	\$206,661,730	+1.4%
1982	\$199,072,115	-3.7%
1983	\$192,277,738	-3.4%
1984	\$281,426,819	+25.6%
1985	\$267,846,918	+10.9%
1986	\$286,119,000	+6.8%
1987	\$323,848,786	+13.2%
1988	\$346,092,195	+6.9%
1989	\$380,440,410	+9.9%
1990	\$411,952,336	+8.3%
1991	\$416,732,492	+1.2%
1992	\$440,396,035	+5.7%
1993	\$462,391,973	+5.0%
1994	\$495,937,998	+7.3%
1995	\$547,906,266	+10.48%
1996	\$610,819,638	+11.48%
1997	\$638,138,117	+4.47%
1998	\$670,182,116	+5.02%
1999	\$740,960,594	+10.56%
2000	\$754,678,043	+1.85%
2001	\$822,598,759	+9.00%
2002	\$888,249,423	+7.98%
2003	\$861,278,412	-3.10%
2004	\$926,500,080	+7.46%
2005	\$979,049,466	+5.79%
2006	\$1,021,210,529	+4.24%
2007	\$991,893,429	-2.87%

Source: Nevada State Department of Taxation

It is noted that 2007 showed the first decline since 2003, with the previous decline in 1983.

RESIDENTIAL HOME SALES

Year	CARSON CITY		CARSON VALLEY	
	# of Sales	Average Price	# OF Sales	Average Price
1988	806	\$101,612	497	\$103,000
1989	787	\$107,052	596	\$102,125
1990	901	\$114,035	757	\$113,900
1991	798	\$118,070	659	\$128,800
1992	879	\$120,660	667	\$134,600
1993	951	\$127,528	828	\$146,547
1994	911	\$130,291	807	\$158,590
1995	751	\$145,814	690	\$163,128
1996	786	\$150,596	633	\$172,124
1997	742	\$152,585	610	\$167,431
1998	830	\$159,462	698	\$171,389
1999	952	\$161,901	770	\$183,431
2000	945	\$167,553	777	\$198,516
2001	1,058	\$178,541	981	\$203,392
2002	1,185	\$198,703	1,048	\$242,676
2003	1,153	\$227,410	1,105	\$285,219
2004	1,083	\$282,995	1,263	\$364,910
2005	933	\$339,866	1,041	\$430,648
2006	646	\$345,235	761	\$468,998
2007	478	\$327,677	595	\$434,177

From 2000 to 2006, the average home price in Carson City increased 106.05% or 15.15% per year. During that same time period, Carson Valley home prices increased 136.25%, or 19.46% per year. The average home price in Carson City (101,612) and Carson Valley (103,000) were fairly similar in 1988, a 1.36% difference. In 2007, the difference was 24.53%. The average home price has dropped from \$345,235 in 2006 to \$327,667 in 2007, a decrease of 5.08%. The number of sales has continued to decline for the past four years.

CARSON CITY SFR RESIDENTIAL BUILDING PERMITS

<u>Year</u>	<u>Permits</u>	<u>Valuation</u>	<u>% Change</u>
1980	100	\$7,792,972	
1981	106	\$6,659,503	-14.50%
1982	60	\$5,982,068	-10.20%
1983	199	\$12,764,578	+113.40%
1984	189	\$13,408,055	+5.10%
1985	248	\$17,668,533	+31.80%
1986	424	\$32,046,724	+81.40%
1987	343	\$25,988,125	-18.90%
1988	321	\$27,712,318	+6.60%
1989	378	\$33,827,867	+22.10%
1990	423	\$34,628,922	+2.40%
1991	331	\$28,565,408	-17.50%
1992	374	\$31,475,651	+9.20%
1993	401	\$34,710,617	+10.28%
1994	379	\$32,003,424	-7.80%
1995	334	\$30,768,661	-3.86%
1996	324	\$30,764,552	-0.01%
1997	329	\$29,021,031	-5.67%
1998	264	\$27,185,983	-19.76%
1999	293	\$33,073,363	+21.66%
2000	243	\$29,394,115	-17.41%
2001	308	\$42,493,323	+44.56%
2002	306	\$49,491,118	+16.47%
2003	195	\$34,492,488	-30.32%
2004	130	\$20,569,863	-14.25%
2005	110	\$31,027,579	-15.38%
2006	111	\$20,763,072	-33.08%
2007	42	\$10,774,291	-48.11%

Source: Carson City Building Department

Residential building lots in Carson and new home construction has slowed. In the past 15 years, the highest number of permits (401) was issued in 1993. Only 42 permits were issued in 2007.

CITY INFRASTRUCTURE FEES FOR DEVELOPMENT

<u>Category</u>	<u>Sewer</u>	<u>Water</u>
Single family residential	\$5,777	\$3,968
Duplex (each unit)	\$5,777	\$3,968
Apartment/Triplex (each living unit)	\$2,888.50	\$1,984
Mobile Home Estates (each lot)	\$5,777	\$3,968
Mobile Home Park (each space master metered)	\$2,888.50	\$1,984.50

**ROOM TAX COLLECTED
(Fiscal Year)**

<u>Year</u>	<u>Total</u>	<u>% Change</u>
1989-1990	\$676,367	
1990-1991	\$680,676	+0.6%
1991-1992	\$656,345	-3.6%
1992-1993	\$669,121	+2.0%
1993-1994	\$629,768	-5.9%
1994-1995	\$661,728	+5.1%
1995-1996	\$721,044	+9.0%
1996-1997	\$698,936	-3.1%
1997-1998	\$674,562	-3.5%
1998-1999	\$772,329	+14.5%
1999-2000	\$807,345	4.5%
2000-2001	\$891,305	+10.4%
2001-2002	\$910,054	+2.1%
2002-2003	\$1,011,098	\$11.1%
2003-2004	\$1,231,004	+21.7%
2004-2005	\$1,369,446	+11.2%
2005-2006	\$1,433,722	+4.7%
2006-2007	\$1,503,780	+4.8%

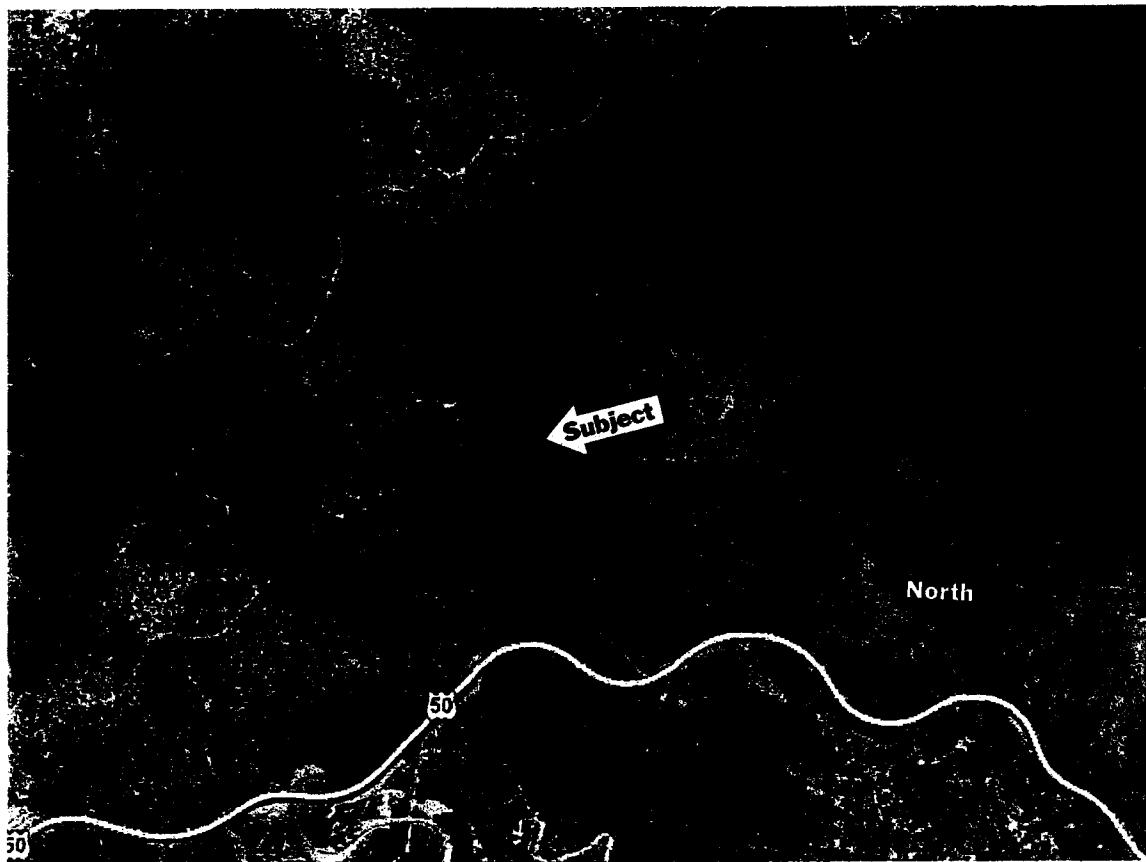
Source: Carson City Convention and Visitor's Bureau

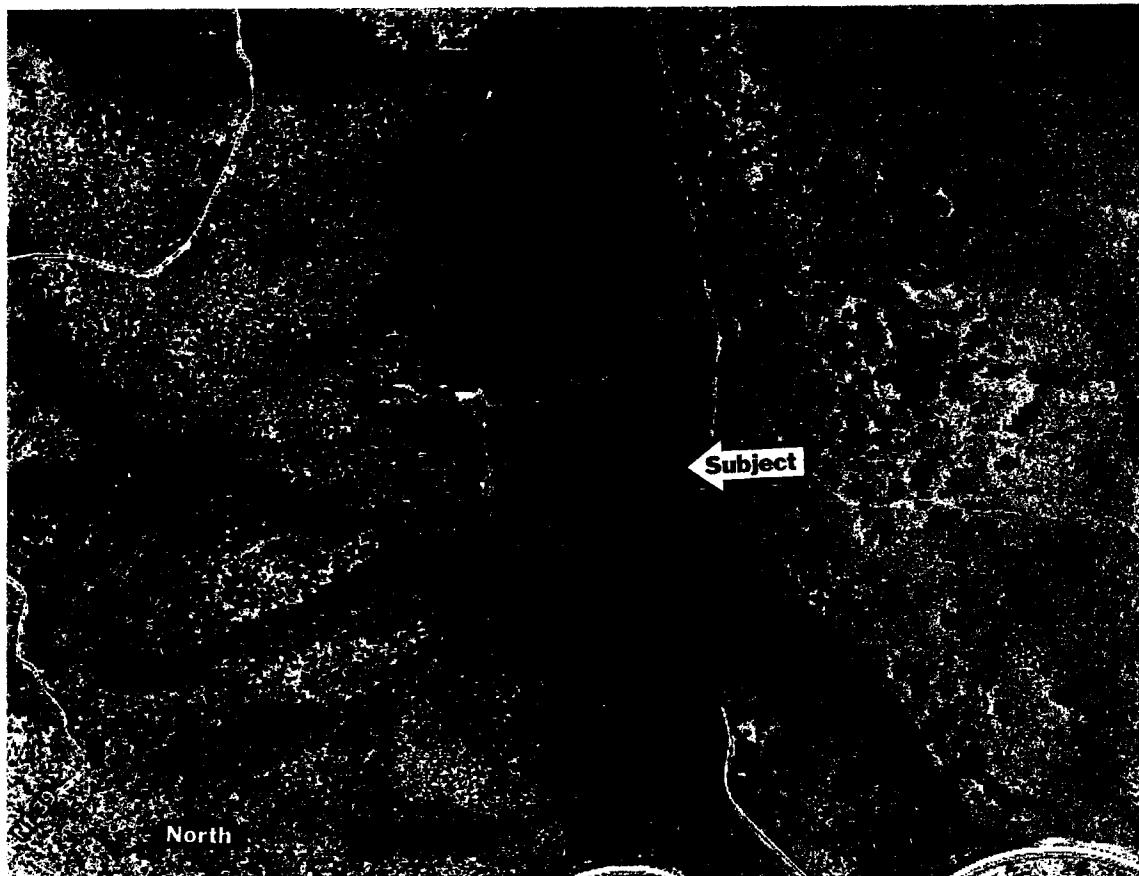
In 1970, room taxes collected were \$55,217. This figure increased 161% by 1975. A sharp increase was seen in the late 1970s, but it began to slow down by the early 1980s. The tax had been based on an 8% tax of the gross revenue reported. This rate was raised in February 2003 to 10% for the purpose of financing the construction of the V&T Railroad project. Of the tax amount collected, the Carson City & Visitor's Bureau receives (7-7/16% of gross room revenue), the State of Nevada (3/8%), youth sports (3/16%) and Carson City receives 2.0%.

Trends: The industrial, retail commercial and apartment market has remained relatively strong. Most new commercial development has been around College Parkway and the new U.S. 395 Freeway as well as in the south end of town. However, the major commercial development has been at the north end of Douglas County along U.S. Highway 395. With Carson City's population now greater than 50,000, and recognized as a metropolitan community, retail commercial and industrial growth is expected to continue, with the North Douglas County area taking the "lion's" share of the retail expansion. The greatest restriction to the retail commercial growth in Carson City is the limited available of large parcels of vacant land where large retail boxes can be built, as well as limited access to major thoroughfares. With diminished land availability, the City will need to undertake redevelopment programs in order to maintain its current growth.

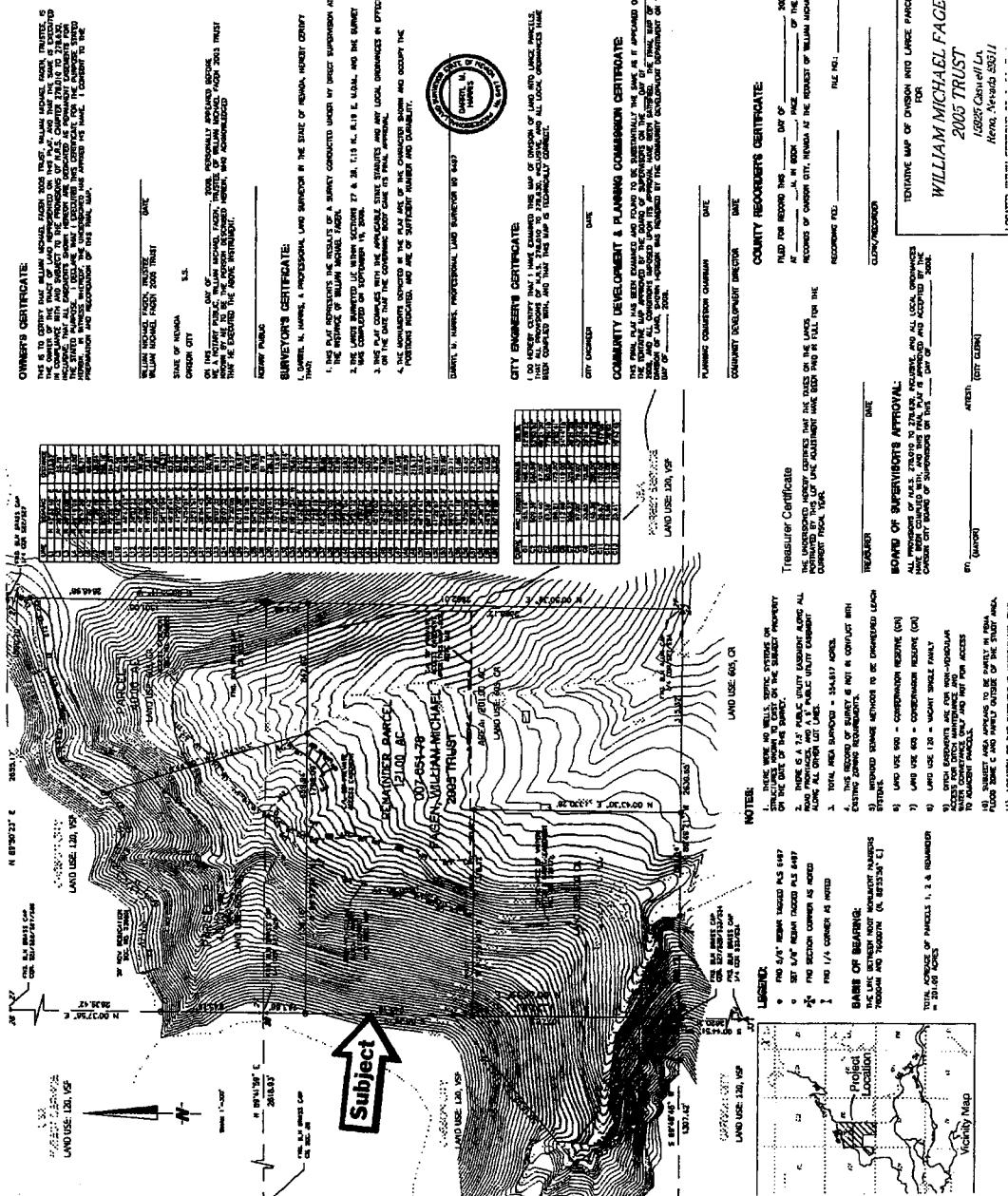
The residential market in Carson City, Minden/Gardnerville and Dayton areas has been in a decline since mid to late 2005. This is also true of the Reno-Sparks market. Most analysts are predicting late 2009 will be the bottom of the decline with positive increases in demand and prices to occur in 2010.

AERIAL PHOTOGRAPHS





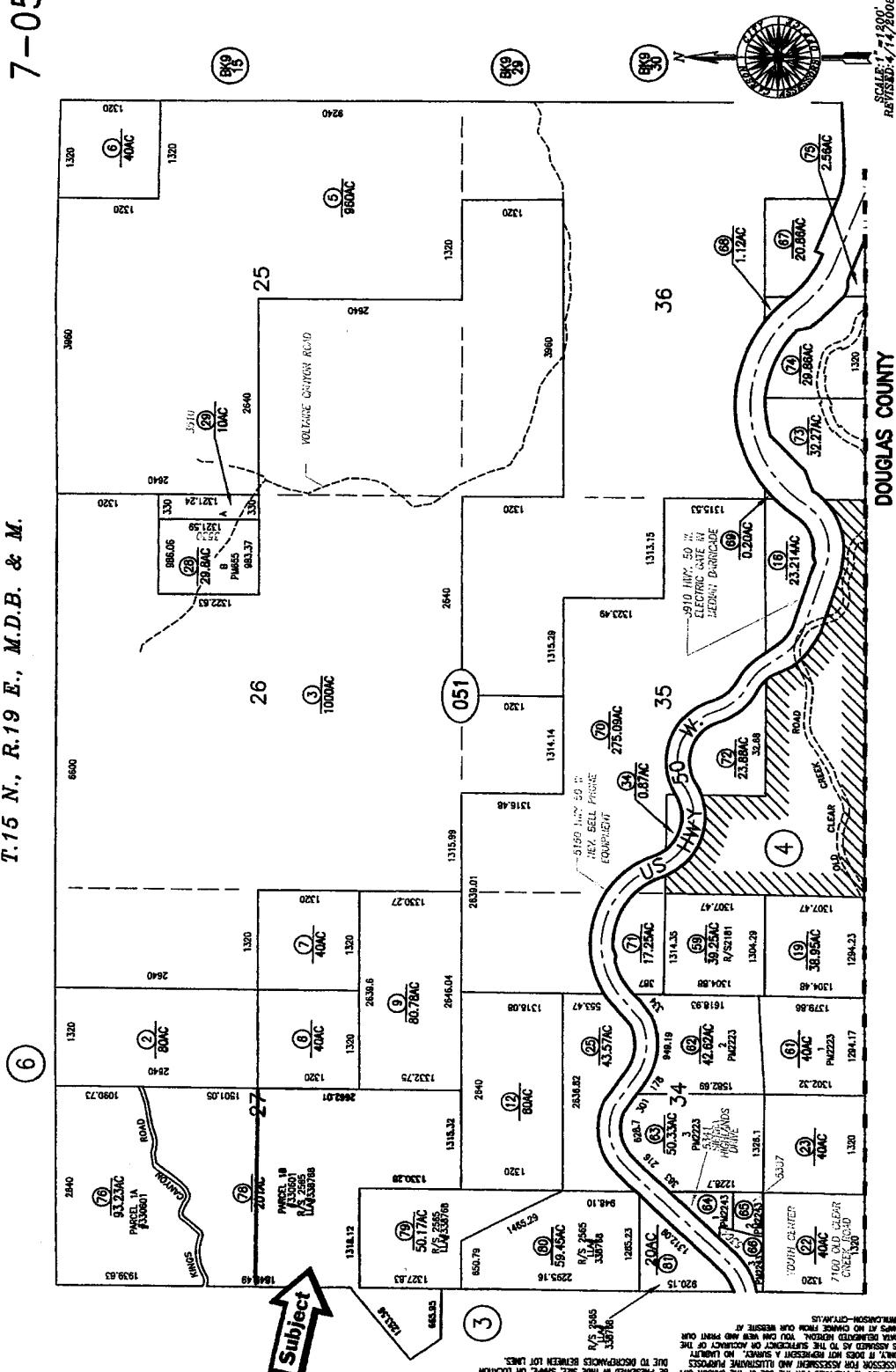
TOPOGRAPHICAL MAP



7-05

ASSESSOR'S PARCEL MAP

T. 15 N., R. 19 E., M.D.B. & M.



DOUGLAS COUNTY

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SUBJECT PHOTOGRAPHS



Photograph taken from near northwesterly portion of subject property looking southerly across meadow area



Photograph taken from near northwesterly portion of subject property looking southerly across meadow area



Photograph taken from near south part of subject property looking northerly



Photograph taken from westerly portion of subject property looking generally easterly

NEIGHBORHOOD DESCRIPTION

The subject property is located westerly of the urban portion of Carson City, about a half mile north of U.S. Highway 50 West, and approximately $\frac{1}{4}$ mile south of the Kings Canyon Road. Kings Canyon Road connects from the central portion of Carson City westerly and continues on up to the top of Spooner Summit, although generally this is not a passable road at the upper elevations.

There are some residential uses at the lower portion of Kings Canyon Road, but for the most part, the area of the subject is undeveloped. Typically the elevation varies from about 6,600 feet along the northerly portions of the subject, down to about 5,800 feet at its lower section. Basically, this is mountainous terrain with little, if any, development. To the south of the subject is the Schulz Ranch, and this does have some agricultural outbuildings, but overall the area is rural in nature with no development in the immediate area. The property is actually in or adjoining the Toiyabe National Forest, and the U.S. Forest Service has in the past purchased some property, including the Borda Meadow area at the west end of Kings Canyon Road. In addition, Carson City purchased land, also for general preservation purposes.

In summary, the subject is a somewhat remote rural residential area, with primary access from Kings Canyon Road, although there is secondary access through a portion of the Schulz Ranch. Typically, these areas surrounding the subject including the subject property, are not accessible during winter months or severe storms. The demand for rural residential areas such as the subject, for late spring, summer and fall utilization, is present, particularly with the areas such as the subject meadow, offering

excellent visual amenities and overall lifestyle qualities. Year-round residential use is generally limited. The demand for residential development, as of the date of this appraisal, is very limited because of the general downturn in the residential market. A site such as the subject, in any event, would not be attractive to a larger amount of people because it is difficult to subdivide and develop. However, the subject site would be attractive to those types of purchasers wishing the beauty of the area with its remoteness yet relatively close proximity to Carson City. Typically, then a purchaser would not be a subdivider or home builder, but more of a gentleman rancher or person wishing a rural atmosphere.

SITE DATA

AS-IS

Location: The subject property is approximately $\frac{1}{4}$ mile south of Kings Canyon Road, and is located about two miles southwesterly of the end of the pavement for Kings Canyon Road. It is also located approximately one-half mile north of U.S. Highway 50, all in Carson City, Nevada.

Record Owner: Title to the subject property is vested in the name of William Michael Fagen Trust. There have been no recent sales or listings of the subject property. However it is noted that there was a purchase of some of the prior ownerships of Mr. Fagen by Carson City in the 2005 timeframe. It is my understanding that this property was westerly of the subject and generally in somewhat more difficult terrain, but was a sale to Carson City from the Fagen Trust. This was a sale of Parcel Nos. 007-051-76 and 80, as well as 007-031-33. This was a sale of a total of $364.9\pm$ acres in June 2005 to Carson City for approximately \$7,800 per acre. It is important to note that these parcels, which were sold out of the original ownership of the subject, are generally quite steep and certainly not as developable as the majority of the subject parcel.

Assessor's Parcel Number, Size and Shape: The subject property is identified as a portion of Parcel No. 007-051-78. As indicated by the prior maps, this is an irregular shaped property, and according to the Carson City Assessor's records, contains a total of $121\pm$ acres.

Topography: The subject property has varying topography with its westerly and northerly portions somewhat steep but the central and southerly portion is sloping meadow area. The prior topographical map depicts the topography.

Flood Plain: According to the Federal Emergency Management Agency's Flood Insurance Rate Map No. 3200010120B, dated March 4, 1986, the subject property is located within a Flood Zone C, which designates areas outside of a flood zone.

Availability of Utilities: Generally power and telephone are available to the subject area, sewage would have to be disposed by means of a septic tank, and water from a well. It is noted that there are water rights from springs that are utilized to irrigate the meadow area. There is also water from Clear Creek that is also utilized for this purpose. To the best of my knowledge, these are agricultural uses that provide the water for the amenity of the meadow and pastureland, but are not domestic type uses. It is further my understanding that any sale of the conservation easement for the subject property would not include the water rights. Therefore, any water right value to the subject property has not been considered in the valuation analysis.

Zoning: The subject property is zoned CR, which is designated as Conservation Reserve. The purpose of this zoning is to identify outlying lands that may be developed in the future when the necessary infrastructure can be provided. Basically, this zoning is a holding type zoning. In addition, the master plan generally indicates OSR, which is open space recreation of rural residential. My discussions with the city of Carson City indicate that, for the most part, the subject can be considered to allow for single family residential development with a minimum of 20 acres per residential site. This would

theoretically allow for a maximum of 6 units. It is also noted that some clustering might be allowed, and there may be in a final plan some changes in the overall density. But at least according to the current zoning, there would be a maximum of 6 units on the property.

Access: It is assumed that there will be a road easement agreement that allows access to the subject from other property under the same ownership which is to the north of the subject and abuts Kings Canyon road with a 50 foot wide access easement. In addition, there is a joint easement through the Schulz property to the east of the subject that provides a 20-foot easement down to U.S. Highway 50.

Assessments and Taxes: The subject property is currently assessed on the basis of an agricultural deferment with improvements, but no residences. As such, because of this agricultural deferment, the land value has been indicated at \$7,000 for the total ownership of 201± acres. The land value has been indicated at \$9,913 for the tax year 2009-2010, with annual taxes of \$357.72 again for 201± acres.

Improvements: There are several old buildings on the property, namely a bunkhouse and storage shed, plus some corrals and fencing. These buildings are not judged to have any contributing value, however it is noted that, as previously discussed, the conservation easement would allow for either the demolition of these older buildings or the improvement of a new residence onsite, not to exceed 3,400± square feet of building coverage. Development could not occur in the meadow area after the conservation easement is acquired.

HIGHEST AND BEST USE

Highest and best use may be defined as: "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value." In estimating the highest and best use, there are essentially four stages of analysis:

- 1) Permissible Use: What uses are permitted by zoning and deed restrictions on the site in question?
- 2) Possible Use: What uses of the site in question are physically possible?
- 3) Feasible Use: Which possible and permissible uses will produce a net return to the owner of the site?
- 4) Highest and Best Use: Among the feasible uses, which will produce the highest net return or the highest present worth?

The highest and best use of the land (or site) if vacant and available for use, may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

The following tests must be met in estimating the highest and best use. The use must be legal and the use must be probable, not speculative or conjectural. There must be a profitable demand for such use and it must return to the land the highest net return for the longest period of time.

Physically Possible Uses: The size of the subject property is certainly large enough for most all types of uses, which would be primarily rural residential. At 121± acres, it does have a wide variety of terrain, with a very attractive meadow and pastureland area in the center of the property, surrounded by evergreen trees. Some portions of the site, as indicated on the topographical map, become relatively steep, and this is primarily in

the western section of the subject property, but not substantially undevelopable. There are several small, flowing springs on the property, as well as irrigation from Clear Creek, and typically these run year round. The visual amenities of the site are spectacular, presenting an excellent view essentially towards the south. To the best of my knowledge, there are no soil problems in the area, and the property is outside any floodplain.

Legally Permissible Uses: The primary constraint on development is the legally permissible aspects of the property. While the subject does have a 50-foot access point off Kings Canyon Road thru property in the same ownership, this is, for the most part, not accessible during winter months. In addition, there is a shared easement with the Schulz property to the east and southeast for secondary access to U.S. Highway 50. That also is not essentially usable during winter time. Basically, then, the site is primarily late spring, summer and early fall utilization from a practical standpoint.

From a zoning aspect, there are restrictions to a minimum size of 20 acres, and in some cases has high as 40 acres, depending upon the overall development plan, and slope considerations. Essentially, then, the subject property would not be able to obtain a greater density than 6 units unless there were to be some sort of changes or clustering, but this would require more year-round accessibility.

Financially Feasible Uses and Conclusion of Highest and Best Use: In my opinion, the highest and best use of the subject property is generally for rural residential utilization, and typically of a relatively low density. The site would tend to allow as many as 6 residential sites, but may be somewhat less depending upon final development

criteria. Typically, the best development plan would be for buildings around the edge of the meadow area in the trees, reserving the meadow for visual amenities. It is also noted that any parceling of the subject property would require approvals from Carson City, and this may lessen the number of final units, however this cannot be estimated and quantified without an application for approval to Carson City for a specific development. It is my opinion, though, that the primary highest and best use for the subject is rural residential use, with a density of up to a maximum of 6 units.

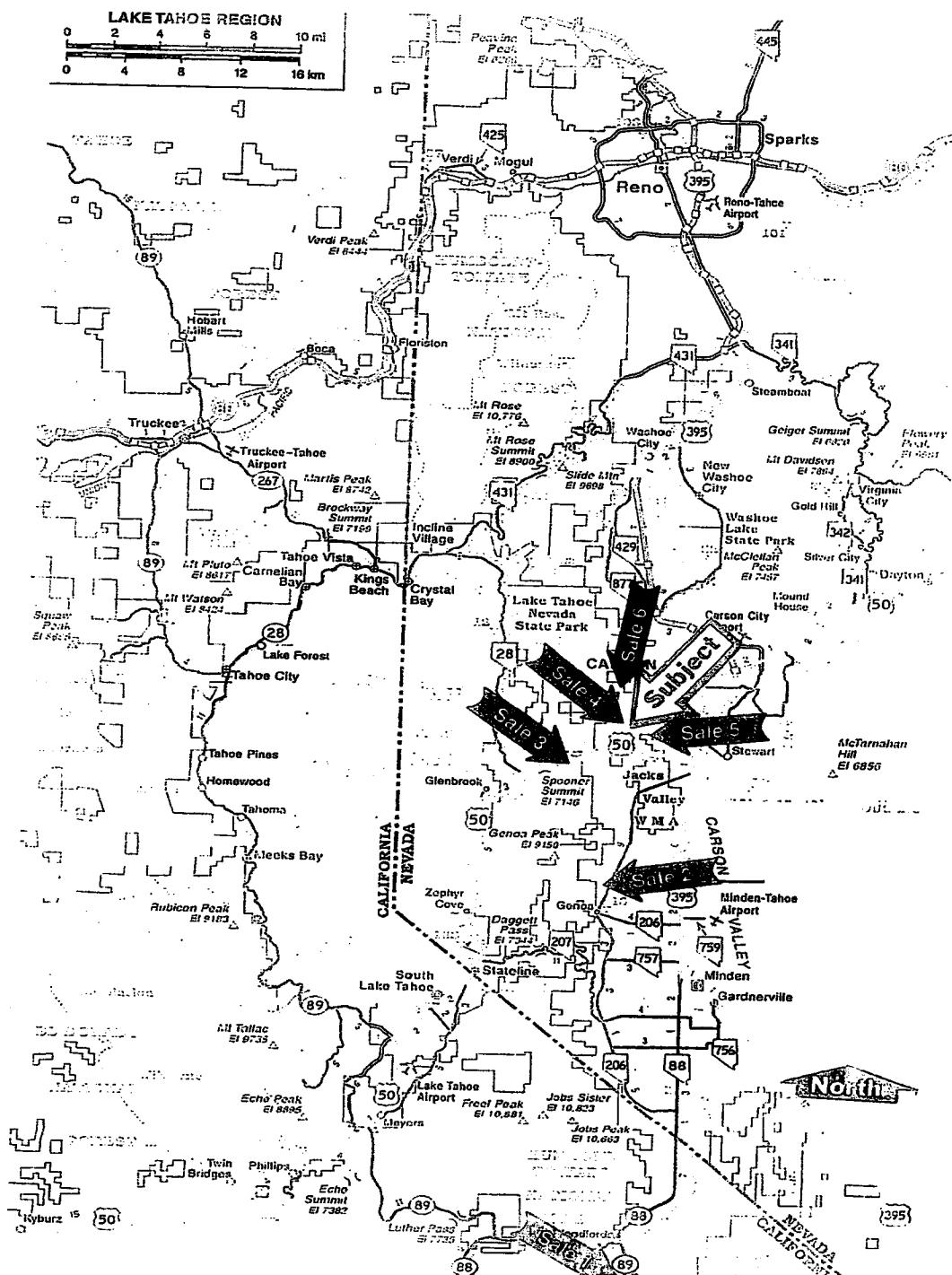
SUMMARY OF ANALYSIS AND VALUATION

In the analysis and valuation of the subject property, the first consideration is to value the property in its existing or "as-is" status, before the imposition of the conservation easement. Unfortunately there have not been a large number of sales that were helpful, however the following transactions were utilized.

LAND SALES CHART

Sale No.	Location	Date	Size	Price/Acre	Remarks
1	02-150-03 1 mi. S. of Calif. State Hwy 89, 1½ mi. W. of Turtle Rock Road, Alpine County, California	10/03 #92-7825	160± ac.	\$592,000 \$3,700	High Mt. Properties (Thomas Abdoo) to Steve Tipaldi; 20-ac. minimum zoning; dirt road; easement to ppty; no utilities; moderate to steep topo; tree covered
2	1419-00-002-016 4½ mi. NW of Genoa, 1¾ mi. W. of Foothill Rd., Douglas County	5/04 #613067	100± ac.	\$575,000 \$5,750	S & S Realty to K. Storey, et al. moderate to steep topo; no utilities; gravel road; tree covered; FR-19 zoning -1 homesite
3	1419-05-000-005 & 006 Both sides of Hwy 50, 1 mi. E. of Spooner Summit, Douglas County	10/04 #1004/2559	19.56± ac.	\$415,00 \$21,217	Smith & Smith to Incline Partners; moderate to steep topo; power & telephone available; gravel access – Clear Creek Rd.; FR-19 zoning – 1 homesite; tree covered with views
4	007-051-76, 79 & 80 N. & S. sides of Kings Canyon Rd.	6/05 #338776	364.9± ac.	\$2,846,250 \$7,800	Fagen Trust to Carson City; zoned CR, 15 – 31 potential units
5	007-051-07 ½ mi. S. of Kings Canyon Rd., N. of U.S. Hwy 50	12/06 #362328	40± ac.	\$400,000 \$10,000	Hutchinson to Carson City, zoned CR, 1 homesite due to access limitations
6	007-061-34 & 41 N. Side of Kings Canyon Rd., 1.5 miles So. of Canyon Drive	12/06 #362368	320± ac.	\$2,150,000 \$6,719	Swafford to USA Zoned CR, House on Property 6,000-7,600 ft. elevation abuts Kings Canyon Rd. Two potential homesites due to slope considerations

SALES MAP



Unfortunately, there were not many recent sales that were judged helpful. Sale No. 1 is the oldest transaction utilized, and was the only sale in California. It was located south of U.S. Highway 89 and north of Markleeville. It has a dirt road easement to the property, no utilities, some trees and moderate to steep topography. Locationally, it is some distance from the subject area, and not judged generally as attractive.

Sale No. 2 is a property located northwest of Genoa, about 1 $\frac{3}{4}$ miles west of Foothill Road, and has moderate to steep topography. It would allow only one homesite on 100 \pm acres. It does not have utilities, but does have a gravel road to the site and is tree covered.

Sale No. 3 is located on both sides of U.S. Highway 50, about a mile east of Spooner Summit in Douglas County. It is a small parcel that would allow for only one homesite. It has trees, views and gravel access.

Sale No. 4 is a previously discussed sale of portions of a prior ownership of the Fagen Trust, that contains almost 365 \pm acres. This property had the same zoning as the subject and is in relatively rough terrain. It was a June 2005 sale to Carson City at \$7,800 per acre.

Sale No. 5 is located just southeast of the subject, and is a 40 \pm acre site. Because of access limitations, this property could only have one homesite. This also was a sale to Carson City from Hutchinson. It is noted that this sale did not have good access except from Voltaire Canyon area as there was no direct access from Kings Canyon Road except across Forest Service property.

Sale No. 6 is in the same time frame as sale No. 5 and is located northerly of Kings Canyon Road. Although technically the size of the property would support 20 acre sites or 16 units by zoning, the slope easements and hillside ordinances basically precluded the subject to be utilized for more than two sites which equates to an average of \$1,075,000 per site. There was a house on the property which had some value containing 1,036 sq. ft. and was constructed in 1990 and does have a well and septic system. This dwelling was served by a diesel generator rather than electrical service. As indicated it is fairly steep land located essentially northerly of the subject property.

In addition to these sales, although not charted, there is a listing identified as Carson City APN 007-031-29. This property has $137\pm$ acres, has frontage on U.S. Highway 50, but also has access from Clear Creek Road. It is CR zoned, which essentially means 20-acre sites or about six to seven potential homesites. The asking price is \$1,200,000, which equates to \$8,759 per acre. This property is at fairly high elevation at from 6,400 to 6,800 feet, with portions of the property north of U.S. Highway 50 being quite steep. The property is a little over a mile easterly of the top of Spooner Summit. This is not a sale but is a current listing, and is judged to be more remote and more difficult for development than the subject property.

Obviously, none of the sales were directly comparable. However, in my opinion, the three most recent sales, Sale Nos. 4, 5 and 6, were judged the most helpful. It is important to note that in consideration of all the sales, the prices paid were for fee simple interest. This is the situation with the subject property before the acquisition of the conservation easement.

Based upon all of these considerations, it is my opinion that the subject property would be worth more per acre than sales 4, 5, and 6 because of the meadow area. Sale No. 5 was smaller at 40 acres but sales 4 and 6 larger and generally steeper.

For all of these reasons, it is my opinion that the market value of the subject property, before the conservation easement acquisition, would be indicated at approximately \$12,000 per acre, or \$1,452,000. This is about than \$242,000 per allowable site.

WILLIAM G. KIMMEL & ASSOCIATES

\$1,452,000, which was essentially \$242,000 per site based upon 6 sites. Therefore, the "before" value for the subject was considerably below the price per site for these two sales.

I should also note that the Hutchinson sale was essentially \$400,000 per site, illustrating the fact that conservation Sales Nos. 1 and 2 have considerably higher value per site, than the subject property because they have better accessibility, more year-round utilization and are closer to paved roadways.

In the "after" condition, the subject can only be one site, and in my judgment it would certainly be less than Sale Nos. 1 and 2 as it was in the "before" condition. The subject property does have the amenity of the meadowland, but again, is difficult to access and essentially almost impossible to access in the wintertime. The site, though, at 121± acres, does provide for a rural residential experience.

From this, it is my judgment that the value of the subject property, with the imposition of the conservation easement, would be at approximately \$700,000. This is less for the site than Sale Nos. 1 and 2, but does recognize the size of the subject and the meadow amenity. Since the property estimate in the "before" condition was \$1,452,000, the "after" condition at \$700,000 therefore indicates a value of the conservation easement at \$752,000.

EXPOSURE/MARKETING TIME

Approximately one year.

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ADDENDA

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LIMITING CONDITIONS

In acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith, it has been assumed by these appraisers:

1. LIMIT OF LIABILITY:

The liability of Kimmel & Associates and employees is limited to the client only and to the fee actually received by Appraiser(s). Further, there is no accountability, obligation, or liability to any third party. If this report is disseminated to anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser(s) is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that if a legal action is initiated by any lender, partner, part owner in any form of ownership, tenant, or any other party, the client will hold the Appraiser(s) completely harmless in any such action from any and all awards or settlements of any type, regardless of outcome.

2. COPIES, PUBLICATION, DISTRIBUTION, 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 other than its intended use; the physical report(s) remain the property of the Appraiser(s) for the use of the client, the fee being for the analytical services only.

The By-Laws and Regulations of the Appraisal Institute require each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY:

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) appear on the appraisal report, unless indicated 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 firm shall have no responsibility if any such unauthorized change is made.

WILLIAM G. KIMMEL & ASSOCIATES

The Appraiser(s) may not divulge the material (evaluation) contents of the report, analytical findings, or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement or by a court of law or body with the power of subpoena.

4. INFORMATION USED:

No responsibility is assumed for accuracy of information furnished by work of others, the client, his designee or public records. We are not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with Kimmel & Associates and possibly signing the report are independent contractors. 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 source thought reasonable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds or subject property.

5. TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:

The contract for appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The Appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

6. EXHIBITS:

Any sketches, maps, and photographs in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Site plans are not surveys unless indicated as such.

7. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL COMPONENTS; SOIL QUALITY:

No responsibility is assumed for matters, legal in character or nature, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report.

WILLIAM G. KIMMEL & ASSOCIATES

The legal description is assumed to be correct as used in this report as furnished by the client, their designee, or as derived by the Appraiser(s).

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, soils and potential for settlement or drainage, matters concerning liens, title status, and legal marketability, and similar matters. The client should seek assistance from qualified architectural, engineering or legal professionals regarding such matters. The lender and owner may wish to require mechanical or structural inspections by a qualified and licensed contractor, civil or structural engineer, architect, or other expert.

The Appraiser(s) has inspected, as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components. We have not critically inspected mechanical components within the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The Appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

Unless otherwise stated, it is assumed that there are no drainage problems relating to the land or the improvements.

The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, sub-soil, or structures or toxic materials which would render it more or less valuable. 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 status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by us as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment; which is assumed standard for the subject property's age and type.

If the Appraiser(s) has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representations or warranties are made concerning the above mentioned items.

The Appraiser(s) assumes no responsibility for any costs or consequences arising due to the need, or the 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.

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8. INSULATION AND TOXIC MATERIALS:

Unless otherwise stated in this report, the Appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials and/or urea-formaldehyde foam insulation in existing improvements. If such is present, the value of the property may be adversely affected, and re-appraisal at additional cost will be necessary to estimate the effects of such.

9. HAZARDOUS SUBSTANCES OF MATERIALS:

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage or agricultural chemicals which may or may not be present on the property, or other environmental conditions, were not called to the attention of, 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 such substances or conditions. If the presence of such substances, such as asbestos, urea-formaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of environmental impact upon real estate if so desired.

10. LEGALITY OF USE:

The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report, and that all applicable zoning, building, use regulations and restrictions of all types have been complied with unless otherwise stated in the report. It is further assumed that all required licenses, consents, permits, or other legislative or administrative approvals from all applicable local, state, federal and/or private authorities have been or can be obtained or renewed for any use considered in the value estimate.

11. COMPONENT VALUES:

The allocation of the total valuation in this report between land and improvements, if included in this report, applies only under the use of the property which is assumed in this report. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

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12. AUXILIARY AND RELATED STUDIES:

No environmental or impact studies, special market study or analysis, special highest and best use study or feasibility study has been requested or made unless otherwise specified in an agreement for services or so stated in the report.

13. DOLLAR VALUES, PURCHASING POWER:

The market value estimated and the costs used are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and value of the dollar as of the date of the value estimate.

14. VALUE CHANGE, DYNAMIC MARKET, INFLUENCES, ALTERATION OF ESTIMATE BY APPRAISER:

The estimated market value, which is defined in the report, is subject to change with market changes over time. Value is highly related to exposure, time, promotional effort, terms, motivation, and conditions. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace as of the date of value.

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

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The appraisal report and value estimate are subject to change if the physical or legal entity or the terms of financing are different from what is set forth in this report.

15. INCLUSIONS:

Except as specifically indicated and typically considered as a part of the real estate, furnishings, equipment, other personal property, or business operations have been disregarded with only the real estate being considered in the value estimate. In some property types, business and real estate interests and values are combined but only if so stated within this report.

16. PROPOSED IMPROVEMENTS, CONDITIONED VALUE:

Improvements proposed, if any, on-site or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to

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change upon inspection of the property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected, unless otherwise stated.

17. **MANAGEMENT OF THE PROPERTY:**

It is assumed that the property which is the subject of this report will be under typically prudent and competent management, neither inefficient or superefficient.

18. **Fee:**

The Appraiser certifies that, my compensation is not contingent upon the report of a predetermined 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, or that the appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

19. **AMERICANS WITH DISABILITIES ACT:**

The Americans With Disabilities Act became effective January 26, 1992. Unless otherwise stated in this report, this appraisal firm did not conduct a compliance survey or audit, nor was one provided to determine whether or not the subject property is in conformity with the numerous requirements of the Americans With Disabilities Act. If the subject property is found to not be in compliance with Americans With Disabilities Act, the cost to cure the lack of compliance may have a negative or adverse impact on the value of the subject property. No responsibility is assumed for any such conditions, nor for any expertise or knowledge required to discover them. The client is urged to retain an expert in this field to ascertain the subject property's compliance with the Americans With Disabilities Act.

20. **CHANGES, MODIFICATIONS:**

The Appraiser(s) reserve the right to alter statements, analyses, conclusions or any value estimate in the appraisal if there becomes known to them facts pertinent to the appraisal process which were unknown when the report was finished.

21. This is a summary appraisal report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it might not include full discussions of the data, reasoning, and analyses that were 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 file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

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QUALIFICATIONS OF WILLIAM G. KIMMEL

CERTIFIED GENERAL APPRAISER
STATE OF NEVADA, CERTIFICATION #A.0000004-CG

Born: May 18, 1935

Background: From 1945 to 1961, resided in Reno, Nevada. Attended schools in Reno, graduated from Reno High School in 1953. From 1961 to March of 1968, resided in Las Vegas, Nevada. Since March of 1968, residing in Reno, Nevada.

Education: B.A. Degree in Economics from Stanford University in 1957.

Experience: From 1959 to 1961, employed as a real estate broker-salesman in Reno and Lake Tahoe, Nevada. From 1961 to 1968, employed by the Nevada State Highway Department as a real estate appraiser and Assistant Supervisor. From April 1968 to present, an independent fee appraiser.

Expert Witness: Qualified as an expert witness in District Court in Washoe, Clark, Carson City, Lander, Lyon, Humboldt, Elko and Douglas Counties, Nevada; Superior Court in Eldorado and Los Angeles Counties, California; United States Tax Court in Las Vegas, Nevada, New York City, and Seattle, Washington; Federal Bankruptcy Courts in Reno, Las Vegas, San Francisco, Los Angeles, Phoenix; U.S. District Court in Reno and Las Vegas, Nevada; State District Court, Salt Lake City, Utah; U.S. District Court, Boise, Idaho; Superior Court, Newton County, Kentland, Indiana; United States Court of Federal Claims in Washington D.C.; Second Judicial Court, Chancery Court of Harrison County, Biloxi, Mississippi.

Lecturer: Instructed at the University of Nevada, Reno; Truckee Meadows Community College; Educations Dynamics Institute (Reno School of Real Estate); and Graduate Realtor Institute courses in real estate appraisal and land economics.

Professional Organizations: MAI - Member Appraisal Institute
SREA - Senior Real Estate Analyst Member of the Appraisal Institute
Realtor - Reno/Sparks Association of Realtors
and Licensed Real Estate Broker, State of Nevada since 1958
Certified General Appraiser, State of Nevada, Certification Number A.0000004-CG

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Offices Held: President - 1986 - Sierra Nevada Chap. 60,
American Institute of Real Estate Appraisers

President - 1976-1977 - Reno-Carson-Tahoe Chap. 189
Society of Real Estate Appraisers

President - 1966 - Chap. 44, American
Right-of-Way Association

President - 1996 - Reno-Carson-Tahoe Chap. 189
Appraisal Institute

Board of Directors - 1973-1976 -Reno Board of Realtors

Commissioner - 1989-1994 - State of Nevada,
Nevada Commission of Appraisers

Clients Served: Public Entities (partial list)

Internal Revenue Service
Nevada Industrial Commission
Nevada State Highway Department
Nevada State Division of Parks
Nevada State Planning Board
Nevada State Div. of Real Estate
Nevada State Mental Health Institute
Clark County
Public Employees Retirement System
California Division of Highways
Carson City
City of Elko
City of Reno
City of Sparks
City of South Lake Tahoe
City of Las Vegas
City of Los Angeles
Incline Village General Improvement. District
University of Nevada, Reno
Feather River College
Kingsbury Improvement District
Tahoe-Douglas Improvement District
Crystal Bay Improvement District
Douglas County
Washoe County
United States Forest Service
McCarran International Airport

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Nevada National Bank
Nevada Security Bank
Nevada State Bank
Northern Nevada Bank
Pioneer Citizen's Bank of Nevada
PriMerit Bank (Formerly Nevada Savings & Loan)
Security Bank of Nevada
Security Pacific Bank (Formerly Nevada National Bank)
The Stanwell Company
Sun West Bank
United Mortgage Company
U.S. Bank (Formerly Security Pacific Bank)
Valley Bank of Nevada
Wells Fargo Bank
Zion's Bank

Business Firms:

In addition to the above,
various accounting firms and law offices.

Types of Properties Appraised:

Gaming Casinos
Hotel/Casinos
Motels
Hotels
Apartments
Condominiums
Time Share & Interval Ownerships
Mobile Home Park
Shopping Centers
Warehouses
Medical Buildings
Office Buildings
Hospital
Commercial Buildings
Planned Unit Developments
Brothels
Industrial Buildings
Single Family Residences
Ski Areas
Tennis Clubs
Airport Facilities
Feed Lots
Guest Ranches
Ranches
Unimproved Land

CERTIFICATION

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 interest in the property that is the subject of this report and 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 & Standard 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.
- 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 assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The appraiser's state registration has not been revoked, suspended, canceled or restricted.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG